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Too Good to be Used: Analyzing Utilization of the Test Program for Certain Commercial Items in the Air Force

12 December 2014

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ABSTRACT

The purpose of this project is to analyze the Air Force's usage rate of the Federal Acquisition Regulation (FAR) Subpart 13.5 Test Program for Certain Commercial Items. FAR 13.500(b) requires contracting officers to maximize the use of the test program when practicable. In addition to the FAR mandate, the Government Accountability Office (GAO), found it is in the government's best interest to use the program. According to a GAO report conducted in February of 2014, titled *Commercial Item Test Program Beneficial, but Actions Needed to Mitigate Potential Risks,* the program improved contract lead-time and reduced required administration without an increase in overall risk to the government. Therefore, underutilization of the program will identify inefficiencies in the procurement process. This research seeks to use the Federal Procurement Data System–Next Generation (FPDS–NG) data to identify the usage rate of the FAR Subpart 13.5 Test Program for Certain Commercial Items in the Air Force and provide potential recommendations to increase and improve the test program's use.

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LIST OF ACRONYMS AND ABBREVIATIONS

AFFARS	Air Force Federal Acquisition Regulation Supplement
AFICA	Air Force Installation Contracting Agency
ARP	Acquisition Research Program
CAR	Contract Action Report
CICA	Competition in Contracting Act
CLM	Continuous Learning Modules
CSIS	Center for Strategic and International Studies
DAU	Defense Acquisition University
DFARS	Defense Federal Acquisition Regulation Supplement
DHS	Department of Homeland Security
DLA	Defense Logistics Agency
DPAP	Defense Procurement and Acquisition Policy
DOD	Department of Defense
DODAAC	Department of Defense Activity Address Code
DOI	Department of Interior
DOJ	Department of Justice
DOT	Department of Treasury
FAI	Federal Acquisition Institute
FAR	Federal Acquisition Regulation
FARA	Federal Acquisition Reform Act
FASA	Federal Acquisition Streamlining Act
FISC	Fleet and Industrial Supply Center
FISCSD	Fleet and Industrial Supply Center–San Diego
FPDC	Federal Procurement Data Center
FPDS	Federal Procurement Data System
FPDS–NG	Federal Procurement Data System–Next Generation
FPI	Federal Prison Industries
GAO	Government Accountability Office
GSA	General Service Administration
HUBZone	Historically Underutilized Business Zone

IDIQ	Indefinite Delivery–Indefinite Quantity
IDV	Indefinite Delivery Vehicle
IFB	Invitation for Bid
MP	Mandatory Procedures
NAVSUP	Naval Supply Systems Command
NDAA	National Defense Authorization Act
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
R&D	Research and Development
RCOSW	Regional Contracting Office–Southwest
RFP	Request for Proposal
RFQ	Request for Quote
SAP	Simplified Acquisition Procedures
SAT	Simplified Acquisition Threshold
V&V	Verification and Validation

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I. INTRODUCTION

A. BACKGROUND

On January 1, 1997, the Federal Acquisition Reform Act (FARA) temporarily authorized the application of simplified acquisition procedures for certain commercial items up to $5 million. Almost 18 years later, the only substantive change to the program is an increased threshold of $6.5 million. Today, the authority for the program still remains temporary and is, once again, due to expire on January 1, 2015, unless Congress renews the act or makes it permanent.

The importance of the FAR Subpart 13.5 Test Program for Certain Commercial Items program can, in part, be traced back to a different dynamic for investments in technology. In a report titled *Military R&D and Innovation*, David Mowery pointed out that since the mid-1980s, industry has outpaced the federal government in the amount of capital invested in research and development (R&D) projects (as cited in Gansler, 2014). As a result, commercial technologies have become the new standard for what is state of the art and are able to fulfill more government requirements. Congressional legislation was then passed to establish a clear preference for commercial items, now codified in the Federal Acquisition Regulations (FAR, 2014) under FAR Part 12, Acquisition of Commercial Items. The increasing relevance of commercial items in government acquisitions only bolsters the importance and value of any available procedures, such as the test program, used to procure those commercial goods and services.

