

*\*\* Please share these Notes within your agency! \*\**

## **Notes from the Administrator**

**February 2011**

### **Bending the Contracting Cost Curve**

Earlier this month, we at OMB had the pleasure of announcing some very big news: agencies have met the President's challenge to reduce our spending on contracting and to apply fiscally responsible acquisition practices that better protect taxpayers from waste and cost overruns. After more than a decade of dramatic growth, overall contract spending declined in fiscal year 2010—the first time since 1997 that year-over-year contracting spending has dropped.

Some of you have heard me talk about “buying less” and “buying smarter.” You can see both of these mantras at work in the range of strategies agencies have pursued, including ending unnecessary or unaffordable acquisitions, taking advantage of smarter buying practices, reducing reliance on high-risk contracts, utilizing innovative techniques that allow for greater economy and efficiency, and strengthening the acquisition workforce. By utilizing these strategies and others, agencies have finished FY 2010 having spent nearly \$80 billion less than they would have if contract spending had continued to grow at the same rate as in 2000-2008. OMB Director Jack Lew had more to say about these results in a recent blog post, available here: <http://www.whitehouse.gov/blog/2011/02/04/turning-tide-contract-spending>.

Those of you familiar with earlier editions of this newsletter know that I am a believer in sharing success stories, and the chance to share the good news of our contract savings is particularly meaningful. Success in this undertaking involved a sustained commitment from across the acquisition workforce, both to find ways to buy smarter and to work with other agency components to cut unnecessary spending. It couldn't have happened without you, and you have my abiding thanks for the work you've done and for the work you continue to do.

### **Communications and “Myth-busting”**

Last month I mentioned a forthcoming “myth-busting” document that addresses improving communications with industry. That memorandum was released on February 2, and is available here: <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/Myth-Busting.pdf>. The primary focus of the memo is to shift the focus from what we *can't* do to what we *can* do regarding communications with vendors – largely through an exploration of ten common misconceptions. Beyond that, though, I'd like to emphasize two additional points about the memo. First, I want to make it very clear that, though this document was prepared as part of the 25 Point Implementation Plan to Reform Federal IT Management, it should be applied to all

acquisitions, as appropriate. IT acquisitions can often benefit from increased vendor communication, but the memo makes it clear that the same is true for many, many other acquisitions, certainly including any complex, high-risk procurements. Next, I want to again state that we in OFPP view issuing the memorandum as a first, not a final, step. The memorandum discusses some future activities related to increasing communication (including an online conversation – happening now through February 28 at <http://www.bettergovernmentit.org>), and we plan to continue working in this area and other areas, such as improving intra-agency communication and improving post-solicitation communication. Besides getting the word out, we need to view this as a culture change, and that will take time and sustained effort by us all.

### **Policy and Management Highlights**

- *Strategic Sourcing* – We’ve seen some successes in the area of strategic sourcing, but we still have a long way to go. Work is progressing on initiatives for the purchase of wireless services and multi-function devices (printers/scanners/copiers), but right now, I want to focus on the OS2 office supplies BPAs (blanket purchase agreements—but every reader of these Notes already knew that, right?). Despite GSA’s having worked closely with buying agencies to structure the BPAs to meet agency needs, and despite strong commitments from a number of agencies to utilize these BPAs exclusively or nearly-exclusively, we are still not seeing the kind of increase in use that is necessary to truly leverage the federal government’s buying power. Even in those agencies that have committed to using the OS2 BPAs, office supplies are still being purchased from other sources – a phenomenon referred to as “leakage.” We in OFPP are working with GSA to better understand the causes of this leakage, and to determine ways that GSA and OFPP can better assist agencies in increasing their use of the OS2 BPAs to leverage the buying power of the government. If you have any ideas about how to track or reduce the leakage, please share them with OFPP’s Jack Kelly at [jkelly@omb.eop.gov](mailto:jkelly@omb.eop.gov).
- *FAR Slam* – OFPP is working with GSA, Department of Defense, and NASA to improve the timeliness of Federal Acquisition Regulation (FAR) rulemaking – the process used to revise and update the FAR. A substantial step forward occurred on February 9<sup>th</sup> in the form of a “FAR Slam,” which was designed to bring together decision-makers from across the agencies of the FAR Council and OMB for a full-day session to identify both immediate and longer-term improvements to the rulemaking process. The meeting helped identify a number of problems, including a lack of understanding about the FAR rulemaking process, a lack of sufficient resources to process FAR changes, need for leadership from the FAR Council in establishing a clear vision and FAR priorities, and a lack of effective interagency coordination. Improvements are planned in the areas of (1) appropriate staffing for the

