Signed at Washington, DC, on October 4, 2016.

David Michaels,

Assistant Secretary of Labor for Occupational Safety and Health.

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

Category Management

AGENCY: Office of Federal Procurement Policy, Office of Management and Budget.

ACTION: Proposed new Office of Management and Budget Circular No. A–XXX, ''Implementing Category Management for Common Goods and Services.''

SUMMARY: The Office of Federal Procurement Policy (OFPP) in the Office of Management and Budget (OMB) is proposing to issue a new OMB Circular, Implementing Category Management for Common Goods and Services, to codify category management, a strategic practice where Federal contracting for common goods and services is managed by categories of spending across the Government and supported by teams of experts. The Circular establishes key principles, and strategies and policies, roles and responsibilities, and metrics to measure success.

DATES: Interested parties should submit comments in writing to the address below on or before November 7, 2016.

ADDRESSES: Comments may be submitted by any of the following methods: Online at *http://www.regulations.gov*, Facsimile: 202–395–5105, Mail: Darbi Dillon, Office of Federal Procurement Policy, 1800 G Street NW., Washington, DC 20006.

Instructions: Please submit comments only and cite ''Proposed New OMB Circular A-xxx'' in all correspondence. All comments received will be posted, without change or redaction, to *www.regulations.gov,* so commenters should not include information that they do not wish to be posted (for example because they consider it personal or business confidential).

FOR FURTHER INFORMATION CONTACT: Darbi Dillon, Office of Federal Procurement Policy, 1800 G Street NW., Washington, DC 20006, at 202–395–1008.

SUPPLEMENTARY INFORMATION: Category management is an effective business practice for reducing duplication in contracting, better leveraging the government's buying power, and promoting the use of best in class solutions government-wide. Historically, the vast majority of common agency needs—such as for information technology, professional services, medical supplies, human capital, security and protection, and transportation and logistics—have been acquired in a disaggregated manner resulting in a sub-optimization of the Government's buying power and diminished Federal Government's market profile. Category management provides a pathway for agencies to move away from managing purchases and prices individually across thousands of procurement units and towards managing entire categories of common spend with collaborative decision-making. As a result, institutionalizing category management as the principal way in which all Executive Branch agencies acquire and manage the roughly $270B in annual spending on common goods and services will help taxpayers realize better value from their acquisition investments in every day needs and, equally important, allow contracting offices to give greater attention to their agency's mission critical acquisitions.

For more than a decade, the Office of Management and Budget (OMB) has worked with agencies on government-wide initiatives to promote strategic sourcing—*i.e.,* the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. These efforts have evolved and matured as OMB has formalized the requirements for strategic sourcing development, governance, and oversight. Since 2010, strategic sourcing efforts have helped agencies save more than $500 million by reducing unit prices, applying effective demand management strategies, and avoiding duplicative administrative costs. While these accomplishments are impactful and will continue, a broader organizational vision is needed to accelerate and successfully manage the many dimensions of interagency collaboration that must occur for the federal government to buy as one.

In December 2014, the Office of Federal Procurement Policy (OFPP) announced category management as the new broader model for organizing how the Federal Government manages the acquisition of commonly acquired goods and services. The memo outlined a series of specific actions to enable the identification of best in class vehicles within each common spending area as well as opportunities to change inefficient consumption patterns. The Category Management Leadership Council (CMLC), comprised of the largest buying agencies, divided the government's common spending into 10 categories and assisted OMB in appointing recognized market experts to serve as category managers. Noteworthy progress has already been made in breaking down agency silos and acting as the world's largest buyer. For example, in the Information Technology category 45% of spend on workstations has been directed to three identified best in class solutions with a goal to reduce the number of contracts for workstations by 20% by the end of fiscal year 2016. Furthermore, government-wide buying events for laptops and desktops resulted in more than 15% savings on average. In addition, consistent with the direction in the Federal Information Technology Acquisition Reform Act, two new government-wide software agreements were established to increase agency use of enterprise license agreements and help agencies move away from the tens of thousands of agreements that have been traditionally negotiated to meet these needs.

This proposed OMB Circular brings together and builds on these efforts and expands upon their concepts of economy and efficiency by establishing category management as the principal way in which the government acquires and manages its common requirements. The circular addresses (1) key principles, (2) strategies and policies, (3) governance structures, and (4) metrics to measure success.

Of particular note, the proposed Circular would:

Establish a government-wide approach to acquiring common goods and services. The proposed Circular would be applicable to all Executive Agencies with Chief Financial Officer (CFO) Act agencies and those represented on the CMLC having additional responsibilities. Recognizing the unique characteristics and requirements of each agency, all Executive Branch Agencies would be required to promote, to the fullest extent possible, maximum adoption of the category management principles, strategies and requirements.

Emphasize the potential to achieve greater economy and efficiency across the Federal Government by implementing the category management key principles. The proposed Circular focuses on collaboration and coordinated management of the common goods and services in the

development of requirements and use of best in class vehicles and practices, reduction of duplicate contract vehicles, improved mission value and total cost of ownership, and strengthened demand management practices, while advancing Federal policy objectives, such as inclusion of small business, competition, and strengthening sustainability, and improving supplier relationships.

Define the strategies and policies agencies would follow to execute category management. The proposed Circular establishes the practice of using existing contracting sourcing solutions prior to executing new contracts, with a priority given to mandatory sources as defined in the Federal Acquisition Regulation, and then category management best in class contract sourcing solutions, distinguishing between 'best in class preferred' and 'best in class mandatory' contract sourcing solutions. The proposal institutes policies to seek and share information and to monitor and measure progress of category management using defined core metrics.

Outline the governance, and roles and responsibilities for all of the key players and stakeholders. The proposed Circular institutionalizes the CMLC, chaired by the OFPP Administrator, as the governing body, and further defines roles and responsibilities for the General Services Administration, the government-wide and agency-level category managers, the lead agencies for each category (Centers of Excellence), the Chief Financial Officer Act Agencies, and other stakeholders critical to the success of category management.

Stress the importance of data analytics and information sharing—outlining the criticality of the Acquisition Gateway as a key enabler in this process. The proposed Circular designates the Acquisition Gateway as the central repository for data and information necessary to support the execution of category management.