Another dynamic worth considering regarding the test program is the changing federal acquisition workforce. As the Government Accountability Office (GAO, 2013) noted, “The acquisition workforce plays a key role in managing programs and overseeing contracts to help agencies get what they need, at the right time, and at a reasonable price” (p. 1); however, the government is experiencing unique challenges impacting the retention of its current employees. In 2012, the Department of Defense (DOD) acquisition workforce “decreased for the first time since FY 2004. The decrease [was] due to a higher attrition rate, including retirements, and ... fewer new hires” (Federal

Acquisition Institute [FAI], 2013, p. 17). Because of increasing budgetary pressures resulting from the public's support for austerity measures and an ever-expanding number of eligible retirees, the acquisition workforce should be expected to become smaller and less experienced. Appropriately, these professionals will need the right tools and procedures to enhance their productivity. With such concerns in mind, FAR Subpart 13.5 was established to increase efficiencies and alleviate administrative burdens for contracting organizations through expanding the usefulness and applicability of simplified acquisition procedures.

B. RESEARCH OBJECTIVES

The main objective of this research paper is to examine the Air Force's usage of the FAR Subpart 13.5 Test Program for Certain Commercial Items, specifically from February 1, 2013 through May 31, 2014, to determine whether contracting offices are employing "the simplified procedures authorized by the test to the maximum extent practicable" (FAR 13.500[b]). Furthermore, this research attempts to identify and investigate various metrics in an effort to analyze the relative effectiveness of the test program procedures. Finally, this report makes recommendations on how to increase the usage and effectiveness of the test program. More specifically, this report answers the following questions:

1. What was the Air Force's usage rate of FAR 13.5 Test Program for Certain Commercial Items procedures from February 1, 2013, through May 31, 2014?

2. What factors may be limiting the use of FAR 13.5 Test Program for Certain Commercial Items procedures?

C. ORGANIZATION

Chapter I provides a brief discussion on the background of the FAR 13.5 Test Program for Certain Commercial Items, lists the research objectives, and explains the benefits of this report.

Chapter II provides a literature review of the pertinent acquisition regulations and research conducted to date. The first section provides a history of FAR Subpart 13.5

through an examination of acquisition reform initiatives, Federal Acquisition Streamlining Act of 1994 (FASA) and the Federal Acquisition Reform Act of 1996 (FARA) as well as the FAR Subpart 13.5 policies and procedures. The second section of this chapter discusses the importance and benefits of commercial item and simplified acquisition procedures and examines previous studies on FAR 13.5 usage rate. The last section provides a chronological review of the development of the Federal Procurement Data System–Next Generation (FPDS–NG) and the reports regarding its accuracy.

Chapter III explains the methodology, scope, and limitations in a step-by-step manner that is designed to allow replication and improvements using additional data sets.

Chapter IV presents the FPDS–NG data and provides analysis of the FAR 13.5 test program usage rate, dollar value distribution, competition levels, number of offerors, and possible factors contributing to use or non-use of the FAR 13.5 test program.

Chapter V summarizes the report's findings by answering the research questions and provides recommendations for improving the usage rate of the test program. It also provides recommendations for future research studies.

D. BENEFITS OF THE REPORT

This report benefits federal agencies, contracting offices, contractors, small business, Congress, and ultimately U.S. taxpayers. This report explains the benefits of reduced administrative burden and cost savings associated with using the commercial item test program. The reduced workload directly benefits contracting offices and contractors, allowing them to reduce manpower and focus efforts on more valuable functions. This manpower and workload reduction translates into cost savings for companies and federal agencies, which can be passed on to the U.S. taxpayer. An accurate usage rate provides Congress with a sound data point necessary to make the FAR 13.5 test program permanent. They can save time and effort associated with the regularly renewal of the program and provide a stable tool for the contracting offices to use. Finally, additional acquisitions using simplified acquisition procedures opens up more opportunities for small businesses that are not capable of or willing to be involved in a large and complicated source selection process.

