

104TH CONGRESS  
1ST SESSION

# H. R. 1795

To improve Government procurement procedures.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 1995

Mrs. COLLINS of Illinois introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To improve Government procurement procedures.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Federal Acquisition Improvement Reform Act of 1995”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Competition provisions.
- Sec. 3. Simplified procedures for purchases of commercial items.
- Sec. 4. Disclosing and obtaining contractor bid or proposal information or source selection information.
- Sec. 5. Value engineering requirements for Federal agencies.

1 **SEC. 2. COMPETITION PROVISIONS.**

2 (a) CONFERENCE BEFORE SUBMISSION OF BIDS OR  
3 PROPOSALS.—(1) Section 2305(a) of title 10, United  
4 States Code, is amended by adding at the end the follow-  
5 ing paragraph:

6 “(6) To the extent practicable, for each procurement  
7 of property or services by an agency, the head of the agen-  
8 cy shall provide for a conference on the procurement to  
9 be held for anyone interested in submitting a bid or pro-  
10 posal in response to the solicitation for the procurement.  
11 The purpose of the conference shall be to inform potential  
12 bidders and offerors of the needs of the agency and the  
13 qualifications considered necessary by the agency to com-  
14 pete successfully in the procurement.”.

15 (2) Section 303A of the Federal Property and Admin-  
16 istrative Services Act of 1949 (41 U.S.C. 253a) is amend-  
17 ed by adding at the end the following new subsection:

18 “(f) To the extent practicable, for each procurement  
19 of property or services by an agency, an executive agency  
20 shall provide for a conference on the procurement to be  
21 held for anyone interested in submitting a bid or proposal  
22 in response to the solicitation for the procurement. The  
23 purpose of the conference shall be to inform potential bid-  
24 ders and offerors of the needs of the executive agency and  
25 the qualifications considered necessary by the executive  
26 agency to compete successfully in the procurement.”.

1 (b) DESCRIPTION OF SOURCE SELECTION PLAN IN  
2 SOLICITATION.—(1) Section 2305(a) of title 10, United  
3 States Code, is further amended in paragraph (2)—

4 (A) by striking out “and” after the semicolon  
5 at the end of subparagraph (A);

6 (B) by striking out the period at the end of  
7 subparagraph (B) and inserting in lieu thereof “;  
8 and”; and

9 (C) by adding at the end the following new sub-  
10 paragraph:

11 “(C) a description, in as much detail as is prac-  
12 ticable, of the source selection plan of the agency, or  
13 a notice that such plan is available upon request.”.

14 (2) Section 303A of the Federal Property and Admin-  
15 istrative Services Act of 1949 (41 U.S.C. 253a) is further  
16 amended in subsection (b)—

17 (A) by striking out “and” after the semicolon  
18 at the end of paragraph (1);

19 (B) by striking out the period at the end of  
20 paragraph (2) and inserting in lieu thereof “; and”;  
21 and

22 (C) by adding at the end the following new  
23 paragraph:

24 “(3) a description, in as much detail as is prac-  
25 ticable, of the source selection plan of the executive

1 agency, or a notice that such plan is available upon  
2 request.”.

3 (c) DISCUSSIONS NOT NECESSARY WITH EVERY  
4 OFFEROR.—(1) Section 2305(b)(4)(A)(i) of title 10, Unit-  
5 ed States Code, is amended by inserting before the semi-  
6 colon the following: “and provided that discussions need  
7 not be conducted with an offeror merely to permit that  
8 offeror to submit a technically acceptable revised pro-  
9 posal”.

10 (2) Section 303B(d)(1)(A) of the Federal Property  
11 and Administrative Services Act of 1949 (41 U.S.C. 253b)  
12 is amended by inserting before the semicolon the following:  
13 “and provided that discussions need not be conducted with  
14 an offeror merely to permit that offeror to submit a tech-  
15 nically acceptable revised proposal”.

16 (d) PRELIMINARY ASSESSMENTS OF COMPETITIVE  
17 PROPOSALS.—(1) Section 2305(b)(2) of title 10, United  
18 States Code, is amended by adding at the end the follow-  
19 ing: “With respect to competitive proposals, the head of  
20 the agency may make a preliminary assessment of a pro-  
21 posal received, rather than a complete evaluation of the  
22 proposal, and may eliminate the proposal from further  
23 consideration if the head of the agency determines the pro-  
24 posal has no chance for contract award.”.

