

**From:** Mary Lynn Scott  
**To:** Internet:skaufman@omb.eop.gov  
**Date:** Fri, Dec 15, 2000 1:52 PM  
**Subject:** New Initiative on Contract Incentives

Stan,

The following is the U.S. Nuclear Regulatory Commission's response to Ken Oscar's October 16, 2000 memorandum to Senior Procurement Executives on the subject of "New Initiative on Contract Incentives":

One of NRC's most effective uses of incentive contracting methods has been its Federally Funded Research and Development Center (FFRDC) contract for nuclear waste regulatory analyses. Under this contract, the contractor agreed to set aside a portion of the award fee for independent research and development by contractor personnel on projects selected by the contractor to have a direct relevance to the mission of the FFRDC as established by its Charter.

We are also planning to negotiate some unusual incentive provisions in a future follow-on contract for information technology that would involve a "transition" bonus to be shared by both the incumbent and follow-on contractor to ensure a smooth and complete transition. In this same contract, we plan to retain funds to ensure the successful completion of work. Disbursement of funds will occur monthly after a meets/fails-to-meet assessment is made based on a set of criteria established for each order.

We support the idea of a public meeting to facilitate the exchange of information between the Government and general public to explore this incentive initiative, and believe it would be beneficial in establishing a new and innovative government-wide contract incentives program. We will be glad to participate in this meeting to share NRC's acquisition experiences.

Please feel free to contact Elois Wiggins at (301) 415-7317, e-mail [ejw@nrc.gov](mailto:ejw@nrc.gov), or me at (301) 415-6179, email [mls2@nrc.gov](mailto:mls2@nrc.gov), should you need to further discuss this matter with us.

Mary Lynn

**CC:** Betty Garrett, Elois Wiggins, Thomas Martin

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Friday, December 15, 2000 1:52 PM

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**Priority:** Standard  
**Reply Requested:** No  
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**Concealed Subject:** No  
**Security:** Standard