



Billing Code 3110-01

OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

Value Engineering (VE)

AGENCY: Office of Federal Procurement Policy (OFPP), Office of Management and Budget (OMB)

ACTION: Proposed revision to Office of Management and Budget Circular No. A-131, “Value Engineering”

SUMMARY: In accordance with OMB Memorandum M-17-26 “Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda,” the Office of Federal Procurement Policy (OFPP) within the Office of Management and Budget (OMB) is proposing to amend OMB Circular A-131, Value Engineering, to reduce the reporting burden on Federal agencies. Value Engineering is an effective technique for cutting waste and inefficiency – helping Federal agencies reduce acquisition costs, improve performance, enhance quality, and foster innovation. The proposal would eliminate the requirement for agencies to report annually to OMB and instead encourage agencies to share best practices, case studies and other information on the Acquisition Gateway (<https://hallways.cap.gsa.gov/login-information>) that can facilitate better understanding and use of this management tool within the Executive Branch.

DATES: Interested parties should submit comments within 30 days of this notice.

ADDRESSES: Comments may be submitted through <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: James Wade, OFPP, jwade@omb.eop.gov.

BACKGROUND:

Value Engineering (VE) is a management technique that is used to analyze activities and identify alternative processes for completing the activities at a lower cost. Industry first developed VE during World War II as a means of continuing production despite shortages of critical materials. The Federal Government subsequently adopted VE as a mechanism to improve efficiency. Policies adding the use of VE are set forth in OMB Circular A-131 at <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A131/a131-122013.pdf>.

Use of VE supports the Administration's efforts to emphasize critical thinking and analysis instead of compliance activity and documentation. Although several Federal agencies have reported life-cycle savings in a broad range of acquisition programs, including defense, transportation, and construction projects, overall usage of VE by federal agencies has been limited. OFPP believes agency workforce awareness and consideration of VE can be improved by redirecting agency resources away from compliance reporting and towards information sharing with other agencies on use of the tool through the Acquisition Gateway (<https://hallways.cap.gsa.gov/login-information>). The Gateway provides federal buyers with a forum for improving government acquisition. The Acquisition Innovation Hub within the Gateway facilitates information sharing with tools and resources for acquisition professionals and other stakeholders. These actions are called for by OMB Memorandum M-17-26, "Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda." Memorandum M-17-26 was designed to eliminate inefficiencies created by past OMB direction and improve the efficiency of government operations.

Accordingly, OFPP proposes the following changes to Circular A-131, as revised in December 2013:

1. Replace section 8, entitled “Reports to OMB” with the following new section 8:
Information Sharing. Agencies are encouraged to share best practices, case studies and other information about their experience using VE on the Acquisition Gateway (<https://hallways.cap.gsa.gov/login-information>). The Gateway connects federal buyers with resources and tools to improve acquisition throughout the government. The Acquisition Innovation Hub within the Gateway facilitates information sharing between acquisition professionals and other stakeholders. Sharing information on the Hub can help build greater awareness of VE and accelerate the pace of innovation and other benefits that can come from the use of this management tool.
2. Make the following conforming changes:
 - a. Delete paragraph f. from section 7, which refers to reporting.
 - b. Delete the Attachment to the Circular, which provides a format for reporting to OMB.

For a copy of OMB Circular A-131, go to <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A131/a131-122013.pdf>.

Although public comment is not required in the development of these changes, OMB welcomes input on the proposed amendments to the Circular described above and will consider feedback prior to finalizing changes to the Circular.

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