

Transmittal Memorandum No. 21, amending OMB Circular No. A-76



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 27, 2000

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

ACTION: Issuance of Transmittal Memorandum No. 21, amending OMB Circular No. A-76, "Performance of Commercial Activities."

SUMMARY: This Transmittal Memorandum updates the annual Federal pay raise assumptions and inflation factors used for computing the Government's in-house personnel and non-pay costs, as generally provided in the President's Budget for Fiscal Year 2001.

DATES: All changes in the Transmittal Memorandum are effective immediately and shall apply to all cost comparisons in process where the Government's in-house cost estimate has not been publicly revealed before this date.

FOR FURTHER INFORMATION CONTACT: Mr. David C. Childs, Office of Federal Procurement Policy, NEOB Room 9013, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503, Tel. No. (202) 395-6104.

AVAILABILITY: Copies of the OMB Circular A-76, its Revised Supplemental Handbook and currently applicable Transmittal Memoranda may be obtained at the OMB Homepage on the Internet. The online address (URL) is [/OMB/circulars/index.html#numerical](#).

Sylvia M. Mathews

Deputy Director

Circular No. A-76 (Revised)
Transmittal Memorandum No. 21

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Performance of Commercial Activities

This Transmittal Memorandum updates the annual Federal pay raise assumptions and inflation factors used for computing the Government's in-house personnel and non-pay costs, as generally provided in the President's Budget for Fiscal Year 2001.

The non-pay inflation factors are for purposes of A-76 cost comparison determinations only. They reflect the generic non-pay inflation assumptions used to develop the FY 2001 Budget baseline estimates required by law. The law requires that a specific inflation factor (FY/FY G.D.P. chain price index) be used for this purpose. These inflation factors should not be viewed as estimates of expected inflation rates for specific major long-term procurement items or as an estimate of inflation for any particular agency's non-pay purchases mix.

Federal Pay Raise Assumptions

| Effective Date | Military/Civilian |
|-----------------------|--------------------------|
| January 2000 | 4.8% |
| January 2001 | 3.7% |
| January 2002 | 3.7% |
| January 2003 | 3.2% |
| January 2004 | 3.2% |
| January 2005 | 3.2% |

Non-Pay Categories (Supplies and Equipment, etc.)

| | |
|---------|------|
| FY 1999 | 1.3% |
| FY 2000 | 1.5% |
| FY 2001 | 2.0% |
| FY 2002 | 2.0% |
| FY 2003 | 2.0% |
| FY 2004 | 2.0% |
| FY 2005 | 2.0% |

The pay rate (including geographic pay differentials) that are in effect for 2000 shall be included for the development of in-house personnel costs. The pay raise factors provided for 2001 and beyond shall be applied to all employees, with no assumption being made as to how they will be distributed between possible locality and ECI-based increases.

Agencies are reminded that OMB Circular No. A-76, Transmittal Memoranda 1 through Transmittal Memorandum 14 are canceled. Transmittal Memorandum No. 15 provided the Revised Supplemental Handbook dated March 27, 1996 (Federal Register, April 1, 1996, pages 14338-14346) and remains in

effect. Transmittal Memoranda No. 16, 17 and 18, which provided previous A-76 related Federal pay raise and inflation factor assumptions are canceled. Transmittal Memorandum No. 19, to the extent that it provided last year's A-76 related Federal pay raise and inflation factor assumptions, is canceled. The standard retirement cost factors for the weighted average CSRSFERS pension and Federal retiree health cost numbers and the post-retirement health costs also provided by Transmittal Memorandum No. 19, remain in effect. Transmittal 20, which implemented the Federal Activities Inventory Reform (FAIR) Act, remains in effect. Current A-76 guidance can be accessed at OMB's Homepage at [Circulars/Numerical](#).

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