Identify the core metrics by which category management success will be measured with an emphasis on Spend under Management. The proposed Circular establishes core metrics against which the government's category management success will be measured: Increasing savings, reducing duplication, increasing spend under management, achieving small business goals, and other relevant measures that may be identified in the future. These metrics will help to ensure that Government's continued commitment to maximizing opportunities for small business contractors and strengthened sustainability and accessibility.

Anne E. Rung,

Administrator for Federal Procurement Policy.

Circular No. A–XXX

To the Heads of Executive Departments and Establishments

Subject: Implementing Category Management for Common Goods and Services

1. *Purpose.* This Circular establishes Category Management (CM) as the principal way in which all Executive Branch agencies must acquire and manage common goods and services [1] spend to drive greater economy and efficiency. Agencies must use the CM principles and practices articulated in this Circular to reduce duplication, better leverage the government's buying power, and promote the use of effective, best in class solutions. Government-wide. Agencies designated as Centers of Excellence (CoE) [2] and individuals having supporting roles in the implementation of CM must manage their responsibilities in accordance with this Circular.

2. *Authority.* This Circular is issued pursuant to 31 U.S.C. 1111, the OFPP Act, 41 U.S.C. 1121 et seq.; the Clinger-Cohen Act, 40 U.S.C. 11101, et seq.; the Federal Information Technology Acquisition Reform Act (Title VIII, Subtitle D of the National Defense Authorization Act for FY 2015, Pub. L. 113–291, §§ 833, 836); the National Defense Authorization Act for FY 2009 (Pub. L. 110–417, § 865(b)(2)), and Government Performance and Results Modernization Act of 2010 (Pub. L. 111–352).

3. *Applicability.* This policy is applicable to all Executive Agencies.[3] All Executive Agencies must have a CM program in place that promotes maximum adoption of the key principles, strategies and requirements of CM described below. Chief Financial Officer (CFO) Act agencies [4] and those represented on the Category Management Leadership Council (CMLC) have additional responsibilities, as enumerated in sections 9–12 of this Circular.

4. *Rescission.* This Circular rescinds and replaces Office of Management and Budget (OMB) Memorandum M–13–02, *Improving Acquisition through Strategic Sourcing,* dated December 5, 2012; and OMB Memorandum, *Implementing Strategic Sourcing,* dated May 20, 2005.[5]

5. *Background.* The Office of Federal Procurement Policy (OFPP) is responsible for promoting economy, efficiency, and effectiveness in the Federal acquisition process,[6] and regularly implements policies and initiatives to better leverage Government's buying power to ensure taxpayer dollars are spent efficiently and effectively. For example, in 2005, OMB formally launched strategic sourcing—an acquisition approach focused on aggregating demand—and expanded it in 2012, as a Government-wide initiative focused on reducing unit pricing and total life cycle management costs for common needs. On 29 September 2011, OFPP issued OMB Memo, *Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions,* directing Agencies to develop business cases for certain types of awards to reduce contract duplication. In December 2014, OFPP released ''Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings,'' [7] which cites a critical need for the Federal Government to fundamentally shift away from managing purchases and evaluating prices individually across thousands of procurement units to more directly managing entire categories of common spend in order to deliver better value—a strategy known as Category Management.

This Circular brings together these earlier policies and expands upon their concepts of economy and efficiency to establish the key principles, strategies, policies, processes, governance structure, and roles and responsibilities to implement CM fully as the principal

[1] Common goods and services refer to those items and services that all or most federal agencies procure and are not unique to the mission of an individual agency. These goods and services are interchangeable between agencies and are generally available commercially.

[2] The CoE is the lead agency or organization for each category or sub-category, which, due to its subject matter expertise, experience, and other category unique qualifications, retains the Government-wide CMX for level 1 categories, or level 2 and lower subcategory leads.

[3] Executive agency is defined in 41 U.S.C. 133.

[4] Agencies listed in *31 U.S.C. 901(b)(1) and (b)(2).*

[5] OMB Memo M–13–02, *Improving Acquisition through Strategic Sourcing,* December 5, 2012, *https://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02_0.pdf* and OMB Memorandum, *Implementing Strategic Sourcing,* dated May 20, 2005, *https://www.whitehouse.gov/sites/default/files/omb/assets/omb/procurement/comp_src/implementing_strategic_sourcing.pdf; established and evolved the framework and governance for Strategic Sourcing.*

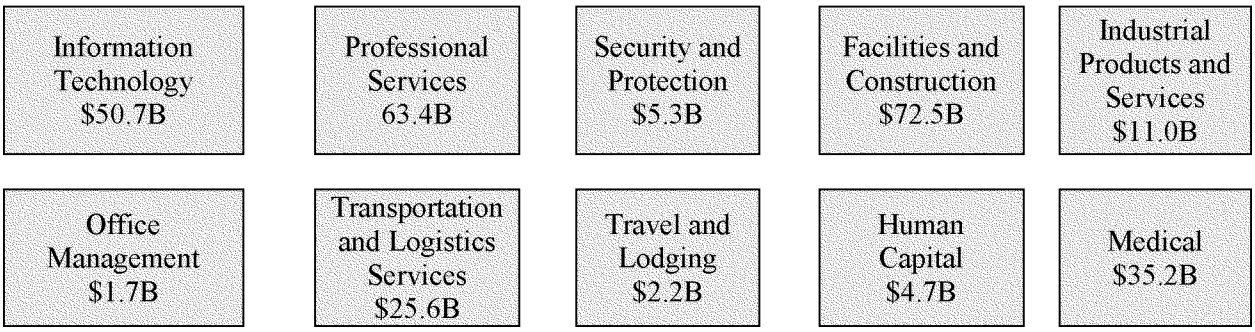
[6] The OFPP Act, *41 U.S.C. 1101(b)(2).*

[7] OFPP Memo, ''*Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings,*'' December 4, 2014.

way in which the government acquires and manages its common requirements.

