U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

Comptroller General
of the United States

Decision

Matter of: Tryfacta, Inc.

File: B-424600; B-424600.2

Date: September 17, 2026

Ronald D. Sullivan, Esq., Bret S. Wacker, Esq., and Gabrielle Long, Esq., Clark Hill PLC, for the protester.
Matthew Vasquez, Esq., Defense Health Agency, for the agency.
Thomas J. Warren, Esq., and Alexander O. Levine, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging rejection of protester's proposal as unacceptable is denied where the solicitation provided that offerors proposing compensation insufficient to recruit and retain qualified personnel would be ineligible for award, and the agency reasonably concluded that the protester's proposed compensation was insufficient.

DECISION

Tryfacta, Inc., a small business of Pleasanton, California, protests the issuance of a task order to Magnolia Government Solutions, LLC (MGS), a small business of Orlando, Florida, under task order proposal request (TOPR) No. 10551, issued by the Department of Defense (DOD), Defense Health Agency (DHA), for medical staffing services. The protester challenges the evaluation of Tryfacta's proposal under the solicitation's compensation plan factor, contending that the agency applied unstated evaluation criteria and otherwise unreasonably determined that Tryfacta's proposed compensation was unacceptable.

We deny the protest.

BACKGROUND

DHA is responsible for the administration of military medical treatment facilities and the delivery of healthcare services to members of the military and other beneficiaries of the military health system. Contracting Officer's Statement (COS) at 3. On April 30, 2026, DHA issued the TOPR to holders of the agency's Medical Q-Coded Support & Services--Next Generation multiple-award, indefinite-delivery, indefinite-quantity (IDIQ) contract.

Id. at 2-3. The solicitation sought proposals to provide 113 full-time equivalent (FTE) medical service positions at the Mike O'Callaghan Military Medical Center, Nellis Air Force Base, in Las Vegas, Nevada. *Id*.; Agency Report (AR), Tab 5, Performance Work Statement (PWS) at 3-4. The TOPR contemplated the issuance of a task order with an 8-month base period,[1] four 12-month option periods, and a potential 6-month extension period pursuant to Federal Acquisition Regulation (FAR) clause 52.217-8. *Id*.

The TOPR specified that task order proposals would be evaluated using three factors: compensation plan, past performance, and price--with the task order issued based on a tradeoff between past performance and price. AR, Tab 4, TOPR at 6-10. For the compensation plan factor, proposals were to be evaluated on an acceptable/unacceptable basis; proposals receiving an unacceptable rating would be ineligible for award and would not be further evaluated. *Id*. at 6-7.

To determine a proposal's acceptability under the compensation plan factor, DHA would evaluate proposed employee compensation in each labor category to assess whether the proposed employee compensation was sufficient to attract and retain qualified health providers. *Id*. at 4, 6-7. In this regard, the TOPR instructed offerors to complete and submit a compensation and pricing worksheet, which was provided to offerors as TOPR attachment 3. *Id*.; AR, Tab 6, TOPR Attach. 3, Compensation and Pricing Worksheet. The attachment consisted of a single Microsoft Excel worksheet that identified 48 separate labor categories, in each performance period, comprising 113 total FTE medical service positions.[2] *Id*. The attachment also included plug numbers with the total hours required for each labor category. *Id*. The solicitation instructed offerors to complete all open compensation columns (consisting of base rate, fringe, overhead and profit) to build up fully burdened rates--or "total billable hourly rates"--for each labor category in the base period and all options periods. *Id*.; TOPR at 4. The TOPR informed offerors that DHA would evaluate the "data in these tabs" as the sole basis of the agency's evaluation under the compensation plan factor. *Id*. The TOPR then provided the following instructions to offerors:

> Offerors shall include a total employee compensation plan for each labor category, to include direct pay rate, fringe benefits, overhead, and profit. The total employee compensation plan shall be sufficient to attract and

---

[1] The solicitation noted that all FTE positions will have June 1 as the earliest start date of the base period, with the base period ending on January 31, 2027. TOPR at 1; COS at 3.