1           (2) Section 303B of the Federal Property and Ad-  
2 ministrative Services Act of 1949 (41 U.S.C. 253b) is  
3 amended by adding at the end the following: “With respect  
4 to competitive proposals, the head of the agency may make  
5 a preliminary assessment of a proposal received, rather  
6 than a complete evaluation of the proposal, and may elimi-  
7 nate the proposal from further consideration if the head  
8 of the agency determines the proposal has no chance for  
9 contract award.”.

10           (e) FEDERAL ACQUISITION REGULATION.—The Fed-  
11 eral Acquisition Regulation shall be revised to reflect the  
12 amendments made by subsections (a), (b), (c), and (d).

13 **SEC. 3. SIMPLIFIED PROCEDURES FOR PURCHASES OF**  
14 **COMMERCIAL ITEMS.**

15           (a) ARMED SERVICES ACQUISITIONS.—Subsection  
16 (g) of section 2304 of title 10, United States Code, is  
17 amended to read as follows:

18           “(g) SIMPLIFIED PROCEDURES.—(1) In order to pro-  
19 mote efficiency and economy in contracting and to avoid  
20 unnecessary burdens for agencies and contractors, the  
21 Federal Acquisition Regulation shall provide for special  
22 simplified procedures for purchases of commercial items  
23 and for purchases of property and services for amounts  
24 not greater than the simplified acquisition threshold.

1       “(2) A proposed purchase or contract for an amount  
2 above the simplified acquisition threshold may not be di-  
3 vided into several purchases or contracts for lesser  
4 amounts in order to use the simplified procedures required  
5 by paragraph (1).

6       “(3) In using simplified procedures, the head of an  
7 agency shall ensure that competition is obtained to the ex-  
8 tent practicable consistent with the particular Government  
9 requirement.

10       “(4) In the case of a purchase of commercial items,  
11 if the purchase or contract is for an amount in excess of  
12 the simplified acquisition threshold, the head of the agency  
13 shall justify in writing the use of simplified procedures  
14 under this subsection.”.

15       (b) CIVILIAN AGENCY ACQUISITIONS.—Subsection  
16 (g) of section 303 of the Federal Property Administrative  
17 Services Act of 1949 (41 U.S.C. 253) is amended to read  
18 as follows:

19       “(g) SIMPLIFIED PROCEDURES.—(1) In order to pro-  
20 mote efficiency and economy in contracting and to avoid  
21 unnecessary burdens for agencies and contractors, the  
22 Federal Acquisition Regulation shall provide for special  
23 simplified procedures for purchases of commercial items  
24 and for purchases of property and services for amounts  
25 not greater than the simplified acquisition threshold.

1       “(2)(A) The Administrator of General Services shall  
2 prescribe regulations that provide special simplified proce-  
3 dures for acquisitions of leasehold interests in real prop-  
4 erty at rental rates that do not exceed the simplified acqui-  
5 sition threshold.

6       “(B) For purposes of subparagraph (A), the rental  
7 rate or rates under a multiyear lease do not exceed the  
8 simplified acquisition threshold if the average annual  
9 amount of the rent payable for the period of the lease does  
10 not exceed the simplified acquisition threshold.

11       “(3) A proposed purchase or contract or for an  
12 amount above the simplified acquisition threshold may not  
13 be divided into several purchases or contracts for lesser  
14 amounts in order to use the simplified procedures required  
15 by paragraph (1).

16       “(4) In using simplified procedures, an executive  
17 agency shall ensure that competition is obtained to the ex-  
18 tent practicable consistent with the particular Government  
19 requirement.

20       “(5) In the case of a purchase of commercial items,  
21 if the purchase or contract is for an amount in excess of  
22 the simplified acquisition threshold, the executive agency  
23 shall justify in writing the use of simplified procedures  
24 under this subsection.”.