councils and teams that support the process; (2) improved management oversight for the FAR rulemaking process; (3) establishment of onboarding training and tools for staff, council, and team members that participate in the process; and (4) updated and online FAR publication process documentation.

- *IT Reform* – In addition to the “mythbusters” memorandum discussed above, we are working with our colleagues in the E-Gov office to implement other parts of the 25-Point Implementation Plan for Federal IT Reform, and your feedback is very welcome. If you have ideas about the development of a specialized IT acquisition cadre, please share your ideas with OFPP’s Joanie Newhart at [jnewhart@omb.eop.gov](mailto:jnewhart@omb.eop.gov). If you have helpful guidance on the modular development of IT systems, please share your ideas with OFPP’s Jim Wade at [jwade@omb.eop.gov](mailto:jwade@omb.eop.gov).
  - If you want to become even more involved, we’re looking for participants for focus group sessions that will be held to gather ideas on these topics. One-hour sessions will be held at 3:30 PM on March 14 and at 10:00 AM on March 16 and 17 at the White House Conference Center, 726 Jackson Place, Washington DC. Interested participants should contact Minh-Hai Tran-Lam at [egov@omb.eop.gov](mailto:egov@omb.eop.gov) by February 28, 2011.
  
- *Improving the Accessibility of Government Information* –
  - *Justice Department 508 Compliance Survey* – On Thursday, February 17<sup>th</sup>, Attorney General Eric Holder issued a memorandum notifying the heads of all federal departments and agencies that the Justice Department will conduct a survey regarding the state of compliance with the requirements of Section 508 of the Rehabilitation Act (29 U.S.C. § 794d). The Attorney General’s memorandum provides detailed instructions on completing the survey, and is available here: <https://www.section508.gov/508survey2010/AGSection508mMemo.pdf>. I encourage you to work with your agency Section 508 coordinators in completing this important survey.
  
  - *Section 508 Compliance in IT Solicitations* – GSA has provided agencies with updated guidance for creating Section 508 compliant Electronic & Information Technology (EIT) solicitations in accordance with FAR Part 39. The guidance can be found here: <http://buyaccessible.net/blog/wp-content/uploads/2011/01/Guidance-on-Creating-508-Compliant-IT-Solicitations.pdf>. This information is designed to assist agencies by outlining responsibilities, providing references to useful tools such as the Buy Accessible Wizard, and supplying a checklist for building Section 508 compliant solicitations. GSA uses the guidelines provided in this document when sampling

solicitations on FedBizOpps for Section 508 compliance. GSA provides feedback to agencies on the results of the sampling and, beginning in FY2011, GSA will provide a quarterly summary to the Office of Management and Budget on the percentage of procurements sampled that include the appropriate language. To date in 2011, only 30% of those sampled are green (meaning the appropriate information is included to result in accessible products or services), while more than 50% have been identified as red. For more information on creating Section 508 compliant solicitations or the GSA FedBizOpps sampling for your agency, please contact Terry Weaver at [terry.weaver@gsa.gov](mailto:terry.weaver@gsa.gov) or Helen Chamberlain at [helen.chamberlain@gsa.gov](mailto:helen.chamberlain@gsa.gov).