E. CHAPTER SUMMARY

This chapter discussed the background of the FAR Subpart 13.5 Test Program for Certain Commercial Items by explaining the acquisition reform legislation leading to the program. It also described the research objectives by presenting two usage rate questions. The organization of the paper was then presented by explaining each of the contents of each chapter. Lastly, the benefits of this paper to federal agencies, contracting offices, contractors, small business, Congress, and taxpayers were provided.

II. LITERATURE REVIEW

A. CHAPTER INTRODUCTION

The purpose of this chapter is to provide a review of the literature directly related to the FAR Subpart 13.5 Test Program for Certain Commercial Items and the accuracy of FPDS-NG. A review of the program's history will discuss acquisition reform legislation and the resulting FAR 13.5 policies and procedures. This discussion will be followed by an explanation of four conceptual program benefits and a review of previous studies aimed at determining benefits. Next, a chronological review of usage rate studies since 2001 will be reviewed to examine various methodologies and resulting usage rates. Lastly, the history of events leading to the current state of FPDS-NG will be provided as well as past studies to discuss FPDS' accuracy and reliability improvements.

B. HISTORY OF FAR SUBPART 13.5, THE TEST PROGRAM FOR CERTAIN COMMERCIAL ITEMS

1. Acquisition Reform: The Federal Acquisition Streamlining Act of 1994 and Federal Acquisition Reform Act of 1996

In response to years of unsuccessful attempts to simplify the acquisition process and reduce the excessive use of unique government specifications, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1991 directed the Department of Defense (DOD) to establish what would become known as the Section 800 Panel (GAO, 1993). This panel was tasked to

> (1) review the acquisition laws applicable to DOD with a view toward streamlining the defense acquisition process; (2) make any recommendations for the repeal or amendment of such laws as the Panel considered necessary; and (3) prepare a proposed code of relevant acquisition laws. (GAO, 1993, p. 3)

Over the span of two years, the Section 800 Panel reviewed over 600 laws, ultimately producing a 1,800-page report containing more than 300 recommendations focused on "formulating changes to streamline and simplify the defense acquisition process and to improve the DOD's capability to purchase commercial items and

technologies" (GAO, 1993, p. 3). Many of those recommendations served as the impetus for legislative reforms in the years to follow.

The Federal Acquisition Streamlining Act of 1994 (FASA) and the Federal Acquisition Reform Act of 1996 (FARA) were two pieces of legislation that leveraged the recommendations of the Section 800 Panel to establish a foundation for increasing the acquisition of commercial items to meet the federal government's needs. Signed into law a decade after the passage of the Competition in Contracting Act (CICA), which reshaped the competitive landscape of the acquisition community, the FASA's and FARA's reforms centered around reducing requirements and procedures within the acquisition process that were considered too costly, complex, and burdensome.

The comprehensiveness of the FASA is best demonstrated by its sheer magnitude and breadth. The legislation totaled 167 pages and directed changes spanning across almost every conceivable acquisition area, specifically Contract Formation (Title I), Contract Administration (Title II), Service Specific and Major Systems Statutes (Title III), the Simplified Acquisition Threshold (SAT; Title IV), Acquisition Management (Title V), Other Procurement-Related Matters (Title VI), Small Business and Socioeconomic Laws (Title VII), Commercial Items (Title VIII), and even establishing a Federal Acquisition Computer Network (Title IX; FASA, 1994). In particular, the requirements of Title IV, Simplified Acquisition Threshold, and Title VIII, Commercial Items, provided significant reductions to the complexity of the federal acquisition system while also increasing its overall responsiveness.