1 **SEC. 4. DISCLOSING AND OBTAINING CONTRACTOR BID OR**  
2 **PROPOSAL INFORMATION OR SOURCE SE-**  
3 **LECTION INFORMATION.**

4 (a) AMENDMENT OF PROCUREMENT INTEGRITY PRO-  
5 VISION.—Section 27 of the Office of Federal Procurement  
6 Policy Act (41 U.S.C. 423) is amended—

7 (1) by repealing subsections (a) through (e) and  
8 (g) through (p);

9 (2) in subsection (f), by striking out the sub-  
10 section heading and redesignating the subsection as  
11 subsection (i);

12 (3) by amending the section heading to read as  
13 follows:

14 **“SEC. 27. DISCLOSING AND OBTAINING CONTRACTOR BID**  
15 **OR PROPOSAL INFORMATION OR SOURCE SE-**  
16 **LECTION INFORMATION AND RESTRICTIONS**  
17 **RESULTING FROM PROCUREMENT ACTIVI-**  
18 **TIES OF PROCUREMENT OFFICIALS.”;**

19 and

20 (4) by inserting before subsection (i) (as so re-  
21 designated) the following:

22 “(a) A present or former officer or employee of the  
23 United States, or a person who is acting or has acted for  
24 or on behalf of or who is advising or has advised the  
25 United States with respect to a Federal agency procure-  
26 ment and who—

1           “(1) by virtue of that office, employment, or re-  
2           lationship has or had access to contractor bid or pro-  
3           posal information or source selection information,  
4           and

5           “(2) other than as provided by law, knowingly  
6           discloses that information before the award of a  
7           Federal agency procurement contract to which the  
8           information relates, is subject to the penalties and  
9           administrative actions set forth in subsection (d).

10          “(b) Whoever, other than as provided by law, know-  
11          ingly obtains contractor bid or proposal information or  
12          source selection information before the award of a Federal  
13          agency procurement contract to which the information re-  
14          lates, is subject to the penalties and administrative actions  
15          set forth in subsection (d).

16          “(c) Whoever, other than as provided by law, know-  
17          ingly violates the terms of a protective order, issued by  
18          the Comptroller General or the board of contract appeals  
19          of the General Services Administration in connection with  
20          a protest against the award or proposed award of a Fed-  
21          eral agency procurement contract, by disclosing or obtain-  
22          ing contractor bid or proposal information or source selec-  
23          tion information is subject to the penalties and adminis-  
24          trative actions set forth in subsection (d).

1       “(d) The penalties and administrative actions for an  
2 offense under subsection (a), (b), or (c), are as follows:

3           “(1) CRIMINAL PENALTIES.—

4               “(A) Whoever engages in the conduct con-  
5 stituting the offense shall be imprisoned for not  
6 more than one year or fined in the amount set  
7 forth in section 3571 of title 18, United States  
8 Code, or both.

9               “(B) Whoever engages in the conduct con-  
10 stituting the offense for the purpose of either—

11                   “(i) exchanging the information cov-  
12 ered by subsections (a), (b), and (c), for  
13 anything of value, or

14                   “(ii) obtaining or giving anyone a  
15 competitive advantage in the award of a  
16 Federal agency procurement contract, shall  
17 be imprisoned for not more than 15 years  
18 or fined in the amount set forth in section  
19 3571 of title 18, United States Code, or  
20 both.

21           “(2) CIVIL PENALTIES.—The Attorney General  
22 may bring a civil action in the appropriate United  
23 States district court against any person who engages  
24 in conduct constituting an offense under subsection  
25 (a), (b), or (c). Upon proof of such conduct by a

1 preponderance of the evidence, the person is subject  
2 to a civil penalty. An individual who engages in such  
3 conduct is subject to a civil penalty of not more than  
4 \$50,000 for each violation plus twice the amount of  
5 compensation which the individual received or of-  
6 fered for the prohibited conduct. An organization  
7 that engages in such conduct is subject to a civil  
8 penalty of not more than \$500,000 for each violation  
9 plus twice the amount of compensation which the or-  
10 ganization received or offered for the prohibited con-  
11 duct.