6. *Common Categories of Goods and Services.* Based on fiscal year 2015 data from the Federal Procurement Data System, agencies spent over $270 billion—over half of all federal contract spending—on common requirements like information technology (IT) hardware, office supplies, and other basic needs. As further detailed in Attachment 1, the ten core (Level 1) categories are shown below. The acquisition and management of requirements in these ten CM categories are subject to this Circular. This Circular does not address unique, agency/mission-specific requirements determined by the appropriate agency leadership to fall outside the scope of this directive. OMB category-specific policies (CM policies) will include instructions for making these determinations, as category strategies are developed (see section 8(a) below). The CMLC will approve significant changes to the scope, leadership, or definition of the core categories (to include adding, deleting, or restructuring categories) and update the categories as needed. The most current list is available on the Acquisition Gateway.[8]

Government-wide Category Structure
Total FY15 Common Spend - $272B



7. *Key Principles.* CM applies the following key principles to acquire and manage an organization's common requirements in a more collaborative and coordinated way:

a. Development of requirements that address the majority of common end-user needs through the use of data analytics, application of best in class practices, and understanding of both industry and end-user customer need;

b. reduction in number of duplicate contract vehicles for the same, or similar, requirements;

c. improvement of mission value and total cost of ownership through activities like better requirements definition, demand aggregation to reduce unit pricing where appropriate, improved asset management, and greater visibility of pricing, usage, and performance data;

d. strengthened demand management practices to reduce inefficient buying;

e. advancement of statutory, regulatory, and Federal policy objectives, such as increasing the use of small business, competition, strengthening sustainability and accessibility requirements, maximizing the use of procurement preference programs, and supporting other policies required by statute and the Federal Acquisition Regulation (FAR); and

f. improved supplier relationship management.

8. *Strategies and Policies.* Each approved level 1 core category of common goods and services will be led by an expert government-wide Category Manager (CMX) (see section 9 below) who will be responsible for developing strategies to drive Government-wide economy and efficiency in that area. Examples of strategies include, but are not limited to, strategic sourcing, demand management, vendor management and total cost management. The strategy, or combination of strategies, selected by the CMX will vary depending on the type of good or service, the market trends in that category, the Government's current and future demand, and the maturity level of the specific category. The CMLC must approve all category strategies. In addition, the CMX will continually review and refine strategies, as necessary, informed by experience and feedback from government customers, contractors, industry experts and other interested stakeholders.

a. *Best in class solutions.* CMXs shall use the strategic planning process to identify best in class (BIC) sourcing solutions, which may involve contract solutions, demand management strategies or both.

(1) *BIC contract sourcing solution.*

(a) A BIC contract sourcing solution is one that:

(i) Has been developed by cross-functional teams using rigorous requirements definition and planning processes;

(ii) enables customers to take advantage of effective pricing strategies;

(iii) follows category management principles (outlined in section 7), including data driven demand management practices; and

(iv) has had its performance independently validated.

(b) To help the workforce understand the intended use of the contract sourcing solution, the CMX shall assign each one of the following two designations:

(i) BIC preferred contract sourcing solution—This designation is designed to encourage, but not compel, agency use of an identified contract solution. The CMX must assign this designation to a BIC solution except where OMB has determined, after considering the recommendations of the CMX and CMLC, that mandatory use of the solution is more appropriate and in the best interest of the government.

The CMX may require agencies to provide information and analysis, such as comparisons of pricing, terms and condition, or vendor performance, to explain when they do not use a BIC

[8] The current Government-wide Category Structure is accessible via the following link: *https://hallways.cap.gsa.gov/faq, ''Where can I learn more about the government's plan to adopt category management?''*

preferred solution. This information can help to ensure active agency consideration of the preferred solution. The CMX must post instructions for the submission of any requested information or analysis on the Acquisition Gateway. The CMX should use the input received from agencies to inform future data analytics and strategic planning, with the goal of improving the solution, where appropriate, to be more responsive to customer needs, and to determine whether the solution may be suitable to serve as a mandatory solution.

(ii) BIC mandatory contract sourcing solution—This designation is designed to support a Government-wide migration to a solution that is mature and market-proven, such as a previously designated BIC preferred sourcing solution with a demonstrated record of success. This designation must be approved by OMB. In addition, OMB will issue appropriate management policy that explains the agency migration process to the mandatory solution and provides an exception process for agencies to justify deviations from the mandatory policy.

(c) To reduce contract duplication and take advantage of existing BIC contract sourcing solutions, agencies must take the following steps:

(i) After first considering required sources of supplies and services, which are set forth in FAR 8.002 and FAR 8.003, and determining such sources do not satisfy their requirements, agencies must review information on the Acquisition Gateway to determine if there are BIC preferred or BIC mandatory contract sourcing solutions to address their requirements.

(ii) If the requirement may be met by a mandatory BIC contract sourcing solution, agencies must review the applicable OMB management policy and follow the migration process or, if necessary, exception process to justify deviations from the policy.

(iii) If the requirement may be met by a preferred BIC contract sourcing solution, the agency must determine if any information or analysis is required where the agency does not plan to use the preferred solution and follow the instructions provided by the CMX on the Gateway for submitting the analysis.

(iv) If there are no BIC solutions identified on the Gateway, and the agency is seeking to establish a Government-wide, multi-agency or agency-wide vehicles, the agency must follow any policy OMB has issued to address the establishment of business cases.

(d) To support the use of BIC contract sourcing solutions, and to facilitate awareness by the acquisition workforce, the GSA Government-wide Program Management Office (PMO) will post information on BIC contract sourcing solutions on the Acquisition Gateway. In addition, the PMO will ensure, to the maximum extent practicable, that information on BIC sourcing solutions is accessible in a consistent and clear manner with a common look and feel that will facilitate easy understanding and application by the acquisition workforce. The PMO will work with the CMLC, OMB, CMXs and other stakeholders to provide templates, as necessary, to support the submission of agency information required in connection with a BIC preferred or mandatory contract sourcing solution.

(2) *BIC demand management strategy.* The CMX must also use the strategic planning process to identify BIC demand management strategies. A BIC demand management strategy is one that standardizes requirements, specifications, or configurations, or eliminates inefficient purchasing and management behaviors using category management principles. The CMX must work with the CMLC and OMB in developing appropriate instructions to support agency adoption of BIC demand management strategies and with the GSA PMO regarding posting of such instructions on the Acquisition Gateway.

