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To: David C. Childs A-76comments/OMB/EOP@EOP
cc: Lori Lisowski <lori.lisowski@nara.gov>
Subject: NARA Response to Proposed OMB Circular A-76

Mr. David C. Childs
Office of Federal Procurement Policy
Office of Management and Budget
725 17th Street NW
New Executive Office Building, Room 9013
Washington, DC 20503

Dear Mr. Childs:

The National Archives and Records Administration (NARA) appreciates the opportunity to comment on the proposed revision of OMB Circular A-76. We support OMB's efforts to improve this process to lower costs for taxpayers and improve program performance to citizens. For this reason, we strenuously object to the NARA Records Center Program (RCP), a revolving fund operation, being included in the provisions of this revision. The NARA RCP is, by its very nature as a public reimbursable source, providing competitive services. Further we believe that the requirement to conduct a Standard Competition to justify it as a Most Efficient Operation (MEO) (Appendix A), in addition to preparation of responses to Commercial Interservice Support Agreements (Appendix D) is excessive and redundant, and puts public reimbursable sources at a distinct competitive disadvantage..

The proposed revision will require agencies to compete services that are now available to them without formal competition through interagency agreement with NARA's Records Center Program. While the provisions of the proposed A-76 will increase competition and may decrease costs for many government functions, it will not do so for most government functions already operating in a competitive, reimbursable manner. Specifically, the proposed A-76 will not produce increased competition or decreased costs for Federal agency use of records storage services. We believe the new A-76 requirement, as it pertains to the NARA Records Center Program, is unsound for the following reasons:

1. No benefits accrue to the government. The NARA RCP already provides records center services to Federal agencies in a competitive, reimbursable environment. Federal agencies are fully free to use either NARA or private sector records centers to obtain the best services in terms of price and quality. The proposal seeks to expand public-private competition.. But for those government entities already operating on a competitive, reimbursable basis, the changes have the effect of increasing costs to the Federal Government without expanding competition or decreasing costs. Since converting to a fully reimbursable operation in FY 2000, RCP has been competing with private sector and other government providers in this field, and has already successfully bid for Federal business. Beginning in FY 2003, Federal agencies are no longer bound to the RCP for providing their records center services. One benefit of the RCP revolving fund is to bring the economies of scale to records storage services for Federal agencies. Under the Records Center revolving fund, small volume users have access to the same types and quality services as do large customers.

2. Increased costs to government. Under this proposed revision, Federal agencies will be required to bid for Records Center services every five years. Each agency will require additional acquisition staff to manage the number of new contract proposals. NARA RCP costs will increase to bid for contracts. The cost increases will not be offset by any savings, because Federal agencies are already able to compare costs between NARA and

private sector records centers and select the one that best meets their business needs. Currently, the RCP is the service provider of choice for most Federal agencies. NARA RCP rates are competitive with, or better than, private sector vendors. If the proposed changes are made, RCP will need to increase rates to offset the cost of the additional administrative burden. Whether Federal agencies choose to remain with the RCP or store their records with a competitor, their records storage costs will increase without any corresponding benefit. Furthermore, if an agency chooses to change providers, they must pay to move their records to the new provider or maintain multiple contracts. Also, the requirement for NARA to regularly justify its performance as an MEO through a Standard Competition, while at the same time responding to bid solicitations that may result in ISSAs, is a duplicate effort that will effectively raise the costs for public reimbursable sources, putting them at a competitive disadvantage to private sources.

3. Constraints to open competition will be exacerbated. The RCP already faces constraints in competing due to Federal requirements that govern the RCP but do not hamper the private sector or even other Federal reimbursable operations. These constraints include "protected" status of Federal Prison Industry products, especially records storage shelving, which costs NARA at least 25% more than open market prices. NARA also lacks sufficient access to funding for capital improvements, and cannot offset costs by using direct (OE) funds that are used to lower costs in other reimbursable programs that compete against us.

Despite constraints, the NARA RCP offers a competitively priced product and the highest quality records storage in the current market. However, if the new A-76 provisions are adopted without exempting the RCP, NARA will face increased costs and will be severely disadvantaged in competing for business. If that occurs, it is likely that a single private vendor (Iron Mountain, which already dominates the private market) will control the Federal Government market, effectively creating a service monopoly and leaving no real choice for Federal agencies. NARA's continuing presence in the records center business offers the Federal Government a competitive choice that would not be available otherwise. Therefore, we believe that the NARA Records Center Program should be exempted from OMB A-76 provisions that will put it at a competitive disadvantage to the private sector.

If you have any questions concerning these comments, please contact me at 301-837-1850 or email lori.lisowski@nara.gov.

Sincerely,

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