[2] The PWS identified the tasks to be performed under each labor category and included each position's respective education, experience, certification, and licensure requirements. PWS at 35-118. The PWS also specified the work schedule for each labor category, including expected overage and on-call hours. *Id*. at 5-25.

> retain qualified health care providers to include direct pay rate, fringe benefits, overhead, and profit.
>
> The Offeror shall submit a Compensation Plan that demonstrates its ability to recruit and retain a stable qualified workforce for the positions required under this contract. The government will evaluate the Compensation Plan taking into consideration market data, geographic considerations, competitiveness over the life of the contract, and compliance with applicable labor laws and regulations.
>
> The Compensation Plan shall be sufficiently detailed to permit the government to determine whether the proposed compensation is realistic and adequate to support contract performance and workforce retention. This evaluation is performed exclusively to determine if the proposed direct compensation is sufficient to attract and retain qualified personnel, leading to a rating of "Acceptable" or "Unacceptable".
>
> <u>Offerors rated UNACCEPTABLE will not be evaluated further and will be considered ineligible for consideration for award</u>.

Id.

The TOPR's evaluation criteria for this factor specified that the agency would evaluate proposed employee compensation "for each labor category" in accordance with the following:

> To demonstrate the employee compensation plan is sufficient to attract and retain qualified health care providers, the Government will evaluate the Employee Compensation plan for each labor category, to include direct pay rate, fringe benefits, overhead, and profit. Compensation Plans that appear to be unrealistically low, or unreasonable in relationship to the various job categories, may be viewed as a failure to comprehend the contract requirements and may impair the Contractor's ability to attract and retain competent professional service employees. * * * Subjective judgment will be utilized when evaluating compensation plans and the Government will rely on publicly available information regarding overall compensation as well as the Independent Government Estimate [] and historical compensation for the same/similar service.

Id. at 6. To receive an acceptable rating under the compensation plan factor, an offeror's total employee compensation had to be "sufficient to recruit and retain qualified candidates to support this requirement" without exceeding the statutory pay cap identified in 10 U.S.C. § 1091(b). *Id*. An "unacceptable" rating, on the other hand, was defined as total employee compensation "insufficient to recruit and retain qualified candidates to support this requirement and/or exceeds the statutory pay cap[.]" *Id*.

The agency received 18 timely task order proposals, including proposals from Tryfacta and MGS. COS at 3. To evaluate offerors' proposed employee compensation plans, the agency established an independent government cost estimate (IGCE) for each labor category. COS at 6. The agency explains that the IGCE was developed based on multiple sources of compensation information for the local Las Vegas market and used the 70th percentile of annual salary for each labor category to establish a baseline 70th percentile hourly rate.[3] AR, Tab 23, Decl. of Contracting Officer's Representative (COR) at 2-4. Once the agency established the 70th percentile hourly rate, the agency calculated each labor category's fully burdened costs. *Id*.

To evaluate offerors' proposed compensation plans, DHA compared the established IGCE hourly labor rates (for each labor category across all periods of performance) to the offerors' proposed direct labor rates plus fringe benefits submitted in their compensation and pricing worksheets.[4] *Id*. at 4; AR, Tab 17, Compensation Plan and Price Analysis at 157-166. The agency then assigned a "pass" or "fail" to each proposed labor category in each performance period based on the agency's comparison of the offeror's rates to the IGCE rates. AR, Tab 17, Compensation Plan and Price Analysis at 157-166; AR, Tab 19, Price Negotiation Memorandum (PNM) at 8. Specifically, if a proposed rate was 10 percent or more below the IGCE rate (*i.e.*, 90 percent of the IGCE rate) for that labor category, the rate was marked "fail." *Id*. If an offeror's proposed compensation fell below the 90-percent benchmark for more than 10 percent of all labor categories, DHA considered the compensation plan to present an unacceptable recruitment and retention risk. *Id*.

When applying this benchmark to each of the labor categories in Tryfacta's proposal, the agency determined that Tryfacta's proposed employee compensation was below the agency's benchmark for 3 labor categories during the base period; 9 labor categories during option year 1; 11 labor categories during option year 2; 17 labor categories during option year 3; and 21 labor categories during option year 4. AR, Tab 17, Compensation Plan and Price Analysis at 157-166. Because more than 10 percent of Tryfacta's labor categories fell below the agency's 90-percent benchmark, DHA assigned Tryfacta's proposal an unacceptable rating under the compensation plan factor and did not further evaluate the proposal. *Id*. at 1,167; COS at 7-8; AR, Tab 19, PNM at 8.