12 “(3) Administrative actions. If a Federal agen-  
13 cy receives information that a contractor or a person  
14 has engaged in conduct constituting an offense  
15 under subsection (a), (b), or (c), the Federal agency  
16 shall consider one or more of the following actions,  
17 as appropriate:

18 “(A) Canceling the Federal agency pro-  
19 curement when a contract has not been award-  
20 ed;

21 “(B) Declaring void and rescinding a con-  
22 tract in relation to which there has been ei-  
23 ther—

24 “(i) a conviction for an offense under  
25 subsection (a), (b), or (c), committed by

1 the contractor or someone acting for the  
2 contractor, or

3 “(ii) a determination by the head of  
4 the agency based upon a preponderance of  
5 the evidence that the contractor or some-  
6 one acting for the contractor has engaged  
7 in such conduct.

8 If such action is taken, the United States is en-  
9 titled to recover in addition to any penalty pre-  
10 scribed by law, the amount expended under the  
11 contract;

12 “(C) Initiating suspension or debarment  
13 proceedings for the protection of the Govern-  
14 ment in accordance with procedures in the Fed-  
15 eral Acquisition Regulation. In this regard, en-  
16 gaging in conduct constituting an offense under  
17 subsection (a), (b), or (c), affects the present  
18 responsibility of a Government contractor or  
19 subcontractor; or

20 “(D) Initiating adverse personnel action,  
21 pursuant to the procedures in chapter 75 of  
22 title 5, United States Code, or other applicable  
23 law or regulation.

24 “(e) For purposes of this section:

1           “(1) The term ‘contracting officer’ means a  
2 person who, by appointment in accordance with ap-  
3 plicable regulations, has the authority to enter a  
4 Federal agency procurement contract on behalf of  
5 the Government and to make determinations and  
6 findings with respect to such a contract.

7           “(2) The term ‘contractor bid or proposal infor-  
8 mation’ means the following information submitted  
9 to a Federal agency as part of or in connection with  
10 a bid or proposal to enter into a Federal agency pro-  
11 curement contract, if that information has not been  
12 previously made available to the public or disclosed  
13 publicly;

14                   “(A) Cost or pricing data;

15                   “(B) Indirect costs and direct labor rates;

16                   “(C) Proprietary information about manu-  
17 facturing processes, operations, or techniques  
18 marked by the contractor in accordance with  
19 applicable law or regulation; or

20                   “(D) Information marked by the contrac-  
21 tor as ‘contractor bid or proposal information,’  
22 in accordance with applicable law or regulation.

23           “(3) The term ‘Federal agency’ has the mean-  
24 ing given that term in section 3 of the Federal Prop-

1 erty and Administrative Services Act (40 U.S.C.  
2 472).

3 “(4) The term ‘Federal agency procurement’  
4 means the competitive acquisition by contract of  
5 supplies or services (including construction) from  
6 non-Federal sources by a Federal agency using ap-  
7 propriated funds.

8 “(5) The term ‘protest’ means a written objec-  
9 tion by an interested party to the award or proposed  
10 award of a Federal agency procurement contract,  
11 pursuant to section 111 of the Federal Property and  
12 Administrative Services Act (40 U.S.C. 759) or sub-  
13 chapter V of chapter 35 of title 31, United States  
14 Code.

15 “(6) The term ‘source selection information’  
16 means the following information prepared for use by  
17 a Federal agency for the purpose of evaluating a bid  
18 or proposal to enter into a Federal agency procure-  
19 ment contract, if that information has not been pre-  
20 viously made available to the public or disclosed pub-  
21 licly:

22 “(A) Bid prices submitted in response to a  
23 Federal agency solicitation for sealed bids or  
24 lists of those bid prices prior to public bid open-  
25 ing;

1           “(B) Proposed costs or prices submitted in  
2 response to a Federal agency solicitation or lists  
3 of those proposed costs or prices;

4           “(C) Source selection plans;

5           “(D) Technical evaluation plans;

6           “(E) Technical evaluations of proposals;

7           “(F) Cost or price evaluations of propos-  
8 als;

9           “(G) Competitive range determinations  
10 which identify proposals that have a reasonable  
11 chance of being selected for award of a con-  
12 tract;

13           “(H) Rankings of bids, proposals, or com-  
14 petitors;

15           “(I) The reports and evaluations of source  
16 selection panels or boards or advisory councils;  
17 or

18           “(J) Other information marked as ‘source  
19 selection information’ based upon a case-by-case  
20 determination by the head of the agency, his  
21 designee, or the contracting officer that its dis-  
22 closure would jeopardize the integrity or suc-  
23 cessful completion of the Federal agency pro-  
24 curement to which the information relates.

