

103^D CONGRESS
1ST SESSION

H. R. 133

To require Federal agencies to apply value engineering, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mrs. COLLINS of Illinois (for herself and Mr. CONYERS) introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To require Federal agencies to apply value engineering, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Systematic Application
5 of Value Engineering Act of 1993”.

6 **SEC. 2. VALUE ENGINEERING REQUIREMENTS FOR FED-**
7 **ERAL AGENCIES.**

8 (a) IN GENERAL.—Federal agencies shall apply value
9 engineering consistent with subsection (b)(2) to, at a mini-
10 mum, identify and implement opportunities to reduce cap-

1 ital and operation costs and improve and maintain opti-
2 mum quality of construction, administrative, program, ac-
3 quisition, and grant projects. The head of each Federal
4 agency shall require senior management personnel to es-
5 tablish and maintain value engineering procedures and
6 processes. Such procedures and processes shall, at a mini-
7 mum—

8 (1) utilize qualified value engineering personnel
9 consistent with paragraphs (1) and (4) of subsection
10 (b);

11 (2) provide for the aggressive and systematic
12 development and maintenance of the most effective,
13 efficient, and economical arrangement for conduct-
14 ing the work of the agency; and

15 (3) provide a sound basis for the reporting of
16 accomplishments to the Office of Management and
17 Budget, the President, the Congress, and the public.

18 (b) AGENCY RESPONSIBILITIES.—To ensure that
19 systemic value engineering improvements are achieved,
20 each Federal agency shall, at a minimum, carry out the
21 following:

22 (1) Designate a senior management official with
23 a significant, well-documented background in value
24 engineering as the value engineering manager within
25 the agency, to oversee and monitor value engineering

1 efforts and to coordinate the development of criteria
2 and guidelines referred to in paragraph (2).

3 (2) Develop criteria and guidelines for both
4 agency employees and contractor employees to iden-
5 tify programs, projects, systems, and products with
6 the greatest potential to yield savings and benefits
7 from the application of value engineering methodol-
8 ogy. The criteria and guidelines should recognize
9 that the potential savings are greatest during the
10 planning, design, and other early phases of program,
11 project, system, and product development. The cri-
12 teria and guidelines shall include the following:

13 (A) Consideration of return on the Govern-
14 ment's investment in value engineering, deter-
15 mined by dividing the Government's cost of per-
16 forming the value engineering function by the
17 savings generated by the function.

18 (B) A dollar amount threshold for requir-
19 ing the application of value engineering. The
20 threshold shall be designed to ensure that value
21 engineering is applied to—

22 (i) each program, project, system, and
23 product of the agency that has a dollar
24 value greater than the threshold; and

1 (ii) programs, projects, systems, and
2 products comprising in the aggregate 80
3 percent of the budget of the agency.

4 For purposes of applying such a threshold, the
5 dollar values of various programs, projects, sys-
6 tems, and products of an agency that have indi-
7 vidual values below the threshold shall be aggre-
8 gated if they utilize equivalent planning or de-
9 sign elements, are jointly administered, or are
10 functionally equivalent.

11 (C) Criteria under which the value engi-
12 neering manager of the agency may, on a case-
13 by-case basis, waive the requirement of this Act
14 to conduct value engineering studies, and proce-
15 dures and requirements for documenting and
16 maintaining records of the justification for each
17 such waiver.

18 (3) Provide training (including practical experi-
19 ence) in established value engineering methodology
20 to agency staff responsible for coordinating and
21 monitoring value engineering efforts and to staff re-
22 sponsible for developing, reviewing, analyzing, carry-
23 ing out, changing, and evaluating value engineering
24 proposals.

1 (4) Ensure that funds necessary for conducting
2 agency value engineering efforts are included in an-
3 nual budget requests to the Office of Management
4 and Budget.

5 (5) Document and maintain records of—

6 (A) programs, projects, systems, and prod-
7 ucts that meet agency criteria for requiring the
8 use of value engineering techniques; and

9 (B) determinations (including the reasons
10 therefor) that the recommendations resulting
11 from a value engineering review should not be
12 implemented.

