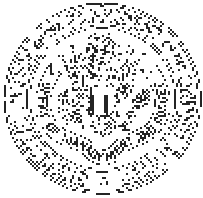


Office of Management and Budget Performance- Based Acquisition



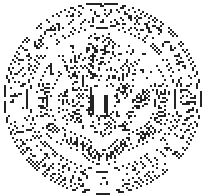
Julia Wise
Office of Federal Procurement Policy
(202)395-7561
June 19, 2007



Regulatory PBA* changes

- **1991 - OFPP Policy Letter 91-2**
- **1993 – GPRA**
- **1994 – FASA and OFPP Pilot Project for PBSC**
- **1997 - Changed the FAR to incorporate OFPP Policy Letter 91-2 and rescinded the policy letter in 2000**
- **2001- Public Law 106-398, Section 821 – Added to the FAR a PBC preference and order precedence**
- **2004 – SARA PBC change (SARA signed 11-24-03)**
 - **Section 1431 and Section 1433**
 - **treat certain performance-based orders and contracts as commercial items if certain conditions are met**
 - **report on these contracts and orders in FPDS**
 - **2004 published an interim rule under FAR Case 2004-004**
 - **2005 published final SARA PBA changes.**

*PBA formerly Performance-Based Contracting (PBC). The PBA name change will be official when FAC 2005-07 is published.

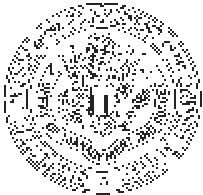


Other PBA Changes

- **1995 – OFPP Best Practices PBSC Guide**
- **2001 -OMB PBC goals – see next slide**
- **2002 - GAO Audits initiated on training and use of PBC**
- **2002/2003 - Seven Steps guide initiated and completed**
- **2003 – OFPP Issued Recommend. Report to improve the use of PBC**
- **2004/2005 – published proposed rule on 7/18/04 under FAR Case 2003-018 – final changes to be published next FAC 2004 - OFPP Issued a 9/7/04 memo highlighting changes – goals, reporting requirement, incentives, etc. www.acqnet.gov**
- **2006 – OFPP FY 2006 memo announced the goals and requested the PBA Management Plans.**
- **2007 – OFPP FY 2007 memo highlighted the gov't wide and agency-wide PBA goal and the SARA Panel recommendations to be addressed by the working group and emphasized PBA training for the entire acquisition workforce.**

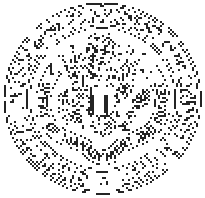
All OFPP memos are available on

http://www.whitehouse.gov/omb/procurement/index_pbsa.html



PBA TARGET ACHIEVEMENT GOALS

Fiscal Years	Target Achievement Goals (eligible service contract dollars over \$25,000 should be performance-based)	Actual PBA Goal (Average Government-wide PBA Goal achieved)	DOE PBA Performance Goal (based on data in the 5 year PBA Plan)
2001	10%	26%	77%
2002	20%	34%	78%
2003	30%	35%	80%
2004	40%	41%	76%
2005	40%	51%	69%
2006	40%+	49%	67%
2007	45%+	To be achieved	sustain at least 60%



OFPP PBA Focus

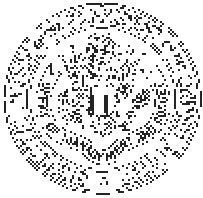
OVERALL GOAL: All agencies appropriately use the PBA strategy to the maximum extent practicable and manage PBAs to achieve results on their eligible service acquisitions.

Increase the appropriate use of PBA methods by

- ✓ Ensuring that the PBA training focuses on how to write clear PWS or SOO.
- ✓ Providing guidance on how to write clear MPS and Incentives.
- ✓ Updating the Seven Steps to PBSA guide to incorporate PBA samples to share with the acquisition community.

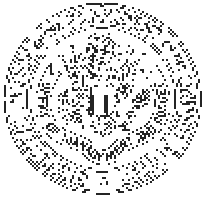
Highlight the importance of contract management on PBAs by

- ✓ Emphasizing the roles and responsibilities involved in managing a PBA.
- ✓ Incorporating good QASPs samples in the Sevens Steps to PBSA guide.