The FASA's Title IV reforms to the SAT streamlined government acquisitions significantly. Although there were a number of legislative requirements under Title IV, the most notable change was the large increase to the SAT, which raised the ceiling from $25,000 to $100,000. In 1993, the DOD reported that "the lead time for awards less than $25,000 [was] 26 days [while] the lead time for awards above $25,000 [was] 90 days for simple sealed competitive bids and 210 days for negotiated competitive bids" (DOD, 1993, p. 4). Furthermore, the report noted that a $100,000 threshold would allow the DOD to accomplish an estimated 99% of all contract actions using simplified acquisition procedures (DOD, 1993). Naturally, through dramatically expanding the number of

acquisitions under the SAT, the FASA's reforms would drastically improve the speed and efficiency of the government's acquisition process.

Regarding increasing the acquisition of commercial items under Title VIII, the FASA changed the manner in which the government conducted routine business through numerous measures that aligned federal procurements with industry practices. First, the FASA established comprehensive definitions for the terms commercial item and nondevelopmental item to govern the applicability of the new statutes. Then, the FASA sought to reduce the cost and complexity for companies doing business with the government by limiting the clauses applicable to any contracts for commercial items and by exempting such acquisitions from other miscellaneous statutory requirements. Most importantly, however, the FASA established the "Preference for Acquisition of Commercial Items" under Section 8104, which required the government to proactively source commercial items by mandating, "to the maximum extent practicable, [requirements be defined] so that commercial items, or to the extent that commercial items suitable to meet the agency's needs are not available, nondevelopmental items other than commercial items, may be procured to fulfill such requirements" (FASA, 1994, § 2377(a)) and that procurement officials "acquire commercial items or nondevelopmental items other than commercial items to meet the needs of the agency" (FASA, 1994, § 2377(b)). By altering the way agencies define requirements, requiring market research, and mandating procurement officials seek commercial goods and service solutions first, the FASA moved federal acquisitions much closer to a market-based system.

Two years later, the FARA was enacted into law as part of the NDAA for FY 1996 under Division D to serve as a logical continuation of the FASA's reforms, focusing particular attention on competition requirements and commercial item acquisitions (FARA, 1996). While the FARA contained a number of notable reforms to the federal acquisition system, one particular reform sought to expand on the success of both the increased SAT and the new preferences for commercial items. Section 4202, titled Application of Simplified Procedures to Certain Commercial Items, amended Section 2304(g) of Title 10, United States Code, to establish the authority for the Test Program

for Certain Commercial Items. At the time, this program temporarily authorized the use of the highly successful Simplified Acquisition Procedures on requirements for commercial supplies and services up to $5 million. The law was incorporated into the FAR under Subpart 13.5 and titled Test Program for Certain Commercial Items. Established as a temporary program, the test program has generally been renewed every two years with some lapses in coverage. Most recently, in 2012, Congress allowed the test program to expire for a brief period before extending it again a year later until January 1, 2015, as part of the NDAA for FY 2013 (Defense Procurement and Acquisition Policy [DPAP], 2012).

2. FAR Subpart 13.5 Policies & Procedures

When active, the Test Program for Certain Commercial Items under FAR Subpart 13.5, permits the

> use of simplified acquisition procedures for the acquisition of supplies and services in amounts greater than the simplified acquisition threshold but not exceeding $6.5 million ... including options, if the contracting officer reasonably expects, based on the nature of the supplies or services sought, and on market research, that offers will include only commercial items. (FAR 13.500(a))

In order to fully comprehend the potential impacts of the test program, this paper reviews what Simplified Acquisition Procedures are and how they differ from other acquisition methods.

FAR Part 13 prescribes the policies and guidelines governing the use of Simplified Acquisition Procedures. More specifically, FAR Subpart 13.1, Procedures, and FAR Subpart 13.3, Simplified Acquisition Methods, contain a number of unique methods for contracting actions utilizing Simplified Acquisition Procedures. Those methods include the ability to

- solicit quotes as well as offers (FAR 13.106),
- use standing price quotations (FAR 13.103),
- establish and order from blanket purchase agreements (FAR 13.303),

- "use any appropriate combination of the procedures in Parts 13, 14, 15, 35, or 36" (FAR 13.003(g)), and
- "use innovative approaches, to the maximum extent practicable, in awarding contracts using simplified acquisition procedures" (e.g., reverse auction procedures; FAR 13.003(h)(4)).