13 (6) Except when inconsistent with this Act, ad-
14 here to the acquisition requirements of the Federal
15 Acquisition Regulation, including the use of value
16 engineering clauses in parts 48 and 52 for both
17 prime and subcontractors.

18 (7) In the case of discretionary grants awarded
19 by the agency, establish value engineering require-
20 ments, such as requiring grant applications to in-
21 clude a clause requiring the use of value engineering
22 methodology by qualified value engineering personnel
23 in the performance of the grant.

1 (8) Develop annual plans for using value engi-
2 neering in the agency, which, at a minimum, iden-
3 tify—

4 (A) the agency and contractor projects,
5 programs, systems, and products to which value
6 engineering techniques will be applied in the
7 next fiscal year; and

8 (B) the estimated costs of such projects,
9 programs, systems, and products.

10 (9) Report annually to the Office of Manage-
11 ment and Budget on value engineering activities in
12 accordance with subsection (c).

13 (c) REPORTS TO OFFICE OF MANAGEMENT AND
14 BUDGET.—

15 (1) IN GENERAL.—The head of each Federal
16 agency shall submit to the Office of Management
17 and Budget an annual report on the results of using
18 value engineering in the agency. The report shall be
19 submitted by February 15 of each year.

20 (2) CONTENTS.—The report required by this
21 subsection shall include the following:

22 (A) The name, job title, address, telephone
23 number, and any additional job titles of the
24 agency's current value engineering manager.

1 (B) The Government's return on invest-
2 ment in value engineering achieved through ac-
3 tual implementation by the agency of rec-
4 ommendations adopted as a result of value en-
5 gineering, calculated by dividing the amount of
6 savings achieved through such implementation
7 by the cost of performing value engineering re-
8 views.

9 (C) The Government's potential return on
10 investment achievable through value engineer-
11 ing, calculated by dividing the amount of sav-
12 ings achievable through the adoption of rec-
13 ommendations as a result of value engineering
14 by the cost of performing value engineering re-
15 views to produce those recommendations.

16 (D) A description of the application of
17 value engineering to the agency's 20 programs,
18 projects, systems, and products having the
19 highest dollar value, including the net savings
20 and quality improvements achieved through use
21 of value engineering in those programs,
22 projects, systems, and products.

23 (E) A listing of the criteria adopted by the
24 agency pursuant to subsection (b)(2)(C) for
25 waiving the application of the value engineering

1 requirements of this Act, and documentation of
2 any waivers granted under the criteria.

3 (d) INSPECTOR GENERAL AUDITS.—The Inspector
4 General of each Federal agency shall audit the savings re-
5 ported by the agency in the second annual report submit-
6 ted under subsection (c). Thereafter, the Inspector Gen-
7 eral of each Federal agency shall audit the reported sav-
8 ings every second year.

9 (e) DEFINITIONS.—For purposes of this Act, the fol-
10 lowing definitions apply:

11 (1) The term “Federal agency” has the mean-
12 ing the term “agency” has under section 551(1) of
13 title 5, United States Code.

14 (2) The term “savings” means a reduction in,
15 or avoidance of, expenditures that would be incurred
16 if programs, projects, systems, and products were
17 not evaluated using value engineering techniques.

18 (3) The term “value engineering” means an or-
19 ganized effort, performed by qualified agency or con-
20 tractor personnel, directed at analyzing the functions
21 of a program, project, system, product, item of
22 equipment, building, facility, service, or supply for
23 the purpose of achieving the essential functions at
24 the lowest life-cycle cost that is consistent with re-

1 quired or improved performance, reliability, quality,
2 and safety.

3 (4) The term “life-cycle cost” means the total
4 cost of a program, project, system, product, item of
5 equipment, building, facility, service, or supply, com-
6 puted over its useful life. The term includes all rel-
7 evant costs involved in acquiring, owning, operating,
8 maintaining, and disposing of the program, project,
9 system, product, item of equipment, building, facil-
10 ity, service, or supply over a specified period of time.

11 (f) EFFECTIVE DATE.—This Act shall take effect on
12 January 1, 1994.

13 (g) REVIEW.—The Director of Management and
14 Budget shall review the policies contained in this Act 5
15 years after the date of the enactment of this Act and shall
16 report the results of such review to Congress.

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