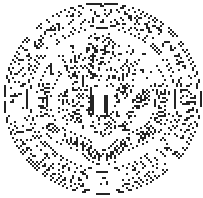
Interagency PBA Working Group Tasks

1. develop an illustrative guide or decision tree to help agencies determine when to use PBA;
2. establish a matrix of contract performance incentives (both monetary and non-monetary) appropriate for various contract vehicles when using the PBA strategy;
3. develop a “Best Practices Guide on Performance Measures” to improve the development and selection of performance standards for PBA contracts;
4. develop a checklist that reflects how well an acquisition works within the basic elements of the Seven Steps to PBSA Guide; and
5. review and evaluate PBA samples and examples to incorporate in the Seven Steps to PBSA Guide.



PBA FAR References

- FAR 1.102, Statement of Guiding Principles – highlights PM role
- FAR Part 2, Definition - new definitions
- FAR Part 7 Acquisition Planning
- FAR Part 10, Market Research
- FAR Part 11, Describing Agency Requirements
- FAR Part 16, Types of Contracts
- FAR Part 37, Service Contracting – recognizes use of SOO when PWS is not suitable
- FAR Part 46, Quality Assurance Requirements

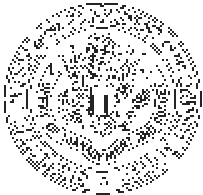


PBA

Is an Acquisition Strategy used to structure all aspects of an acquisition around the purpose of the work to be performed.

Is about getting results – aligning industry with the government's objective.

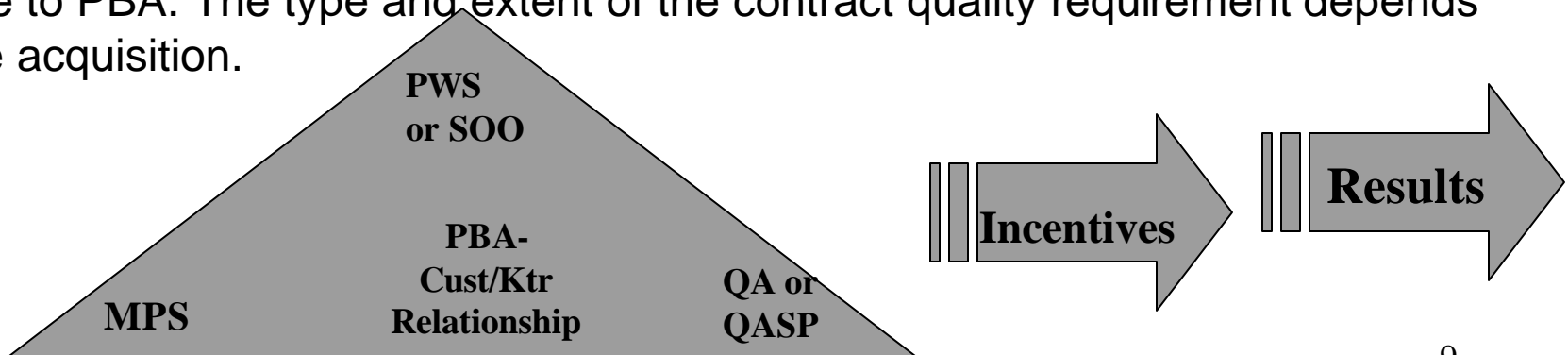
Is not a one-size fits all acquisition strategy for contracts or orders. PBA should be used to the maximum extent practicable on eligible service contracts. Agencies are not required to use PBA on: A&E, construction, utility services, services incidental to supplies, R&D, professional medical services, tuition, registration, and membership Fees.

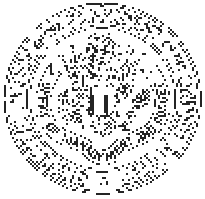


PBA Elements

1. PWS or SOO describes the requirements in terms of results or outcome;
2. MPS criteria (e.g. quality, timeliness, quantity, etc.) used to determine whether the contract work requirements have been met;
3. Performance Incentives (e.g. negative or positive or monetary or non-monetary) gives the contractor higher profits for better performance or lower profits for worse performance.
4. Quality assurance (QA) provisions should be included in all contracts and is the method of assessing the contractor's performance in meeting the standards.