- *FPDS Product Service Code Manual Update* – GSA is leading an effort to update the Product Service Code (PSC) Manual. The Manual has been updated to revise obsolete terminology, add codes for new and emerging technologies, and add environmental and sustainability attributes. There is a 30 day comment period for reviewing proposed changes/additions, which began on February 8, 2011 and will run through March 9, 2011. The Federal Register notice is available here:  
[http://www.regulations.gov/#!documentDetail;D=GSA\\_FRDOC\\_0001-0707](http://www.regulations.gov/#!documentDetail;D=GSA_FRDOC_0001-0707) .

While the comment period is open, comments will be accepted through a blog at [http://blog.citizen.apps.gov/GSA\\_PSC\\_Manual/](http://blog.citizen.apps.gov/GSA_PSC_Manual/). Chief Acquisition Officers and Senior Procurement Executives are encouraged to share this information widely with Federal acquisition professionals, industry partners, and other parties interested in providing comments. For more information, please contact Pat Brooks at [pat.brooks@gsa.gov](mailto:pat.brooks@gsa.gov).

- *Small Business Rulemaking* – Keep an eye out for these upcoming changes to the FAR:
  - *Justification and Approval of Sole-Source 8(a) Contracts* – This interim rule will amend the FAR to implement section 811 of the National Defense Authorization Act for FY10, which requires that contracting officers justify and obtain approval prior to awarding an 8(a) sole-source contract valued at more than \$20 million.
  - *Socioeconomic Program Parity* – This interim rule will amend the FAR to implement section 1347 of the Small Business Jobs Act of 2010 and the Small Business Administration’s regulations governing specific contracting and business assistance programs. The Jobs Act clarifies that a contract opportunity “may” be awarded on the basis of competition restricted to qualified Historically Underutilized Business Zone (HUBZone) small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price. The use of the discretionary “may” firmly establishes there is no order of priority among small

businesses in the 8(a) Business Development program, the HUBZone program, the Service-Disabled Veteran-Owned Small Business (SDVOSB) program, or the Women-Owned Small Business (WOSB) program, in terms of a small business set-aside.

### **Outreach**

- *Front Line Forum* – On February 2<sup>nd</sup>, the quarterly Front Line Forum was held at the White House Conference Center. We discussed communication with vendors, communication within agencies, and welcomed special guest Vivek Kundra, US CIO, to discuss IT acquisition reform. This was our fourth Front Line Forum, and we were delighted to have several participants who have attended all four, some who had attended one, two or three, as well as a few new attendees. We are very happy to mark the first anniversary of this endeavor, which I consider to be one of OFPP’s most valuable opportunities for feedback regarding acquisition initiatives.

### **Helpful Resources**

- *Service Acquisition Mall* – Available at <https://sam.dau.mil>, the Defense Acquisition University Service Acquisition Mall (SAM) provides a wealth of tools and templates to help you understand and develop performance-based services acquisitions.

That’s it for this month. If you have questions or feedback, or want further information on something you have read here, please contact me ([dgordon@omb.eop.gov](mailto:dgordon@omb.eop.gov)) or Jeremy McCrary ([jmccrary@omb.eop.gov](mailto:jmccrary@omb.eop.gov)).

Until next time, let me thank you again for your dedication and hard work in contributing to our shared efforts to buy smarter and to ensure that taxpayer dollars are spent prudently at every step in the acquisition system.



Daniel I. Gordon  
Administrator for Federal Procurement Policy

*\*\* Please share these Notes within your agency! \*\**

Issues of Notes from the Administrator are available online for any employee of the executive branch in the Acquisition area of the MAX Federal Community. The MAX community is open to Federal government employees with a valid .gov, .mil, or .fed.us email address, and you can register here: <https://max.omb.gov/maxportal/registrationForm.do>.

Once you're registered, you can find the Notes from the Administrator here: <https://max.omb.gov/community/x/cYJ2I>.