

**DEPARTMENT OF THE TREASURY
LIMITED-SOURCES JUSTIFICATION**

Acquisition Title: PCA Services Bridge (CBE)

This acquisition is conducted under the authority of the Multiple Award Schedule Program (see FAR 8.401)

1. Identification of the agency and the contracting activity:

The requiring activity is the Bureau of the Fiscal Service (Fiscal Service), Disbursing and Debt Management (DDM), and the contracting activity is Fiscal Service, Division of Procurement Services.

2.a Nature and/or description of the action being approved:

The purpose of this limited-sources justification is to obtain approval to award an urgent and compelling fee-for-service bridge contract to Continental Service Group (ConServe) under the terms and conditions of 2033H618F00102 for Private Collection Agency (PCA) Services, as described in section 3.a below. The need-by date for these services is 05/18/2025. The (POP) will include a 3-month Base Period and three (3) 3-month Option Periods, with an overall POP of 05/18/2025 – 05/17/2026.

2.b Name of the vendor: ConServe (an Other than Small Business)

2.c Requisition No.: FSA-48130700-25-009

2.d Bridge contract: ☒ Yes ☐ No

2.e Brand name: ☐ Yes ☒ No

3.a A description of the supplies or services required to meet the agency's needs:

The U.S. Department of the Treasury (Treasury), specifically Fiscal Service's DDM, is responsible for collecting delinquent, non-tax debts owed to the United States. The Debt Collection Improvement Act (DCIA) of 1996 (codified in relevant part at 31 U.S.C. 3711(g)) requires Federal agencies to refer certain types of delinquent non-tax debts to Fiscal Service for collection; additionally, agencies may opt to refer delinquent non-tax debts that are exempt from this requirement to Fiscal Service for collection at their discretion. DDM services debts on behalf of over 800 federal agency programs, including delinquent loans owed by small business owners, homeowners, farmers, and veterans, and administrative debts, such as fines, penalties, overpayments, and fees. The collection of delinquent debts helps fund government operations, maintain key programs, and reduce the federal deficit.

Fiscal Service may attempt to collect referred debt internally prior to referring the debt to a PCA. In such cases, if its efforts are not successful, it will generally refer eligible debts to the PCAs for collection. Fiscal Service may also refer eligible debts directly to PCAs before attempting internal collection. Debts referred to DDM's Cross-Servicing program are referred to one or more PCAs, as PCAs have the capacity to effectively service the accounts, and the use of PCAs can also free up internal DDM resources to focus on activities best performed by federal employees. These PCA Services are critical to Treasury's statutory collection mandate and therefore continuity of services is of the utmost concern.

The required PCA Services are summarized below:

- Collecting debt on a fee-for-service basis in a competitive environment with other PCAs, where accounts are generally apportioned to the PCAs every two (2) weeks based on each PCA's previous performance.
- Maintenance of current nationwide licensing and bonding for, and provision of debt collection services for delinquent non-tax Federal debt on a national level; including all 50 United States, the District of Columbia (DC), and the territories of Puerto Rico, Guam, the Virgin Islands, Northern Mariana Islands, and American Samoa.
- Providing debt collection services for delinquent non-tax Federal debt on a large scale, i.e., multi-million-dollar referral portfolios.

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- Collecting debts owed to the federal government and collecting a multitude of debts originating from different sources.
- Collecting consumer and commercial debts, including loans and administrative debt types such as fees, fines, penalties, overpayments, grants, employee owed debts, and other miscellaneous categories. Some may be medical debts.
- Fully complying with consumer protection laws, including but not limited to the Fair Debt Collection Practices Act, Privacy Act of 1974, Federal Claims Collection Standards, and applicable state consumer protection laws.
- Maintaining the technical system capability to receive and decrypt files, to mimic operations, and to encrypt and return files.
- Maintaining reliable information technology (IT) infrastructure to ensure secure data movement via batch file processing.
- Maintaining an IT solution that must be compliant with NIST's Federal Information Processing Standards 140-2 security requirements.
- Utilizing electronic formats and transfer protocols to automate, centralize, and transmit inbound and outbound files.
- Maintaining a non-production environment for validating file layouts and performing end-to-end testing.
- Servicing very large datasets with potential record counts over 300K in a single file where file sizes can reach 100 megabytes or more.
- Ensuring government data is stored and encrypted securely.

3.b Includes IT: ☐ Yes ☒ No

4.a Identification of the authority being used (Check the appropriate box that applies).

- ☒ FAR 8.405-6(a)(1)(i)(A) – An urgent and compelling need exists, and following the procedures would result in unacceptable delays.
- ☐ FAR 8.405-6(a)(1)(i)(B) – Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized.
- ☐ FAR 8.405-6(a)(1)(i)(C) – In the interest of economy and efficiency, the new work is a logical follow-on to an original Federal Supply Schedule order or BPA provided that the original order or BPA was placed in accordance with FSS procedures in accordance with the applicable Federal Supply Schedule ordering procedures. The original order or BPA must not have been previously issued under sole-source or limited-sources procedures.
- ☐ FAR 8.405-6(b) – Items peculiar to one manufacturer. (i.e., Brand Name specifications)

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4.b Supporting Rationale:

The proposed contractor's unique qualifications and the nature of the acquisition requires use of the authority cited as follows:

1. PCA Services are mandated by law and are mission critical for Fiscal Service. The DCIA explicitly requires Treasury to maintain a schedule of PCA contractors eligible for referrals. See 31 U.S.C. 3711(g)(5)(C). A stated purpose of the DCIA is to, "rely on the experience and expertise of private sector professionals to provide debt collection services to Federal agencies." Pub. L. No. 104-134, § 31001(b), 110 Stat. 1321 (1996). A lapse in PCA services will cause Fiscal Service to fail to meet the statutory mandate.
2. The PCA Services requirement is now in its 6th acquisition cycle, with active post-award protest against the four (4) PCA Services Blanket Purchase Agreements (BPAs) awarded on 09/13/2024¹ currently with the Court of Federal Claims (COFC). Performance on these BPAs for PCA Services is currently stayed. According to COFC's hearing schedule (which is subject to change), the protest case will be heard at the earliest in mid to late March 2025. On 02/18/2025, COFC was informed of Fiscal Service's intent to take corrective action, which is estimated to be complete in approximately 75 calendar days (by 05/01/2025). Given the court hearing and corrective action schedule described above, the fact that protests against PCA Services procurements have historically taken a year to resolve, and the gravity of the consequences for the Government if there is a lapse in mission-critical PCA Services (described further below), there is an urgent and compelling need to complete bridge contracts to the current PCA contractors.
3. Other Government agencies will suffer serious operational and financial injury if the PCA Services lapse. Fiscal Service works with more than 70 agencies, with over 800 programs to resolve delinquent non-tax debts. Under many of these programs, the creditor agency specifically opts for Fiscal Service to utilize PCAs to service their accounts. If the PCA Services lapse, critical funding will not be returned to these federal agencies and resulting budget shortfalls will harm their ability to continue operations. Examples of the potentially affected federal agencies and programs include:
 - a. Department of Veterans Affairs (VA), Veterans Health Administration (VHA) and VA education loans
 - b. Small Business Administration (SBA)
 - c. Department of Housing and Urban Development (HUD)
 - d. Mine Safety and Health Administration (MSHA)
 - e. Securities and Exchange Commission (SEC)
 - f. Department of Transportation (DOT)
 - g. Federal Emergency Management Agency (FEMA)
 - h. Centers for Medicare and Medicaid Services (CMS)

¹ These BPAs were awarded as a result of RFQ1653552 PCA Services. This solicitation was retitled 2023H624Q00062 at time of award, due to an internal Fiscal Service Procurement policy update.

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- i. Defense Finance and Accounting Services (DFAS)
- j. Department of Labor (DOL)
- k. Department of Agriculture's (USDA) National Finance Center (NFC)
- l. Social Security Administration (SSA)

4. DDM itself will experience serious financial and operational injury if PCA Services lapse. DDM's Cross-Servicing program does not have appropriated funding. DDM's delinquent debt program creates its own funding through debt collections. If there is a lapse in PCA services, Treasury's Debt Fund may become insolvent, reducing DDM's operational funding, which could potentially require DDM to take drastic operational steps such as reduction in workforce. Without the PCA contracts, DDM may not have the necessary funding to operate.

5. In FY24, Fiscal Service referred the PCA contractors over 1.9 million delinquent accounts valued at over \$20B. The dollar value is the largest referred to the PCA contractors in a single fiscal year in the 27-year history of DDM's PCA program. The number of accounts referred is second only to the number referred in FY23, when Fiscal Service referred the PCA contractors 2.1 million delinquent accounts. In FY22, Fiscal Service referred just over 1 million accounts to the PCAs, valued at nearly \$3.4B. It is anticipated that the number of debts referred to DDM's Cross-Servicing program will continue to increase. If the PCA Services lapse, it would be impossible for DDM's internal staff to adequately handle the account volume on their own, especially if reduction of DDM operational funding leads to reduction in their workforce.

6. The American public will also be harmed if PCA Services lapse. Strain on DDM internal staff due to overwhelming account volume would result in a portion of debtor calls regarding debts going unanswered. As a result, debtors may be unable to resolve debts or enter into compromise or repayment agreements. Meanwhile, interest and penalties will continue to accrue on most debts, and most debts will continue to be reported to credit bureaus, negatively impacting debtors' ability to obtain financing.

7. ConServe has successfully performed PCA Services for the Fiscal Service since 2012 under TFMSHQ12K0018, 2033H618F00102, and, most recently, 2033H624F00064.

5. A determination by the ordering activity Contracting Officer that the order or BPA represents the best value consistent with FAR 8.404(d):

The Contracting Officer has determined that awarding a single order to ConServe against their GSA schedule contract represents the best value consistent with FAR 8.404(d) and lowest overall cost alternative (considering price, special features, administrative costs) to meet the Government's urgent needs based on the contract's prior history and market research.

6. A description of the market research conducted among schedule holders and the results or a statement why market research was not conducted:

The contracting activity conducted market research in November 2024. Mandatory sources of supply UNICOR, AbilityOne, Treasury-Wide Contracts, and Acquisition Gateway were searched, and no sources were identified. GSA eLibrary was searched for GSA contractors under NAICS 561440. A group of 28 contractors, consisting of 19 small businesses and nine