Note: The QASP is not emphasized as an element in the FAR because QA Requirements (e.g. warranty, inspection and acceptance clauses, etc.) are not unique to PBA. The type and extent of the contract quality requirement depends on the acquisition.





PBA Order of Precedence

Under the law and regulation,
the contract type order of
preference is

Priority 1 - FFP PBA or task
order

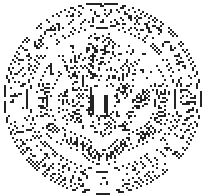
Priority 2 - PBA or task order
that is not FFP (e.g. cost type
contracts)

Priority 3 - Contract or task
order that is not PBA

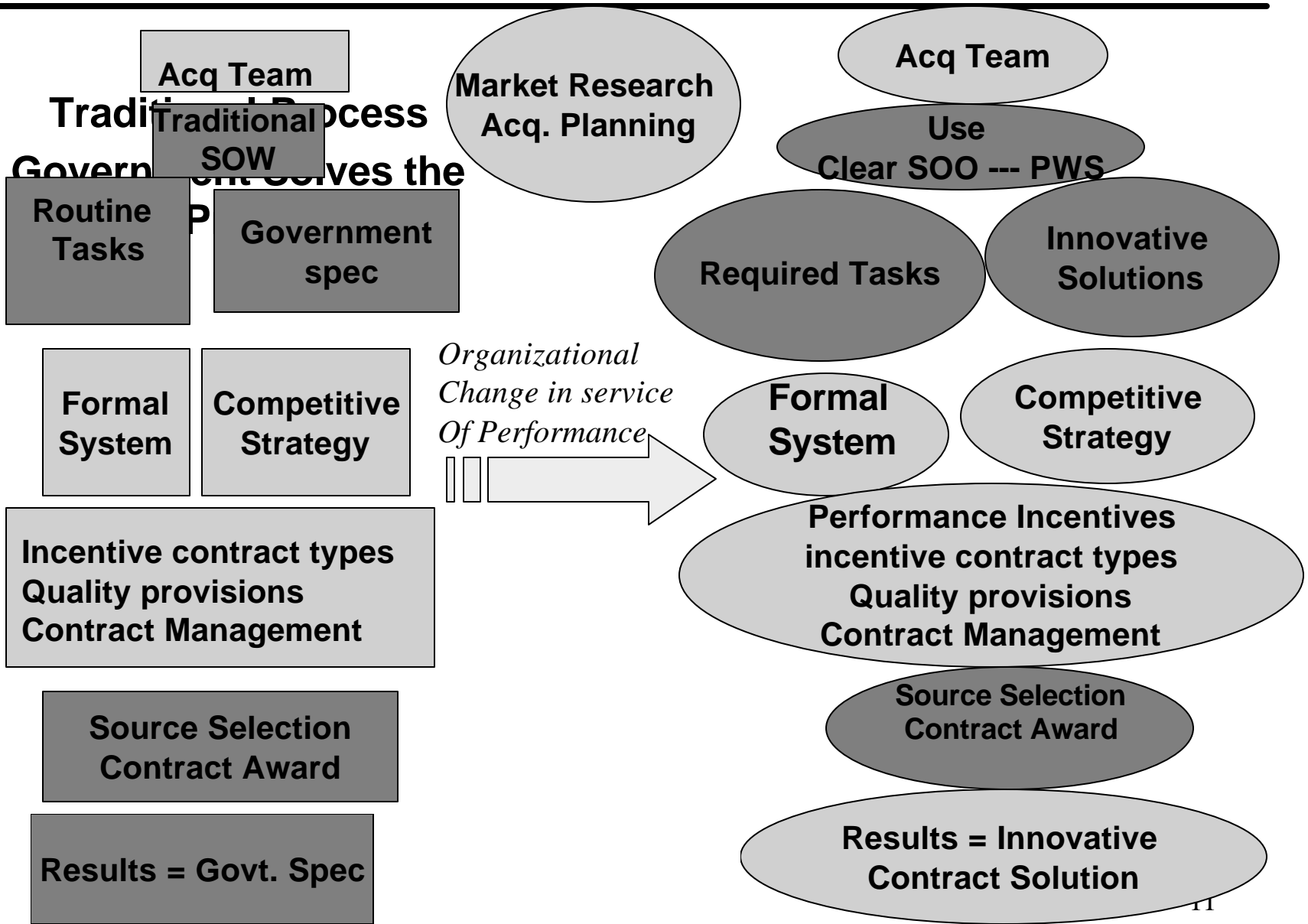
Contractor bears the risk

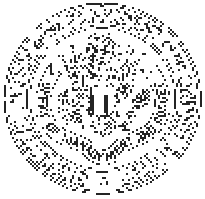


Government bears the risk



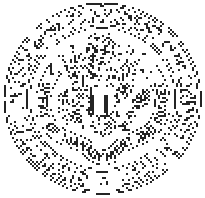
The PBA Difference





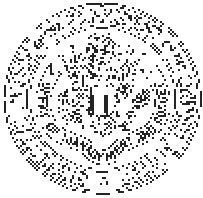
PBA Benefits

1. Achieve innovative solutions from industry
2. Maximizes Competition
3. Increases customer satisfaction because results are improved
4. Shifts the risk to the contractor
5. Improves the Contractor's Performance
6. Encourages frequent communication between the COR/COTR and the contractor
7. Requires good contract management to ensure results are achieved



Gov'twide Barriers to using PBA

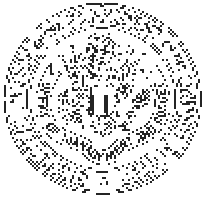
- Lack of
 - Senior management support;
 - understanding about PBA elements;
 - Establishing performance measures
 - Evaluation of innovative solutions
 - knowledgeable resources;
 - time; and
 - effective PBA training to all members of the acquisition workforce to include
 - Program Manager or Project Managers
 - CORs and COTRs
 - CO and CS
 - End-users
 - Requirement Officers



PBA Training Requirements

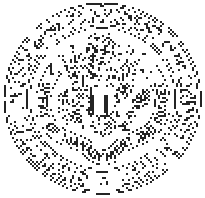
- PBA training should be completed by senior managers, program/project managers, requirements personnel, quality assurance specialists, Contracting Officer's Representatives, Contracting Officer's Technical Representatives, subject matter experts and contracting officials involved in a PBA.
