

SFA Modernization Partner Project LEGACY CONTRACT TRANSITION PLAN

Federal Family Education Loans (FFEL)



Part 3 Acquisition Alternatives

Alternatives:

Source Selection Information – See FAR 3.104

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 has three (3) alternatives:

1. Execute a sole source extension for fifteen (15) months, through 12-31-01, (with two (2) additional six- month option periods) with the current contractor, Raytheon.

Advantages:

- Retention of current contractor insures continuous, consistent service

Disadvantages:

- Outside criticism from vendors and other Government Entities
 1. 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).
 2. Congress, OMB, GAO, the OIG - the Competition in Contracting Act as well as the legislation which formed the PBO requires that we compete contracts wherever possible.

Mitigation: Document a solid justification for the sole source emphasizing good business considerations, which make the sole source necessary.

- Operating cost will increase

The price will be higher than is presently paid - unit cost will increase. Sole source procurements convey an advantage to the vendor in any price negotiation as the process identifies the contractor as the “only game in town”.

Mitigation: Enforce the Truth in Negotiating Act and exercise a thorough cost analysis of vendor's proposal.

2. Issue a competitive solicitation for a new performance-based contract through December 31, 2001, (with two (2) additional six-month option periods) to fulfill the requirements.

Advantages:

- With a larger number of respondents, SFA should be have a number of “state-of-the-art” solutions to deliver the FFEL program 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.

Mitigation: Perform a good technical and business analysis during the -evaluation period.

Source Selection Information – See FAR 3.104

- 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.

Mitigation: See (3) below.

3. A combination of (1) and (2) above. That is, provide a short-term 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 be have a number of “state-of-the-art” solutions to deliver the FFEL program 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.

Mitigation: Perform a good technical and business analysis during the solicitation evaluation period.