Regarding the contract file documentation for acquisitions conducted under the test program, the FAR states,

> the contract file must include (1) a brief written description of the procedures used in awarding the contract, including the fact that the test procedures in FAR Subpart 13.5 were used; (2) the number of offers received; (3) an explanation, tailored to the size and complexity of the acquisition, of the basis for the contract award decision; and (4) any justification approved under paragraph (a) of this section. (FAR 13.501(b), 2014)

Finally, the FAR requires that "for the period of this test, contracting activities must employ the simplified procedures authorized by the test to the maximum extent practicable" (FAR 13.500(b), 2014). The use of the term "maximum extent practicable" versus the clear mandate that would have been imposed by using the term "shall" indicates that contracting activities have a degree of flexibility when it comes to the use of the test program. Some circumstances that might reasonably justify foregoing the use of the Simplified Acquisition Procedures authorized by the program can be found under FAR 13.003(a), which include

- sources of supply under FAR Part 8,
- existing indefinite delivery/indefinite quantity contracts, or
- other established contracts.

Such exceptions to the test program make sense because they fall into either the category of mandatory use (e.g., Federal Prison Industries [FPI] under FAR Subpart 8.6, Nonprofit Agencies Employing People Who Are Blind or Severely Disabled under FAR Subpart 8.7, Requirements Contracts under FAR 16.503) or a method that already provides a comparatively streamlined acquisition process (e.g., Federal Supply Schedules under FAR Subpart 8.4 and Indefinite-Delivery Contracts under FAR Subpart 16.5);

however, acquisitions that seemingly forego the use of the Test Program for Certain Commercial Items without fulfilling the aforementioned criteria likely subject themselves needlessly to a more risky, complex process with larger procedural limitations.

C. IMPORTANCE/BENEFITS OF FAR SUBPART 13.5

The potential advantages of FAR Subpart 13.5 can be traced back to the general scope of FAR Part 13, which states,

> The purpose of this part is to prescribe simplified acquisition procedures in order to (a) Reduce administrative costs; (b) Improve opportunities for small, small disadvantaged, women-owned, HUBZone, and service-disabled veteran-owned small business concerns to obtain a fair proportion of Government contracts; (c) Promote efficiency and economy in contracting; and (d) Avoid unnecessary burdens for agencies and contractors. (FAR 13.002, 2014)

It stands to reason then that the objective for the Test Program for Certain Commercial Items is to accomplish those same objectives, but for commercial item acquisitions in excess of $150,000 up to $6.5 million. Unfortunately, as the GAO (2014) found, “data are not specifically collected to assess test program benefits on the basis of such metrics as contracting lead time” (p. 14). Therefore, in order to assess the importance of the test program, this paper discusses the benefits that FAR Subpart 13.5 provides from a conceptual standpoint and then reviews any findings from previous studies.

1. Conceptual

If utilized correctly, the test program should theoretically allow agencies to achieve the four previously identified benefits of simplified acquisition procedures (reduced administrative costs, improved small business opportunities, greater efficiencies, and reduced burdens), but on a broader scale. This section reviews each of those objective areas and how the procedures authorized by FAR Subpart 13.5 can uniquely contribute to each one.

a. Benefit #1–Reduced Administrative Costs

First, the test program reduces administrative costs by minimizing documentation and prioritizing the efficiency of the acquisition process. In regard to reducing costs by limiting contract file documentation, FAR 13.106–3(b) instructs acquisition officials to "[k]eep documentation to a minimum. Purchasing offices shall retain data supporting purchases (paper or electronic) to the minimum extent and duration necessary for management review purposes (see subpart 4.8)." As previously mentioned, the specific documentation requirements for the test program are merely limited to four components consisting of

