



United States Government Accountability Office  
Washington, DC 20548

## Decision

**Matter of:** Karthik Consulting, LLC

**File:** B-411496

**Date:** May 26, 2015

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William T. Welch, Esq., McMahon, Welch and Learned, PLLC, for the protester.  
George N. Brezna, Esq., Department of the Navy, for the agency.  
Jennifer D. Westfall-McGrail, Esq., and Edward Goldstein, Esq., Office of the  
General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

Where solicitation provides that one of the functions to be performed under task order for administration of student internship programs is distribution of government-funded stipends to the interns, value of the stipends is not considered for purposes of determining whether value of the order exceeds the \$10 million threshold for GAO task order protest jurisdiction.

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### DECISION

Karthik Consulting, LLC, of Vienna, Virginia, protests the evaluation of its proposal and the issuance of a task order to the American Society of Engineering Education (ASEE), of Washington, DC, under request for proposals (RFP) No. N00024-14-R-3438, issued by the Department of the Navy, Office of Naval Research (ONR) for the administration of two ONR student internship programs.<sup>1</sup>

We dismiss the protest because we do not have jurisdiction to consider it.

Pursuant to 10 U.S.C. § 2304c(e)(1), our Office has jurisdiction to entertain protests in connection with the issuance or proposed issuance of a task or delivery order only if the order has a value in excess of \$10,000,000, or it is alleged that the order increases the scope, period, or maximum value of the contract under which the order is placed. Karthik does not argue that the order here exceeds the scope,

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<sup>1</sup> The solicitation was issued under the agency's Seaport-E multiple award, indefinite-delivery/indefinite-quantity contract.

period, or maximum value of the underlying contract; rather, it contends that we have jurisdiction over its protest because the potential value of the order, as announced by the Navy in the on-line SeaPort Enhanced Order report, is over \$33 million. In response, the agency maintains that over \$30 million of the \$33 million represents cash stipends that the awardee will distribute on behalf of the Navy to the interns participating in the programs. As a result, the actual value of the order is less than \$2 million, according to the Navy.<sup>2</sup>

The RFP provides that one of the tasks to be performed by the selected contractor is the preparation of “checks or electronic payments and relevant documents to distribute applicable . . . stipends to interns.” RFP at 6. The solicitation explains that the contractor will be issued funds for the stipends under a separate contract line item number (CLIN) in the task order, and that the CLIN will provide for reimbursement of the stipends only (*i.e.*, no fee will be included). *Id.* The RFP’s price schedule, in turn, includes CLINs for stipend payments for the base and each of the four option years. *Id.* at 2. The solicitation includes the agency’s estimates of overall stipend payments for each year of performance, which range from \$6 million in the base year to approximately \$6.7 million in the final option period. *Id.* at 30. The RFP advises that no detailed justification is required if the offeror uses the exact government estimate stipend amounts in its proposal. *Id.*

In Qwest Gov’t Servs., Inc., B-404845, Mar. 25, 2011, 2011 CPD ¶ 77, we recognized that there are circumstances in which the successful contractor’s proposed price is not the sole determinant of the value of an order. *See, e.g., U.S. Bank*, B-404169.3, Feb. 15, 2011, 2011 CPD ¶ 43 at 3-4; ESCO Marine, Inc., B-401438, Sept. 4, 2009, 2009 CPD ¶ 234 at 5-6. We noted that in certain cases, the operative inquiry concerns the value of the goods or services being provided, and for which the contractor is, in fact, being compensated, under the order. Qwest Gov’t Servs., Inc., *supra*, at 3. In Qwest, the RFQ at issue provided for adding approximately \$14 million to the evaluated prices of nonincumbent contractors to account for costs associated with transition of new government furnished equipment to a new location. The agency maintained that the transition costs should not be considered part of the value of the order because the government was not asking the contractor to incur, and would not be compensating the contractor for, these costs. We agreed, finding that because the transition costs did not reflect a value to be provided by the contractor under the order for which it would be compensated, the value of these costs could not be considered for the purpose of invoking our task order protest jurisdiction.

Application of the above principle to the facts of this case results in the conclusion that the value of the order is less than \$10 million, and, as a consequence, that we

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<sup>2</sup> As further perspective on the scope of task order, the solicitation estimated the total required effort to be 3,200 labor hours annually. RFQ at 29.

lack jurisdiction over the protest. While, as pointed out by the protester, the RFP required offerors to include the stipend payment amounts in their price schedules, and the agency included these amounts in calculating the potential value of the order as announced in the on-line SeaPort Enhanced Task Order report, the fact remains that the stipend amounts do not reflect a value to be provided by the contractor under the order. Rather, as argued by the agency, the stipends are, in effect, “a pass through’ payment from the Navy to the student through the awardee.” Agency Request for Dismissal at 2. Because absent the inclusion of the stipend amounts, the value of the order to AESS is substantially less than \$10 million, we lack jurisdiction over the protest.

The protest is dismissed.

Susan A. Poling  
General Counsel