---

[3] The agency explains that the 70th percentile figure means that 70 percent of annual salaries for the labor category fell below that figure. AR, Tab 23, Decl. of COR at 3.

[4] The agency explains that because overhead and profit "are contractor-specific business judgments rather than market-determined inputs," the agency reviewed those cost elements only for mathematical accuracy, completeness and reasonableness in relationship to the other labor categories. AR, Tab 19, PNM at 8. The agency further clarifies that no offeror was determined unacceptable on the basis of overhead or profit deficiencies. *Id.*

The contracting officer ultimately selected MGS for award and issued the task order on May 29 at a total evaluated price of $95,324,093. AR, Tab 19, PNM at 14-15; Memorandum of Law (MOL) at 8. After being notified of the agency's award decision and receiving a debriefing, Tryfacta filed this protest with our Office.[5]

DISCUSSION

Tryfacta challenges the agency's evaluation of the firm's compensation plan. The protester principally argues that DHA used an "unstated evaluation factor" when it determined that proposed compensation falling 10 percent or more below the IGCE rates, for the respective labor category, would render a proposal unacceptable under the compensation plan factor. Protest at 6-14; Comments at 1-8. Tryfacta further asserts that the solicitation did not disclose that DHA would evaluate proposed compensation "on a labor-category-by-labor-category basis" for "each individual performance period[.]" Protest at 5. Tryfacta also contends that DHA mechanically compared the agency's undisclosed benchmark to Tryfacta's proposed labor rates instead of using the solicitation's "qualitative, judgment-based sufficiency standard." *Id.* at 7, 10; Comments at 4, 6-8. Finally, the protester broadly argues that the agency's evaluation was unreasonable, contending that both the IGCE and the 90-percent benchmark used to reject Tryfacta's proposal lacked a rational basis. Protest at 11-13; Comments at 6-8.

DHA responds that it evaluated Tryfacta's compensation plan consistent with the solicitation's stated evaluation criteria. In this regard, the agency explains that the TOPR expressly advised offerors that DHA would determine the acceptability of all proposed labor rates by considering, among other things, the IGCE, market data, geographic considerations, historical compensation, and competitiveness over the life of the contract. MOL at 12-13 (citing TOPR at 7). The agency states that it established the 90-percent benchmark based on the agency's reasonable assessment of the local labor market and the solicitation's requirements. *Id*. at 16. The agency further contends that it reasonably determined that a lower threshold would introduce a significant and unacceptable risk to the contractor's ability to recruit and retain qualified candidates. *Id*. (citing AR Tab 19, PNM at 8). Finally, DHA maintains that the agency's use of the 90-percent benchmark was not an unstated evaluation criterion, but rather the product of a reasonable evaluation methodology used to determine whether proposed compensation presented an unacceptable recruitment and retention risk. *Id*. at 12-14; COS at 10-11.

---

[5] As the value of the issued task order exceeds $35 million, this protest is within our jurisdiction to hear protests related to the issuance of orders under multiple-award IDIQ contracts that were awarded under the authority of title 10 of the United States Code. 10 U.S.C. § 3406(f)(1)(B).

For the reasons discussed below, we agree with the agency and find no basis to sustain the protest.[6]

As an initial matter, the evaluation of proposals in a task order competition conducted pursuant to FAR subpart 16.5 is primarily a matter within the contracting agency's discretion because the agency is responsible for defining its needs and the best method of accommodating them. *DarkStar Intel., LLC*, B-423966, Jan. 26, 2026, at 5. In reviewing a protest challenging the issuance of a task order, our Office does not reevaluate proposals; rather, we examine the record to determine whether the agency's evaluation was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement laws and regulations. *Id*. While a task order solicitation must inform offerors of the basis for proposal evaluation by identifying the evaluation factors and their relative importance, it need not specifically identify every element the agency may consider when such elements are intrinsic to, or reasonably subsumed within, the