1       “(f) No person may file a protest against the award  
2 or proposed award of a Federal agency procurement con-  
3 tract alleging an offense under subsection (a), (b), or (c),  
4 of this section, nor may the Comptroller General or the  
5 board of contract appeals of the General Services Adminis-  
6 tration consider such an allegation in deciding such a pro-  
7 test, unless that person reported information to the Fed-  
8 eral agency responsible for the procurement that he be-  
9 lieved constituted evidence of the offense no later than ten  
10 working days after he first discovered the possible offense.

11       “(g) This section does not—

12               “(1) restrict the disclosure of information to or  
13 its receipt by any person or class of persons author-  
14 ized, in accordance with applicable agency regula-  
15 tions or procedures, to receive that information;

16               “(2) restrict a contractor from disclosing its  
17 own bid or proposal information or the recipient  
18 from receiving that information;

19               “(3) restrict the disclosure or receipt of infor-  
20 mation relating to the Federal agency procurement  
21 after it has been canceled by the Federal agency  
22 prior to contract award unless the Federal agency  
23 plans on resuming the procurement;

24               “(4) authorize the withholding of information  
25 from nor restrict its receipt by the Congress, a com-

1       mittee or subcommittee thereof, the Comptroller  
2       General, a Federal agency, or an Inspector General  
3       of a Federal agency;

4           “(5) authorize the withholding of information  
5       from nor restrict its receipt by the Court of Federal  
6       Claims, any board of contract appeals of a Federal  
7       agency or the Comptroller General in the course of  
8       a protest against the award or proposed award of a  
9       Federal agency procurement contract;

10          “(6) prohibit individual meetings between an  
11       agency employee and a competitor for or recipient of  
12       a contract or subcontract under a Federal agency  
13       procurement, provided that unauthorized disclosure  
14       or receipt of contractor bid or proposal information  
15       or source selection information does not occur; or

16          “(7) limit the applicability of the requirements,  
17       sanctions, contract penalties, and remedies estab-  
18       lished under any other law or regulation.

19          “(h) This section does not apply to the conduct of  
20       a Federal agency procurement for an amount not greater  
21       than the simplified acquisition threshold as defined in sec-  
22       tion 4(11).”.

23          (b) REGULATIONS AND GUIDELINES.—Government-  
24       wide regulations and guidelines deemed appropriate to  
25       carry out this section shall be issued in the Federal Acqui-

1 sition Regulation by the Department of Defense, the Gen-  
2 eral Services Administration, and the National Aero-  
3 nautics and Space Administration, in coordination with  
4 the Federal Acquisition Regulatory Council.

5 (c) REPEAL.—Subsection 32(c) of the Office of Fed-  
6 eral Procurement Policy Act (41 U.S.C. 28(c)) is repealed.

7 (d) CONFORMING AMENDMENT.—Section 32 of the  
8 Office of Federal Procurement Policy Act is amended by  
9 redesignating subsections (d), (e), (f), and (g) as sub-  
10 sections (c), (d), (e), and (f), respectively.

11 **SEC. 5. VALUE ENGINEERING REQUIREMENTS FOR FED-**  
12 **ERAL AGENCIES.**

13 (a) IN GENERAL.—Federal agencies shall apply value  
14 engineering consistent with subsection (b)(2) to, at a mini-  
15 mum, identify and implement opportunities to reduce cap-  
16 ital and operation costs and improve and maintain opti-  
17 mum quality of construction, administrative, program, ac-  
18 quisition, and grant projects. The head of each Federal  
19 agency shall require senior management personnel to es-  
20 tablish and maintain value engineering procedures and  
21 processes. Such procedures and processes shall, at a mini-  
22 mum—

23 (1) utilize qualified value engineering personnel  
24 consistent with paragraphs (1) and (4) of subsection  
25 (b);

1           (2) provide for the aggressive and systematic  
2 development and maintenance of the most effective,  
3 efficient, and economical arrangement for conduct-  
4 ing the work of the agency; and

5           (3) provide a sound basis for the reporting of  
6 accomplishments to the Office of Management and  
7 Budget, the President, the Congress, and the public.