(3) *Other actions.* In addition to leveraging existing BIC solutions, agencies must take the following steps to help reduce duplication and promote greater economy, efficiency and effectiveness.

(a) Seek data and information—Contracting officers, program managers, and other acquisition officials must routinely use the Acquisition Gateway and other designated sources to seek data such as prices paid, terms and conditions, best practices, sustainability requirements, past performance, competition rates, small business goals, and other information that will help them conduct thorough analyses and negotiate the best deal for the taxpayer (see section 10 below);

(b) Share data and information—Program managers, contracting professionals, requiring officials, and contracting officer representatives must have access to relevant information and data to plan for and manage solutions and needs. Consistent with applicable law, agencies shall not enter into any contractual agreement that restricts the Federal Government's ability to share, within the Government, relevant contract costs and prices, terms and conditions, and other information needed to conduct adequate market research. Agencies should use best practices in crafting appropriate contract language to ensure non-proprietary pricing and terms and conditions are made available to other Government agencies in order to ensure implementation of category management principles in leveraging the Government's buying power.

(c) Monitor and Measure progress—CMXs, agencies, and OMB must track implementation and long-term execution success through the assessment of metrics, including the approved Category Management Cross-Agency Priority Goals of savings, reduced duplication, Spend Under Management (SUM), and small business goals, as well as other relevant category measures, like green procurement goals and/or impacts to the small business industrial base (see section 11).

9. *Governance, Roles and Responsibilities.*

a. *The Category Management Leadership Council (CMLC)*—The Administrator for Federal Procurement Policy shall establish and chair a Category Management Leadership Council (CMLC) to serve as the governing body for category management activities conducted in connection with this Circular. The Council shall be comprised of interdisciplinary representatives from the largest buying agencies, including the Departments of Defense, Energy, Health and Human Services, Homeland Security, Veterans Affairs, the General Services Administration (GSA), the National Aeronautics and Space Administration, as well as the Small Business Administration, and other agencies designated by the Administrator. The government-wide CMXs and a representative from the Unified Shared Services Management Office in GSA shall participate as non-voting members along with other appropriate individuals identified by the Administrator. The CMLC shall be responsible for core implementation and execution functions, including:

(1) Approval of Government-wide strategies for core categories and certain subcategories, as appropriate;

(2) approval of over-arching Best in Class criteria and procedures, and any subsequent changes;

(3) provide advice to OMB on recommendations by CMX to designate BIC contract sourcing solution as mandatory and on policy for agency migrations and exceptions to use of such solutions;

(4) assessment of the performance of Government-wide strategies and solutions—to include small business

participation—(not less than annually); and

(5) approval of any changes to the Government-wide category structure and governance.

b. *The Office of Federal Procurement Policy (OFPP)*—The OFPP in the Office of Management and Budget is responsible for providing overall direction of Government-wide procurement policy and for promoting economy, efficiency, and effectiveness in all Federal procurement.[9] In this role, OFPP will:

(1) Set the CM strategic policy direction;

(2) issue CM policies, guidance, instructions and directives to Federal agencies,[10] in consultation with CFO Act agencies and in partnership with other relevant oversight offices (for example, IT acquisition policies co-signed by the United States Chief Information Officer);

(3) appoint CMLC members and chair the CMLC;

(4) nominate lead agencies for each category to be the Government-wide Category Center of Excellence (CoE), in consultation with the CMLC (reference CoE roles and responsibilities in this section);

(5) review the CoE recommendations for CMXs and upon CMLC approval, formally designate the Government-wide CMXs;

(6) develop reporting requirements to assess agencies' progress toward increasing their Spend Under Management (see section 11 below);

(7) determine and measure supporting Cross-Agency Priority Goals or other Governmentwide goals and metrics; [11] and

(8) otherwise shape and monitor the government's efforts to implement CM effectively.

c. *The General Services Administration (GSA)*—In addition to GSA's general leadership role in the acquisition and management of goods and services across the government, the agency also serves as the Government-wide program management office (PMO) for category management. The GSA PMO for category management provides direct support to the CMXs, to include:

(1) Development and management of the tools and resources to support CM to include the Acquisition Gateway (see section 10 below);

(2) creation, in consultation with OMB, and maintenance of Category Management instructions and standard procedures;

(3) maintain the category structure and taxonomy;

(4) analysis of Government-wide spending data and other core support for all Government-wide common spend categories;

(5) sharing training and educational materials regarding category management;

(6) collaboration with Federal agencies, vendors, and other stakeholders to facilitate feedback on customer satisfaction on Government-wide common category solutions and generate ideas for continuous improvement; and

(7) coordination for the delegations of procurement authority for Government-wide category sourcing

The GSA voting member on the CMLC represents the interests of GSA as an organization, and is responsible for communicating and coordinating all relevant CM information to the GSA stakeholders.

d. *Center of Excellence (CoE)*—The CoE is the lead agency or organization for each category or sub-category, which, due to its subject matter expertise, experience, and other category unique qualifications, retains the Government-wide CMX for level 1 categories, or level 2 and lower category leads. The OFPP, in consultation with the CMLC, will nominate agencies to serve as the CoE. The CoE must:

(1) In consultation with the CMLC and OFPP, nominate a category subject matter expert to serve as the Government-wide CMX;

(2) when appropriately delegated authority, serve as the executive agent for sourcing requirements approved in the category strategic plan; and

(3) manage all aspects of the category strategic plan, including conducting all reviews, and obtaining all approvals required by law, regulation, and policy prior to awarding any Government-wide contract sourcing solutions.

