

**SFA Modernization Partner Project**  
**LEGACY CONTRACT TRANSITION PLAN**  
Federal Family Education Loans (FFEL)  
Executive Summary

**Alternatives**

With respect to the Acquisition Plan for the Federal Family Education Loans contract, which expires September 30, 2000, the U.S. Department of Education (ED), Office of Student Financial Assistance (SFA) has three alternatives:

1. Solicit a sole source, 12-month extension, through September 30, 2001 (with two (2) additional 6-month option periods) to the current Raytheon contract to meet SFA's requirements to continue uninterrupted operations. The FFEL System is at the center of a larger system designed to deliver billions of dollars of Federal financial assistance to students pursuing a post-secondary education.

Advantages:

- Retention of current contractor
- Provides for continuous, consistent service

Disadvantages:

- Outside criticism from other vendors and other Government Entities
  - Criticism could come from other vendors (in the case of FFEL there are other vendors who have performed the functions covered under this contract in the past).
  - Congress

Writing a good “justification” noting the need for continuous service can mitigate this.

- Negotiating Limitations

Price could be high, since the extension is for a short period of time and the contractor has SFA “over a barrel” since they are the “only game in town”.

Enforcing the Truth in Negotiating Act can mitigate this.

**Source Selection Information – See FAR 3.104**

2. Offer a solicitation for a new performance-based contract extension for 12 months through September 30, 2001, (with 2 additional 6-month option periods) to meet requirements for maintenance, operations, technical support, systems, software, and documentation support for the Federal Family Education Loan System (FFEL).

Advantages:

- With a larger number of respondents, SFA should be have a number of “state-of-the-art” solutions to achieve the performance-based objectives as described in the Statement of Objectives” portion of the RFP to choose from.
- With a larger number of respondents, SFA should be able to obtain more reasonable pricing.

Disadvantages:

- Non-performance

Although the risk is low, there is a chance that SFA would select a vendor who could not perform.

Performing good technical and business analysis during the RFP evaluation period should mitigate this.

- Interrupted Service

Since the contract would begin on October 1, 2000, there may not be enough time to have a proper “transition period” from the old contractor to a new one, if a different contractor is selected.

3. A combination of (1) and (2) above. That is, provide a short-term three-month sole source extension and prepare a solicitation for a new performance-based contract to begin on January 1, 2001.

Advantages:

- Proper Transition Period

By extending the contract for three (3) months, the problem of not having a proper “transition period” would be mitigated.

- With a larger number of respondents, SFA should have a number of “state-of-the-art” choices available to achieve the performance-based objectives described in the Statement of Objectives portion of the RFP.
- With a larger number of respondents, SFA should be able to obtain more reasonable pricing.

**Source Selection Information – See FAR 3.104**

**Disadvantages:**

- Pricing

Pricing could be higher for the extension period and for the contract term, if the bidders believe that option period on the contract will not be granted.

**Recommendation**

The U.S. Department of Education (ED) should seek a sole source, 12-month extension through September 30, 2001 (with 2 additional 6-month option periods) to the current Raytheon contract to meet requirements for maintenance, operations, technical support, systems, software, and documentation support for the Federal Family Education Loan System (FFEL).