8           (b) AGENCY RESPONSIBILITIES.—To ensure that  
9 systemic value engineering improvements are achieved,  
10 each Federal agency shall, at a minimum, carry out the  
11 following:

12           (1) Designate a senior management official with  
13 a significant, well-documented background in value  
14 engineering as the value engineering manager within  
15 the agency, to oversee and monitor value engineering  
16 efforts and to coordinate the development of criteria  
17 and guidelines referred to in paragraph (2).

18           (2) Develop criteria and guidelines for both  
19 agency employees and contractor employees to iden-  
20 tify programs, projects, systems, and products with  
21 the greatest potential to yield savings and benefits  
22 from the application of value engineering methodol-  
23 ogy. The criteria and guidelines should recognize  
24 that the potential savings are greatest during the  
25 planning, design, and other early phases of program,

1 project, system, and product development. The cri-  
2 teria and guidelines shall include the following:

3 (A) Consideration of return on the Govern-  
4 ment's investment in value engineering, deter-  
5 mined by dividing the Government's cost of per-  
6 forming the value engineering function by the  
7 savings generated by the function.

8 (B) A dollar amount threshold for requir-  
9 ing the application of value engineering. The  
10 threshold shall be designed to ensure that value  
11 engineering is applied to—

12 (i) each program, project, system, and  
13 product of the agency that has a dollar  
14 value greater than the threshold; and

15 (ii) those programs, projects, systems,  
16 and products that, in a ranking of all pro-  
17 grams, projects, systems, and products of  
18 the agency according to greatest dollar  
19 value, are within the highest 20th percent-  
20 ile.

21 For purposes of applying such a threshold, the  
22 dollar values of various programs, projects, sys-  
23 tems, and products of an agency that have indi-  
24 vidual values below the threshold shall be aggre-  
25 gated if they utilize equivalent planning or de-

1 sign elements, are jointly administered, or are  
2 functionally equivalent.

3 (C) Criteria under which the value engi-  
4 neering manager of the agency may, on a case-  
5 by-case basis, waive the requirement of this Act  
6 to conduct value engineering studies, and proce-  
7 dures and requirements for documenting and  
8 maintaining records of the justification for each  
9 such waiver.

10 (3) Provide training (including practical experi-  
11 ence) in established value engineering methodology  
12 to agency staff responsible for coordinating and  
13 monitoring value engineering efforts and to staff re-  
14 sponsible for developing, reviewing, analyzing, carry-  
15 ing out, changing, and evaluating value engineering  
16 proposals.

17 (4) Ensure that funds necessary for conducting  
18 agency value engineering efforts are included in an-  
19 nual budget requests to the Office of Management  
20 and Budget.

21 (5) Document and maintain records of—

22 (A) programs, projects, systems, and prod-  
23 ucts that meet agency criteria for requiring the  
24 use of value engineering techniques; and

1           (B) determinations (including the reasons  
2           therefor) that the recommendations resulting  
3           from a value engineering review should not be  
4           implemented.

5           (6) Except when inconsistent with this Act, ad-  
6           here to the acquisition requirements of the Federal  
7           Acquisition Regulation, including the use of value  
8           engineering clauses in parts 48 and 52 for both  
9           prime and subcontractors.

10          (7) In the case of discretionary grants awarded  
11          by the agency, establish value engineering require-  
12          ments, such as requiring grant applications to in-  
13          clude a clause requiring the use of value engineering  
14          methodology by qualified value engineering personnel  
15          in the performance of the grant.

16          (8) Develop annual plans for using value engi-  
17          neering in the agency, which, at a minimum, iden-  
18          tify—

19                 (A) the agency and contractor projects,  
20                 programs, systems, and products to which value  
21                 engineering techniques will be applied in the  
22                 next fiscal year; and

23                 (B) the estimated costs of such projects,  
24                 programs, systems, and products.

1           (9) Report annually to the Office of Manage-  
2           ment and Budget on value engineering activities in  
3           accordance with subsection (c).