- Agency acquisition workforce policy should include these PBA training requirements at the appropriate level for all members of the acquisition workforce to ensure PBA principles are applied properly on service acquisitions.
- The OFPP April 25, 2007, memorandum, *The Federal Acquisition Certification for Program and Project Managers*, emphasizes PBA training requirements for program and project managers at various certification levels. The OFPP memorandum is available at http://www.whitehouse.gov/omb/procurement/workforce/fed_acq_cert_042507.pdf.





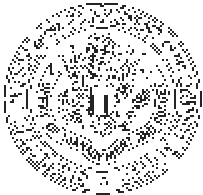
FAI PBA Training Opportunities

- The FAI offers a FREE three-day workshop on PBA designed as a just-in-time solution for acquisition teams from various agencies.
- The participants are encouraged to bring their current PBA documents and are given a chance to refine these documents in the training class.
- The FREE training is offered at various locations around the country and is generally available through the Acquisition Workforce Training Fund. Students should register online at www.fai.gov.
 - Questions about this training should be directed to FAI student services at 703-805-2300.



DAU PBA Training Resources

- The DAU offers a four and a half day classroom course entitled “Mission Focused Service Acquisitions,” course number ACQ265, and two online learning modules: 1) Performance-Based Services Acquisitions, CLC 013; and 2) Work Breakdown Structure, CLM 013.
- PBA Community of Practice, available at <https://acc.dau.mil/pba>, includes the above PBA training information as well as other training opportunities, policy and guidance, tools and related links.
- Acquisition Center of Excellence for Services Community of Practice, available at <https://acc.dau.mil/ace>.
- Additionally, many private sector firms offer PBA training. Information about these training resources is available on <http://acquisition.gov/SevenSteps>.



Government-wide PBA Resource

- Visit the FAI website (www.fai.gov) for team-based PBA training courses.
- Seven Steps to PBSA website: www.acquisition.gov - go to the library to see vetted samples

Seven Steps to PBSA