e. *Government-wide Category Managers (CMX)*—The Category CoE must nominate the Government-wide CMX for that category, in consultation with the CMLC and OFPP. CMXs serve as the Government-wide leaders that lead interagency teams of subject matter experts, analyze data, work with industry, develop and promote strategies, and drive the adoption of CM principles and practices throughout the Government. CMXs must assess customer and stakeholder satisfaction, and small business participation on a continuous basis to ensure efficacy of the strategies and solutions. Small business participation will include strategies to meet or exceed small business goals, including consideration of small business set-asides, regionalization, or easier access to federal contracts, on-ramp or off-ramp opportunities and corrective action if participation falls below expectations. The Government-wide CMXs will review all agency requests for exception to OMB CM policy and forward the requests, for information, to the Administrator for Federal Procurement Policy. The GSA PMO will maintain the current list of CMXs on the Acquisition Gateway.[12]

f. *CFO Act Agencies*—The Agency's CAO or SPE is responsible for establishing efficient processes and policies that will ensure this Circular, and the principles of CM, are applied throughout their agency, while ensuring agency mission and small business goals are met. In order to drive implementation and ensure Government-wide CM strategies and solutions meet agency needs and are informed, the CAO or SPE shall:

(1) *Designate a Category Management Accountable Official (CMAO)*—The agency Chief Acquisition Officer or Senior Procurement Executive are most likely in the best position to assume the CMAO role, but may delegate operational duties as needed. Among other duties, the CMAO is responsible for:

(a) Establishing processes and policies that will ensure this Circular and the principles of CM are applied throughout their agency;

(b) submitting to OMB the agency's SUM analysis (see section 11) in accordance with section 13 below; and

(c) coordinating with OMB, the relevant Government-wide and agency-level CMX's, and other interested parties on category management issues.

(2) *Designate Agency-level Category Managers (CMX)*—To better align the development and implementation of CM strategies, agencies must designate agency-level CMXs for, at a minimum, those Government-wide common categories that represent key areas of spend for the agency, or when requested by OMB or the Government-wide CMX. The agency CMXs will work closely with the Government-wide CMXs to develop and implement category-specific strategies, such as gathering agency sales and pricing data, and developing teams of experts. The agency-level CMX and will most likely be a member of the Government-wide

[9] OFPP Act, 41 U.S.C. 1101.

[10] Policies and guidance will be posted at *www.whitehouse.gov/omb/procurement.* Instructions and directives will be posted on the Acquisition Gateway, *https://hallways.cap.gsa.gov.*

[11] Public Law 111–352, 1(a), Jan. 4, 2011, 124 Stat. 3866, GPRA Modernization Act of 2010;

[12] The current list of CMX is accessible via the following link: *https://hallways.cap.gsa.gov/faq, ''Where can I learn more about the government's plan to adopt category management?''*

category team, led by the Government-wide CMX.

g. *Supporting Roles and Responsibilities*—The CM infrastructure depends on the work of interagency category teams, category leads, and other key personnel and groups. Attachment 2 contains a depiction of the Federal Government's CM governance structure, including supporting roles.

h. *Category Teams.* Category Teams are formed by the Category Manager and are led by either the Category Manager for Level 1 core categories, or a Category Lead for Level 2 or lower core subcategories. These teams are the primary collaborative bodies where the daily category management activities occur. The teams include participants from multiple Federal agencies, generally subject matter experts that understand the Government's requirements as well as the industry and market dynamics surrounding a category.

i. *Category Leads.* Category Leads are responsible for the development and execution of category strategies for a single, specific Level 2 category. The Level 1 CoE nominates the category leads and the CMX approves their designation. Category leads build and lead cross-functional Level 2 Government category teams. In consultation with the category manager, establish the strategic direction, lead efforts to gather, aggregate and analyze market, industry, supply chain, demand management, user profiles and other information to improve category performance.

j. *Other team participants.* The success of CM depends on getting the right people to work together toward a common solution. Agencies are expected to support CMXs by providing team participants, either directly, through the GSA PMO, or at OMB's request. Team participants will be determined by such considerations as the magnitude of agency spend or access to subject matter expertise.

Many agencies have CM and related management structures already in place, and they are encouraged to leverage these in identifying their CMAOs, agency-level CMXs, and team members, as needed.

10. *Increasing the Visibility of Data and Information—Building an Acquisition Gateway.* Core tenets of CM are data analytics and information sharing. Visibility into prices paid, best practices in building or managing solutions/policies, and other key information are needed to negotiate in the best interest of the taxpayer. The central repository of this information is the Acquisition Gateway, which GSA manages in accordance with the Acquisition Gateway Community governance structure. GSA will develop and maintain the IT infrastructure to ingest, manage, and share prices paid and other data and information (as appropriate—refer to Section 8.d above) to avoid duplicate or manual data entry. CMXs, working with the CMLC and OMB, must prioritize areas for which Government-wide, agency-wide, and other high-performing, BIC vehicles, including prices paid, will be made available via the Acquisition Gateway.

The Acquisition Gateway will support the Federal acquisition workforce by housing the best practices, contracts, community and other tools to aid the workforce in the implementation of the category strategies. To ensure the Acquisition Gateway continues to meet the demands of the acquisition workforce in response to the implementation of CM, GSA will develop a process for soliciting regular feedback, input, and suggestions from users of the Gateway in order to maintain the relevance of the tool.

11. *Measuring CM Success.* The Government's CM success must be measured through the assessment of metrics, including increasing savings, reducing duplication, increasing spend under management, achieving Government-wide small business goals, and other relevant measures (see section 7 above). OMB will report these metrics publicly as part of the Category Management Cross-Agency Priority Goal.[13] See section 13 for reporting requirements.

a. Spend Under Management (SUM): SUM is an overall measure of the Federal Government's CM maturity, designed to highlight successes at both the Government-wide and agency-wide level, as well as identify areas for development that will bring more agency spend under management. *SUM is the principal measure by which OMB will measure the adoption of CM.* The SUM model provides an assessment of CM maturity for each of the ten Government-wide categories and the CFO Act Federal Agencies using a three-tiered maturity model that evaluates CM against five attributes: Leadership, strategy, data, tools, and metrics (reference attachment 3). As the government gains experience, the model will be updated and made available on the Acquisition Gateway, as needed.