4           (c) REPORTS TO OFFICE OF MANAGEMENT AND  
5           BUDGET.—

6           (1) IN GENERAL.—The head of each Federal  
7           agency shall submit to the Office of Management  
8           and Budget an annual report on the results of using  
9           value engineering in the agency. The report shall be  
10          submitted by February 15 of each year.

11          (2) CONTENTS.—The report required by this  
12          subsection shall include the following:

13                (A) The name, job title, address, telephone  
14                number, and any additional job titles of the  
15                agency's current value engineering manager.

16                (B) The Government's return on invest-  
17                ment in value engineering achieved through ac-  
18                tual implementation by the agency of rec-  
19                ommendations adopted as a result of value en-  
20                gineering, calculated by dividing the amount of  
21                savings achieved through such implementation  
22                by the cost of performing value engineering re-  
23                views.

24                (C) The Government's potential return on  
25                investment achievable through value engineer-

1           ing, calculated by dividing the amount of sav-  
2           ings achievable through the adoption of rec-  
3           ommendations as a result of value engineering  
4           by the cost of performing value engineering re-  
5           views to produce those recommendations.

6           (D) A description of the application of  
7           value engineering to the agency's programs,  
8           projects, systems, and products, including the  
9           net savings and quality improvements achieved  
10          through use of value engineering in those pro-  
11          grams, projects, systems, and products.

12          (E) A listing of the criteria adopted by the  
13          agency pursuant to subsection (b)(2)(C) for  
14          waiving the application of the value engineering  
15          requirements of this Act, and documentation of  
16          any waivers granted under the criteria.

17          (d) INSPECTOR GENERAL AUDITS.—The Inspector  
18          General of each Federal agency shall audit the savings re-  
19          ported by the agency in the second annual report submit-  
20          ted under subsection (c). Thereafter, the Inspector Gen-  
21          eral of each Federal agency shall audit the reported sav-  
22          ings every second year.

23          (e) USE OF SAVINGS.—Of amounts available to a  
24          Federal agency for a fiscal year for a program, project,  
25          or system or development of a product that are unobli-

1 gated at the end of the fiscal year as a result of the appli-  
2 cation of value engineering in accordance with this Act—

3 (1) 50 percent shall be available to the agency  
4 for—

5 (A) use in the next fiscal year for that pro-  
6 gram, project, system, or development; and

7 (B) use for programs in effect on the date  
8 of the enactment of this Act under which incen-  
9 tives are provided to employees of the agency to  
10 identify and implement methods for achieving  
11 savings in programs, projects, systems, and  
12 product development of the agency; and

13 (2) 50 percent shall be deposited in the general  
14 fund of the Treasury and used to reduce the Federal  
15 debt.

16 (f) REVIEW.—The Director of Management and  
17 Budget shall review the policies contained in this Act 5  
18 years after the date of the enactment of this Act and shall  
19 report the results of such review to Congress.

20 (g) DEFINITIONS.—For purposes of this Act, the fol-  
21 lowing definitions apply:

22 (1) The term “Federal agency” has the mean-  
23 ing the term “agency” has under section 551(1) of  
24 title 5, United States Code.

1           (2) The term “savings” means a reduction in,  
2           or avoidance of, expenditures that would be incurred  
3           if programs, projects, systems, and products were  
4           not evaluated using value engineering techniques.

5           (3) The term “value engineering” means a  
6           team effort, performed by qualified agency or con-  
7           tractor personnel, directed at analyzing the functions  
8           of a program, project, system, product, item of  
9           equipment, building, facility, service, or supply for  
10          the purpose of achieving the essential functions at  
11          the lowest life-cycle cost that is consistent with re-  
12          quired or improved performance, reliability, quality,  
13          and safety.

14          (4) The term “life-cycle cost” means the total  
15          cost of a program, project, system, product, item of  
16          equipment, building, facility, service, or supply, com-  
17          puted over its useful life. The term includes all rel-  
18          evant costs involved in acquiring, owning, operating,  
19          maintaining, and disposing of the program, project,  
20          system, product, item of equipment, building, facil-  
21          ity, service, or supply over a specified period of time.

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