---

[6] Tryfacta raises numerous ancillary arguments. Although we do not address each of them in this decision, we have considered them all and find no basis to sustain the protest. For example, Tryfacta argues that the agency failed to conduct the evaluation required by FAR provision 52.222-46 when it evaluated MGC's proposed professional compensation. Protest at 11-13. As the agency correctly points out, however, the TOPR did not include FAR provision 52.222-46. Req. for Partial Dismissal at 1-3. Where an allegation rests on a flawed legal assumption or factually erroneous interpretation of the solicitation, such an allegation fails to state a valid basis for protest. *See, e.g., Manhattan Telecom. Corp.*, B-423414, B-423414.2, June 30, 2025, at 4-5.

The protester also argues that the agency violated Defense FAR Supplement (DFARS) 215.303(b)(2) and DOD source selection procedures by failing to develop and use a source selection plan when evaluating Tryfacta's proposed compensation. Supp. Protest at 4-6. We disagree. Our Office has consistently explained that source selection plans are internal agency guidance that do not provide outside parties with substantive rights; rather, our review focuses on whether the agency's evaluation was reasonable and consistent with the solicitation's evaluation criteria and applicable procurement statutes and regulations. *See, e.g., Science Applications Int'l Corp.*, B-424255, B-424255.2, May 19, 2026, at 8-9; *Novetta, Inc.*, B-414672.4, B-414672.7, Oct. 9, 2018, at 13. Accordingly, to the extent that Tryfacta contends that DHA failed to create and follow internal source selection materials or requirements--as opposed to the announced solicitation criteria--such allegations fail to state a valid basis of protest and are therefore dismissed. *Id*.; 4 C.F.R. §§ 21.1(c)(4), (f), 21.5(f). Further, while the protester argues that the agency's evaluation methodology was unreasonable absent a source selection plan, we find, as discussed herein, that the methodology was reasonable and consistent with the evaluation criteria. We also note, in any event, that DFARS section 215.303(b)(2) applies only to acquisitions conducted under FAR part 15 procedures; in this procurement, as noted above, the agency evaluated task order proposals in accordance with FAR subpart 16.505. *See* TOPR at 1; COS at 3.

stated evaluation factors. FAR 16.505(b)(1)(iv)(C); *DarkStar Intel., LLC*, *supra*; *Horizon Indus., Ltd.*, B-416222, B-416222.2, July 11, 2018, at 6.

Here, we find DHA's evaluation to be consistent with the criteria announced in the TOPR and see no basis to find that the agency used unstated evaluation criteria when evaluating Tryfacta's compensation plan.

As an initial matter, we find that the solicitation here did contemplate the evaluation of compensation "on a labor-category-by-labor-category basis" in each performance period. As noted above, the TOPR instructed offerors to complete all columns in the compensation and pricing worksheet and include labor rate data (direct pay rate, fringe benefits, overhead, and profit) "for each labor category" in the base period and all option periods. TOPR at 4; AR, Tab 6, TOPR Attach. 3, Compensation and Pricing Worksheet. The solicitation also expressly notified offerors that DHA would "use the data in these tabs" to determine whether offerors' proposed compensation was "realistic and adequate to support contract performance and workforce retention." TOPR at 4, 6-7. We thus see no support for Tryfacta's assertion that the solicitation failed to disclose the agency's intent to assess the sufficiency of proposed compensation based on the agency's evaluation of each labor category in each period of performance.

We also disagree with the protester's primary argument that the agency's use of an undisclosed numerical benchmark (*i.e*., 90 percent of the IGCE rate in each labor category) constituted the application of unstated evaluation criteria. As noted above, although agencies must evaluate proposals based on the factors identified in the solicitation, an agency may consider matters not expressly identified where they are reasonably and logically encompassed by the stated criteria. *DarkStar Intel., LLC*, *supra*. Agencies are not required to disclose every evaluation standard or guideline used in applying announced evaluation criteria, provided the standard is consistent with the criteria. *Leidos, Inc.*, B-421252.4, Apr. 28, 2023, at 6-7. Our Office has explained that an agency may properly apply a particular evaluation methodology not specifically identified in a solicitation where the methodology is reasonable and otherwise consistent with the solicitation's stated evaluation criteria. *Id*. at 7; *OBXtek, Inc.*, *supra* at 5; *DynCorp Int'l LLC*, B-415349, Jan. 3, 2018, at 7.