OMB will assess the 24 Agencies subject to the CFO Act on their SUM progress not less than annually in accordance with the requirements outlined in OMB Circular A–11 and associated budget guidance. Agencies' SUM maturity assessments will be used to engage agency leaders in regularly reviewing progress toward their goals. Additionally, CMXs will use this information to develop strategies to bring more agency dollars within their category under management.

b. *Small Business:* Increasing the participation of small businesses in the government's CM initiative is a top priority. Proposed solutions must baseline small business use under current strategies and set goals to meet or exceed that baseline participation under any new solutions. The CMLC will review each proposed strategy to ensure competitive small businesses have a high degree of participation to the maximum extent practicable, and will monitor actual small business participation by category. In developing strategies, CMXs will comply with the small business reservation requirement for purchases between the micro-purchase threshold and the simplified acquisition threshold, increase access to Federal procurement opportunities for small businesses, and use all authorities available to maximize small business participation. CMXs will take corrective action if participation falls below expectations.

c. *Savings:* Savings in Category Management refer to reductions in cost that allow the Federal Government to make better use of resources. Savings generally can be derived from three principles: (1) Reduced unit prices based on increased volume or other strategy; (2) changes in behavior resulting from improved commodity management and access to data/information; and (3) administrative savings, *e.g.,* based on reducing the number of duplicative vehicles. OMB will review agency savings figures in the context of instructions given by the CMLC to ensure consistent savings principles are applied in these estimates.

12. *Workforce Category Management Training.* Successful implementation of CM is dependent upon the acquisition workforce, including program managers, contracting professionals, requirements owners, contracting officer's representatives and other Federal officials involved in meeting mission needs. These critical members of the Federal workforce need the right training, tools, and information to enable effective CM execution as required in this Circular. Agencies should consider including CM competencies in CM stakeholders' Individual Development Plan, as

[13] Public Law 111–352, 1(a), Jan. 4, 2011, 124 Stat. 3866, *GPRA Modernization Act of 2010;*

appropriate. To support the workforce, the Federal Acquisition Institute and Defense Acquisition University, in collaboration with GSA's CM PMO, will develop CM competencies for various levels and functional areas, as directed by OFPP in coordination with the Secretary of Defense.

13. *Reports to OMB.* Each of the Government-wide CMXs must submit quarterly reports to be shared via the Acquisition Gateway. These reports will include, at a minimum, savings, reduced duplication, SUM (which might not apply quarterly), small business participation, and any other category-specific metrics that OMB requires. OFPP may adjust this cadence and these requirements as needed.

Agencies must provide contact information for the CMAO and the agency CMXs to the GSA PMO at (insert generic email box) and provide updates as personnel change. While Agencies that are not subject to the CFO Act are not required to have identified CMAOs, they are encouraged to identify accountable officials who can increase the use of existing contracts, contribute subject matter experts, and drive the adoption of CM principles in their agencies.

14. *Effective date and implementation.* October 1, 2016.

15. *Inquiries.* OFPP staff TBD.

Attachments

1. Government-wide Category Structure
2. Category Management Governance Structure
3. Spend Under Management (SUM)

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Attachment #1

Government-Wide Category Structure

(total FY 2015 spend $272B)

*General Government Categories

1. IT – $50.7B
CM: OMB

1.1 IT Software
1.2 IT Hardware
1.3 IT Consulting
1.4 IT Security
1.5 IT Outsourcing
1.6 Telecommunications

2. Professional Services – $63.4B
CM: GSA

2.1 Business Administration Services
2.2 Legal Services
2.3 Management Advisory Services (Excludes R&D 17.0)
2.4 Marketing and Distribution
2.5 Public Relations and Professional Communications Services
2.6 Real Estate Services
2.7 Trade Policy and Services
2.8 Technical and Engineering Services (non-IT) (Excludes 1.0)
2.9 Financial Services
2.10 Social Services

3. Security and Protection – $5.3B
CM:

3.1 Security Animals & Related Services
3.2 Security Systems
3.3 Security Services

4. Facilities & Construction - $72.5B
CM: GSA

4.1 Construction Related Materials
4.2 Construction Related Services
4.3 Facility Related Materials
4.4 Facility Related Services
4.5 Facilities Purchase & Lease

5. Industrial Products and Services - $11.0B
CM: GSA

5.1 Machinery & Components
5.2 Fire/Rescue/Safety/Environmental Protection Equipment
5.3 Hardware & Tools
5.4 Test & Measurement Supplies
5.5 Industrial Products Install/Maintenance/Repair/Rebuild
5.6 Basic Materials
5.7 Oils, Lubricants, and Waxes

6. Office Management - $1.7B
CM: GSA

6.1 Office Management Products
6.2 Office Management Services
6.3 Furniture

7. Transportation and Logistics Services – $25.6B
CM: DoD

7.1 Package Delivery & Packaging
7.2 Logistics Support Services
7.3 Logistics Civil Augmentation Program
7.4 Transportation of Things
7.5 Motor Vehicles (non-combat)
7.6 Transportation Equipment
7.7 Fuels

8. Travel and Lodging - $2.2B
CM: GSA

8.1 Passenger Travel
8.2 Lodging
8.3 Travel Agent & Misc. Services

9. Human Capital - $4.7B
CM: OPM

9.1 Alternative Educational Systems
9.2 Educational Facilities
9.3 Educational Institutions
9.4 Specialized Educational Services
9.5 Vocational Training
9.6 Human Resources Services

