

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-219469 **DATE:** November 4, 1985
MATTER OF: SMC Information Systems

DIGEST:

1. Where the solicitation advises offerors that technical considerations are of paramount importance, acceptance of the highest technically rated proposal that offers 3,000 more hours of effort was reasonable notwithstanding protester's proposed lower cost.
2. Where amendment increases level of effort in solicitation, without correspondingly increasing the estimated number of staff hours, offeror reasonably was on notice that increased number of staff hours would be required. Furthermore, offeror was advised during discussions of concern that its staff hours were low.
3. Cost realism analysis is not subject to objection where the procuring agency's analysis indicates that an offeror's proposed costs compare favorably with the agency's estimate and are based on pay grades that relate most directly to the work described in the solicitation, and the protester has not shown that such an analysis is unreasonable.

SMC Information Systems (SMC) protests the award of a cost plus fixed fee contract to Value Systems Engineering (VSE) under request for proposals (RFP) No. 85-045 issued by the National Center for Education Statistics, Department of Education (DOE). The contractor will process the results of the first annual Institutional Characteristics (IC) survey of approximately 15,000 postsecondary education institutions under DOE's Integrated Postsecondary Education Data System (IPEDS). The protester, which performed the IC pilot study of 2,500 institutions, basically contends that DOE unreasonably evaluated SMC's proposed approach, staff, and man-hours without due regard to the fact that SMC already had developed a system for processing the survey

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results. The protester also complains that DOE failed to disclose its estimated number of required man-hours against which offers were evaluated, and failed to perform an adequate cost realism analysis of VSE's proposed cost.

The protest is denied.

As initially issued, the RFP stated that DOE planned to mail surveys to 12,000 institutions, and that the estimated level of effort required to process the results would be 6,000 man-hours. An amendment to the RFP increased the number of institutions to 15,000 without specifically addressing any change in the estimated number of man-hours. DOE used an estimated level of effort of 8,000 man-hours for the purpose of evaluating technical merit and probable cost.

The RFP's technical evaluation criteria were weighted as follows:

Technical approach	45 percent
Experience and capabilities of organization and proposed staff	30 percent
Staff assignments, management and scheduling	25 percent
Total	100 percent

The RFP advised that award would be based on a combination of technical merit and cost that was most favorable to the government, but that technical considerations were of paramount importance.

Of the four proposals determined to be technically acceptable and within the competitive range, SMC's technical proposal was ranked fourth. After technical and cost discussions, SMC's technical proposal was tied for second place, more than 7 percent below VSE's technical ranking. Although VSE's proposed cost of \$163,990 was about 7 percent above SMC's proposed cost of \$154,280, the awardee proposed 3,000 more hours of effort. The agency's cost realism analysis indicated that VSE's proposed cost was fair and reasonable, while SMC's costs were considered unreasonably low and DOE therefore decided to award the contract to VSE.

Regarding SMC's protest of DOE's technical evaluations, our Office will not reevaluate proposals, but rather limits review to an examination of whether the evaluation was reasonable and in accord with the listed criteria. In the absence of a showing of an abuse of discretion or violation of procurement statutes or regulations, we will not disturb the contracting agency's evaluation. See Leo Kanner Associates, B-213520, Mar. 13, 1984, 84-1 CPD ¶ 299.

There is nothing in the record that provides a basis for disturbing the agency's evaluation in this case. The record shows that, consistent with the evaluation criteria, DOE had a reasonable basis for ranking VSE technically superior to SMC. Contrary to the protester's allegation, the evaluation panel did consider SMC's experience with the pilot study that covered 2,500 institutions in evaluating its proposal, but found that SMC lacked experience with a project of the magnitude of the IC survey. On the other hand, the panel found that VSE demonstrated clear technical superiority over SMC and the two other offerors within the competitive range. VSE, the panel noted, had extensive experience in operating large national education surveys through its previous contracts with the agency, including contracts for IC surveys, and had a staff with strong technical expertise covering all of the functions and activities required by the RFP. The panel concluded that VSE's proposal reflected an in-depth understanding of the IC survey and showed effective ways to timely produce a quality product. The panel also determined that VSE would require a minimum amount of startup time to initiate the project.

With regard to SMC's allegation that the RFP misrepresented the estimated staff hours, we believe that the amendment materially increasing the number of institutions by 3,000, or, 25 percent, reasonably put offerors on notice that a corresponding increase in the level of effort would be required. VSE proposed 7,985 hours while the other two offerors in the competitive range proposed 8,528 hours and 8,135 hours. Moreover, the record indicates DOE specifically apprised SMC during discussions of its concern about the adequacy of SMC's staff hours. Despite this, SMC reduced its staff hours from 5,098 to 4,662.

Lastly, as to the cost realism analysis of VSE's proposal, the record indicates that VSE's proposed staff hours of 7,985 and proposed cost of \$163,990 compared favorably with the agency's estimate of 8,000 staff hours and its estimated cost of \$147,353. Although the protester asserts that VSE's proposed labor rates are unrealistically low, DOE determined that VSE selected pay grades which related most directly to the work described in the solicitation and that its proposed labor rates were not unrealistically low.

The procuring agency's judgment in evaluating proposed costs is entitled to great weight, since the agency is in the best position to determine the realism of costs and must bear the major criticism for cost overruns because of defective cost analyses. Therefore, we will not second guess an

agency's cost evaluation where it is supported by a reasonable basis. Grey Advertising Inc., 55 Comp. Gen. 1111, 1126 (1976), 76-1 CPD ¶ 325 at 17-18. We have specifically approved the use of government cost estimates to evaluate cost realism, Robert E. Derektor of Rhode Island, Inc. et al., B-211922 et al., Feb. 2, 1984, 84-1 CPD ¶ 140, and the protester has not shown that the cost evaluation, based on the agency's own estimate, was unreasonable.

The protest is denied.

for Seymour Gfro
Harry R. Van Cleve
General Counsel