Here, we find the agency's use of the 90-percent benchmark to be reasonable and consistent with the stated evaluation criteria. As noted above, the solicitation expressly notified offerors that proposed compensation would be measured against the IGCE and other market data to determine whether the compensation was adequate to recruit and retain qualified personnel. TOPR at 4, 6-7. In this regard, the solicitation informed offerors that DHA would assess offerors' labor rates on a pass/fail basis when determining whether proposed compensation was "sufficient to recruit and retain qualified candidates to support this requirement." *Id*. The TOPR also specified *how* the agency intended to make that determination, *i.e.*, by evaluating rate data in each labor category, and considering the IGCE, market and historical compensation data, geographic considerations, and the competitiveness of compensation over the life of the contract. *Id.*

In short, given this solicitation criteria, we see no basis to conclude that DHA's use of a numerical benchmark as a means to identify compensation it considered insufficient constituted the application of an unstated evaluation criterion.[7] Instead, the record shows that the agency used this benchmark to answer the fundamental question posed by the solicitation criteria, *i.e.*, whether an offeror's proposed compensation was sufficient to recruit and retain the medical service personnel required for successful contract performance. On this record, we find that the agency's use of a numerical benchmark did not introduce a new substantive consideration into the evaluation; rather, the benchmark provided a means for applying the considerations expressly identified in the solicitation.[8] *See OBXtek, Inc., supra* at 5 (denying protest alleging unstated

---

[7] Tryfacta also contends that because application of the 90-percent benchmark could result in an unacceptable rating and exclusion from the competition, that the benchmark constituted a material evaluation criterion that DHA was required to disclose in the solicitation. Protest at 10. The protester similarly argues that the agency should have disclosed that offerors would be rated unacceptable if more than 10 percent of all labor categories fell below the agency's 90-percent benchmark. *Id*.; Comments at 4. We disagree. Under the TOPR's pass/fail evaluation scheme for this factor, *any* methodology used to evaluate the sufficiency of proposed compensation could have an impact on the offeror's eligibility for award. An agency need not disclose its specific method of analysis merely because the result of that analysis may be dispositive or result in the rejection of an offeror's proposal. *See OBXtek, Inc.*, *supra* at 5 (rejecting challenge to undisclosed compensation-analysis methodology where application of methodology resulted in protester's proposal being found unacceptable).

[8] Tryfacta also asserts that the agency unreasonably failed to disclose the use of the 5-percent escalation rate the agency incorporated into the IGCE labor rates for the option years. Protest at 5, 10-11. We disagree. As noted above, agencies are not required to disclose an evaluation methodology provided it is reasonable and consistent with the stated solicitation criteria. *Leidos, Inc.*, *supra*. The agency explains that it used data from the Bureau of Labor and Statistics (BLS) to establish the escalation rate to account for anticipated cost growth and inflation over the course of the contract. AR, Tab 23, Decl. of COR at 4. Beyond raising its disagreement with the evaluation results, however, Tryfacta has provided us with no basis to question the agency's use of this escalation rate. More to the point, as noted above, the TOPR specifically advised offerors that DHA would consider the competitiveness of proposed compensation "over the life of the contract," and that the agency would rely on the IGCE when performing the compensation evaluation. TOPR at 6-7. The escalation rate was therefore part of the methodology that DHA used to assess a consideration expressly identified in the TOPR, *i.e.*, whether an offeror's proposed compensation would remain competitive over the contemplated period of performance. We thus see no basis to question the agency's use of an escalation percentage here. Nor do we find anything unreasonable in DHA's consideration of the widening variance between Tryfacta's proposed compensation and the agency's option year labor rate estimates.

evaluation criteria when the undisclosed methodology provided a reasonable basis for assessing whether proposed labor rates were adequate to attract and retain qualified candidates); *see also Mission Essential Personnel, LLC*, B-410431.9, B-410431.10, Mar. 18, 2015, at 9 (finding the agency's undisclosed percentage-based scale to be an evaluation methodology, rather than an undisclosed evaluation factor, where the percentages provided guidance for evaluating the criteria identified in the solicitation).