10. Medical - $35.2B
CM: DoD/VA

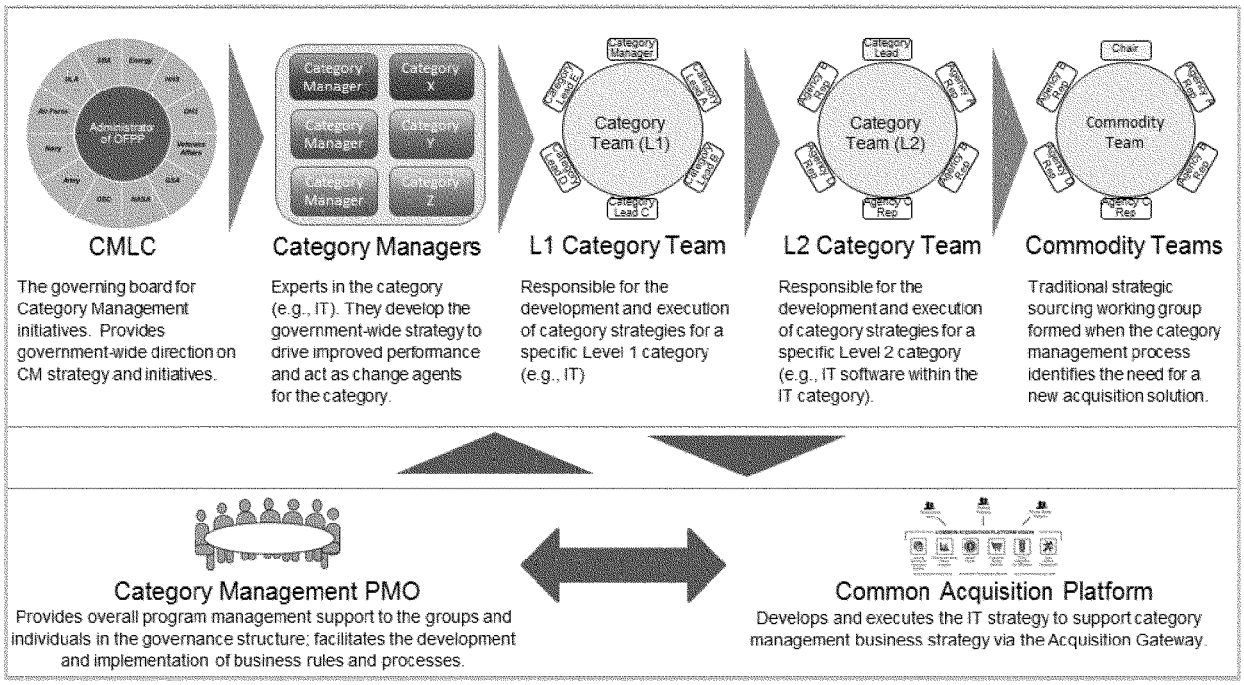
10.1 Drugs and Pharmaceutical Products
10.2 Medical Equipment & Accessories & Supplies
10.3 Healthcare Services

*This Category Structure is approved by the Category Management Leadership Council (CMLC) and may be modified with CMLC approval.

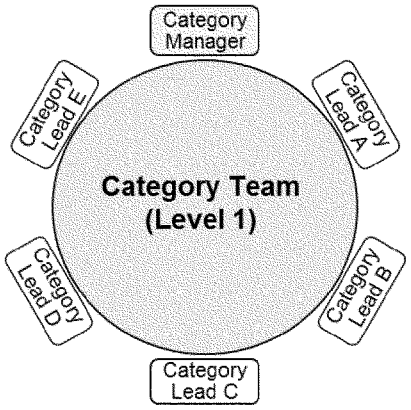
As of 20 January 2016

SPEND UNDER MANAGEMENT
Tiered Maturity Model

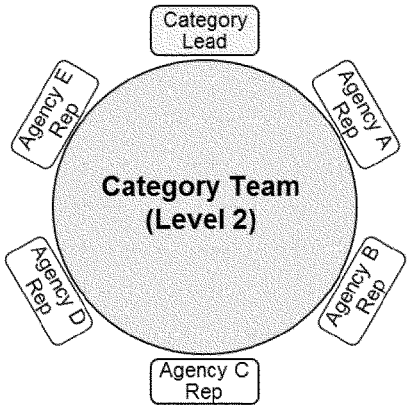
Overarching Category Management Governance Structure



Level 1 and Level 2 Category Team Detail



Level 1 (e.g., IT) Category Team includes the Category Manager and all approved Category Leads



Level 2 (e.g., IT Software) Category Team includes the Category Lead and agency representatives

Attributes	Tier 1 Agency-wide Strategies	Tier 2 Cross-Agency Collaboration	Tier 3 Adherence to Government-wide Strategies
Background: *Category Management is a management concept the Federal government is applying to buy smarter and more like a single enterprise. It involves identifying commonly purchased areas of spend, collectively developing heightened levels of expertise, leveraging shared best practices, and providing acquisition, supply and demand management solutions. The overarching goals are to increase efficiency and effectiveness, increase savings, meet small business goals, and reduce contract duplication.* *One key metric in evaluating success of Category Management efforts is "Spend Under Management." By bringing common "Spend Under Management," which includes collecting and sharing prices paid and other key performance information, agencies will get the same competitive price and quality of performance when they are buying similar commodities and services under similar circumstances.* ***Definition:*** *OMB defines "Spend Under Management" according to a tiered maturity model. The tiered maturity model includes three tiers and each tier includes the same five attributes: leadership, strategy, data, tools, and metrics. This approach will assign credit for the tremendous work done by agencies individually and collectively in the past, while tracking progress toward more government-wide spend under management solutions. Tier 1 and Tier 2 are geared toward assessing SUM at the agency level. Tier 3 is meant to assess the maturity of the government-wide category.*			
Leadership: Do individuals and organizations have clear category management responsibilities?	• Designated Agency Category Lead with specific category expertise and day-to-day management and oversight responsibility (i.e. Program Manager for IT software contract; this is not agency CIO). • Clear understanding of Category Manager (Government-wide and Agency-wide), and Category Lead roles.	• Designated Part-Time Government-wide Category Manager (approved by OMB); and/or • Designated Agency Category Lead • Active participation on Interagency Category teams or Commodity Teams.	• Designated Full-Time Government-wide Category Manager (appointed by OMB) • Government-wide Category Management Council Staffed by Senior Level Agency Staff (endorsed by Category Manager) • Active Category Teams • Government-wide PMO support.
Strategy: Are category management practices in place?	• Existing agency-wide solutions are being used, per mandatory use or consideration policies. and/or • Policies are implemented and adopted that drive behavior changes (e.g., adopted uniform refresh cycles for laptops and desktops[14]).	• Meets One of Three Criteria: ✓Government-wide solutions in use, per mandatory use or consideration policies in place; and/or ✓Implements government-wide policies that drive behavior changes; and/or ✓Agency-wide strategic sourcing solutions in place in accordance with legacy CMLC-approved Strategic Sourcing Key Decision Point Process or the OMB Best in Class instructions.	• CMLC approved category management strategy that endorses a limited number of "Best In Class" solutions in accordance with Best in Class instructions provided by OMB.

[14] OMB Memo M-16-02, *Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops, October 16, 2016,* https://www.whitehouse.gov/sites/default/files/omb/memoranda/2016/m-16-02.pdf.

Attributes	Tier 1 Agency-wide Strategies	Tier 2 Cross-Agency Collaboration	Tier 3 Adherence to Government-wide Strategies
Data: Is analysis conducted and shared?	• Conducted and documented high-level analysis, which includes elements required by the legacy CMLC-approved Strategic Sourcing Key Decision Point Process or the OMB Best in Class instructions for establishing a baseline assessment, including total spend, vendors, market dynamics, small business participation[15]. • When requested by the Category Manager, agency shares relevant contract terms, condition, saving methodologies, and pricing data across government, preferably via the Common Acquisition Gateway[16], within 90 days.	In addition to meeting Tier 1 criteria: • Agency collects data on contract administration performance and benchmarks other internal/external processes, including pricing, agency use, solution performance; and other appropriate elements if solution is demand management policy • Agency collects customer feedback data on vendor performance, offerings, value, and customer support[17].	In addition to meeting Tier 1 and 2 criteria: • Active commodity management analysis: pricing, supply chain analysis, market information, agency use, solution performance, validated savings,[18] demand management strategies, other activities to drive better acquisition • Vendors analysis: prices paid data collected in a way that supports comparative analytics (i.e., normalizes for quantity or delivery term variances); feedback on modification time, terms and condition issues, and customer service • Customer analysis: customer profiles to understand what is being purchased, from whom, when and why; and customer/user feedback on vendor performance, offerings, value, and customer support. • Analysis of outstanding opportunity spend relative to actual spend.
Tools: Are tools in place to share information and reduce duplication?	• Tools (e.g., DHS Connect, DoD eMall, GSAdvantage!) are in place and shared to capture and share information on the category, such as contract vehicles, availability, terms/conditions, pricing, etc.	• Agency meets one of the following: ✓ Worked with Category Manager to populate the Common Acquisition Gateway with relevant information, including: - Best in Class agency solutions; and/or - Government-wide strategic sourcing solutions (FSSI), GWAC, MAS, or MAC that are in place;. and/or	• Acquisition Gateway includes only solutions (acquisition vehicles and/or policies) that are endorsed by Government-wide Category Manager as "Best in Class"

[15] Compliance with Federal Acquisition Regulations on bundling and consolidation. https://www.acquisition.gov/?q=/browse/far/7

[16] The Acquisition Gateway is accessible via the following link: https://hallways.cap.gsa.gov/

[17] Data reported via the Past Performance Information Retrieval System. https://www.ppirs.gov/

[18] As the government implements Category Management, prior to Tier 3 designation, OMB will validate savings and performance of servicing agency..

Attributes	Tier 1 Agency-wide Strategies	Tier 2 Cross-Agency Collaboration	Tier 3 Adherence to Government-wide Strategies
		- Government-wide policies (e.g., demand management) that drive behavior changes. ✓ Agency has developed a plan and milestone schedule, in coordination with the Category Manager, for providing data under items above.	
Metrics: Are metrics defined, tracked, and publicized?	• Metrics are in place, including at a minimum, savings and small business participation; • Agency has a documented methodology for tracking these metrics (internal or at servicing agency).	In Addition to Meeting Tier 1 Criteria: • Agency tracks metrics quarterly on duplication reduction, adoption, savings, and small business participation for "Best in Class" FSSI, GWAC, MAS, or MAC solutions.	In Addition to Meeting Tier 1 and 2 Criteria: • Duplication reduction, adoption, savings, and government-wide small business goals are tracked on a quarterly basis.

[FR Doc. 2016–24054 Filed 10–6–16; 8:45 am]
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OFFICE OF MANAGEMENT AND BUDGET

Request for Comments on Proposed OMB Circular No. A–108, ''Federal Agency Responsibilities for Review, Reporting, and Publication Under the Privacy Act''

AGENCY: Executive Office of the President, Office of Management and Budget.

ACTION: Notice of availability and request for comments.

SUMMARY: The Office of Management and Budget (OMB) is requesting comments on proposed Circular A–108, ''Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act.'' The proposed Circular is available at *http://www.whitehouse.gov/omb/inforeg_infopoltech.*

DATES: Comments are requested on the proposed Circular no later than October 28, 2016.

ADDRESSES: All comments should be submitted via *http://www.regulations.gov.* Please submit comments only and include your name, company name (if any), and cite ''Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act'' in all correspondence. All comments received will be posted, without change or redaction, to *www.regulations.gov,* so commenters should not include information they do not wish to be posted (*e.g.,* personal or confidential business information).

FOR FURTHER INFORMATION CONTACT: Jasmeet Seehra, Office of Management and Budget, Office of Information and Regulatory Affairs, at *jseehra@omb.eop.gov.*

SUPPLEMENTARY INFORMATION: This OMB Circular describes agency responsibilities for implementing the review, reporting, and publication requirements of the Privacy Act of 1974 and related OMB policies. This Circular supplements and clarifies existing OMB guidance, including OMB Circular No. A–130, *Managing Information as a Strategic Resource, Privacy Act Implementation: Guidelines and Responsibilities, Implementation of the Privacy Act of 1974: Supplementary Guidance,* and *Final Guidance Interpreting the Provisions of Public Law 100–503, the Computer Matching and Privacy Protection Act of 1988.* All OMB guidance is available on the OMB Web site at *https://www.whitehouse.gov/omb/inforeg_infopoltech.*

Howard Shelanski,
Administrator, Office of Information and Regulatory Affairs.

[FR Doc. 2016–24239 Filed 10–6–16; 8:45 am]
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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[16–071]

Notice of Centennial Challenges 3D-Printed Habitat Structural Member Challenge

AGENCY: National Aeronautics and Space Administration (NASA).

SUMMARY: This notice is issued in accordance with 51 U.S.C. 20144(c). The 3D-Printed Habitat Challenge (3DP), Structural Member Competition is open and teams that wish to compete may now register. Centennial Challenges is a program of prize competitions to stimulate innovation in technologies of interest and value to NASA and the nation. The 3D-Printed Habitat Challenge Phase 2 Structural Member is a prize competition with a $1,100,000 total prize purse to develop the fundamental technologies necessary to manufacture an off-world habitat using