We also find unpersuasive Tryfacta's contention that the evaluation was impermissibly mechanical or that the agency otherwise failed to conduct a more qualitative evaluation of Tryfacta's "more national recruiting plan" and "excellent staffing past performance that Tryfacta has championed in its existence." *See* Protest at 10; Comments at 4. The protester's argument overlooks the nature of the evaluation contemplated by this evaluation factor. As noted above, for the compensation plan evaluation, the agency requested no information from offerors beyond labor rate data. The solicitation also expressly limited the agency's evaluation to the consideration of the labor rate data submitted in the offerors' compensation and pricing worksheet. On this record, we see no basis to conclude that DHA was required to conduct any additional qualitative assessment of Tryfacta's recruiting or retention approach.[9] *See Leidos, Inc.*, *supra* at 5-7 (rejecting argument that agency was required to conduct additional qualitative assessment of staffing risk where solicitation specifically contemplated assessing staffing risk through comparison of proposed labor rates to government estimate); *see also T3i, Inc.*, B-423815, Dec. 30, 2025, at 7-9 (a price realism analysis that only compares labor rates is reasonable where a solicitation does not contemplate the evaluation of a unique technical approach).

Finally, we reject the protester's broader challenge to the reasonableness of the agency's evaluation of Tryfacta's compensation plan and instead find the evaluation to be reasonable and consistent with the solicitation criteria.

As noted above, the record shows that the agency developed the IGCE using compensation information for the local Las Vegas labor market and historical compensation information for similar services. AR, Tab 23, Decl. of COR at 2-3, 6. In this regard, the agency explains that it anticipated significant competition for qualified personnel and determined that many of the solicitation's labor categories required experience or qualifications exceeding those commonly required for comparable civilian positions. *Id*. at 3-4; AR, Tab 19, PNM at 8. As a result, the agency established the IGCE using the 70th percentile of available salary data for each labor category. AR, Tab 23, Decl. of COR at 2-4. DHA also derived an annual escalation rate from BLS

[9] For example, the TOPR did not contemplate the submission or assessment of any accompanying narrative where Tryfacta could potentially articulate (and the agency would be obligated to evaluate) Tryfacta's recruitment and retention approach at its proposed compensation levels. Nor does the record reflect that Tryfacta submitted any such narrative with its proposal in any event. *See* AR, Tab 15, Tryfacta Compensation Plan and Price Worksheet at 1-20.

information for hospital services to assess whether proposed compensation would remain competitive during the option periods. *Id.* at 4. The record thus demonstrates that the IGCE was based on local-market information, historical compensation, and expected escalation--and that the agency documented why those considerations were relevant to the recruitment and retention risks presented by this requirement. *Id*. at 1-6; AR, Tab 19, PNM at 7-8.

The contemporaneous record also details the agency's rationale for using the challenged 90-percent benchmark. In this regard, DHA established the 90-percent benchmark based on the competitive Las Vegas healthcare labor market, the comparatively stringent qualifications required by the task order's PWS, and the historical difficulty in filling the required positions. AR, Tab 19, PNM at 8. The contracting officer also considered whether proposed compensation even further below the IGCE could nonetheless be adequate--but concluded that accepting materially lower compensation across multiple labor categories would create an unacceptable risk of vacancies, attrition, and degradation of healthcare services. *Id.* Although Tryfacta disagrees with the agency's judgment as to where that risk level would become unacceptable, the protester's disagreement does not establish that DHA's judgment was unreasonable.

In sum, we see no basis to question DHA's reliance on the IGCE or its evaluation judgment that proposed labor rates falling below 90 percent of the respective IGCE labor rates constitute insufficient compensation to recruit and retain qualified candidates to support this requirement. As our Office observed when denying a similar challenge: "an agency must draw the line somewhere," *see Leidos, Inc.*, *supra* at 7, and on this record Tryfacta provides us with no basis to question the rationale for where the agency drew that line here.

The protest is denied.

Edda Emmanuelli Perez
General Counsel