> a brief description of the procedures used in awarding the contract, … the number of offers received, … an explanation, tailored to the size and complexity of the acquisition, of the basis for the contract award decision; and [if necessary] … any justification [for sole source or brand name acquisitions]. (FAR 13.501, 2014)

Another way the test program minimizes administrative costs is through encouraging efficiency throughout the acquisition process. During the solicitation phase, simplified acquisition procedures instruct agencies to "respond to inquiries received through any medium (including electronic commerce) if doing so would not interfere with the efficient conduct of the acquisition" (FAR 13.106–1(f), 2014). Simplified acquisition procedures provide further efficiencies during the evaluation phase by requiring contracting officers to "ensure that quotations or offers can be evaluated in an efficient and minimally burdensome fashion" (FAR 13.106–2(b)(3), 2014). By encouraging (even requiring) efficiency when utilizing simplified acquisition procedures under the test program, contracting officers have a unique basis for supporting the reasonableness of decisions to eliminate any inefficiencies in both phases of the acquisition process, thereby reducing administrative costs.

b. Benefit #2–Improved Small Business Opportunities

Unlike acquisitions under the SAT, acquisitions conducted under the authority of the Test Program are not reserved exclusively for small business concerns (FAR 13.003(b)(1)). Still, the use of simplified acquisition procedures seeks to increase the

opportunities for small businesses to participate in government contracts through reducing the complexity of the contracting process. Solicitations developed in accordance with FAR Part 13 procedures are generally shorter, simpler, and more understandable than FAR Part 14 or 15 solicitations. Such differences ultimately make government contracting opportunities more accessible, particularly for small businesses that may lack the staff and/or experience necessary to navigate through a more complex, comprehensive process. Furthermore, utilizing the test program allows any interested commercial small businesses to respond to solicitations, whereas Indefinite Delivery—Indefinite Quantity (IDIQ) contracts or General Service Administration (GSA) schedules limit opportunities only to those companies who have a previously established contract with the respective organization. Although such limitations are fair and in accordance with CICA, they still limit the potential pool of suppliers when compared to the complete openness of a combined synopsis-solicitation under the Test Program for Certain Commercial Items.

c. Benefit #3–Greater Efficiencies

In terms of promoting efficiency and economy in contracting, the test program accomplishes these goals in two main ways. First, the evaluation procedures prescribed by FAR Part 13 allow contracting officers the ability to significantly streamline a process that would otherwise be exhaustive and time consuming for acquisitions in excess of the SAT. Specifically, FAR 13.106–2(b)(4) states,

> For acquisitions conducted using a method that permits electronic response to the solicitation, the contracting officer may—(i) After preliminary consideration of all quotations or offers, identify from all quotations or offers received one that is suitable to the user, such as the lowest priced brand name product, and quickly screen all lower priced quotations or offers based on readily discernable value indicators, such as past performance, warranty conditions, and maintenance availability; or (ii) Where an evaluation is based only on price and past performance, make an award based on whether the lowest priced of the quotations or offers having the highest past performance rating possible represents the best value when compared to any lower priced quotation or offer.

Comparing these processes to the comprehensive and restrictive procedures for opening and evaluating bids under FAR Subpart 14.4 or conducting source selections under FAR Subpart 15.3 easily illustrates the efficiencies afforded by the test program. For example, when utilizing the test program, contracting officers "are not required to establish a formal evaluation plan or competitive range, conduct discussions with vendors, or score quotations from offerors" (GAO, 2001, p. 3), all of which are more labor intensive than the procedures authorized by FAR Part 13.

A second area where FAR Subpart 13.5 promotes economies throughout the procurement process is the ability to use innovative approaches when conducting acquisitions under the authority of the test program. More specifically,

> FAR 13.003(g) gives wide latitude in the procedures that can be used for simplified acquisitions by allowing "any appropriate combination" of the procedures in other parts of the FAR and encouraging the use of "innovative approaches, to the maximum extent practicable." This had been held to permit the use of reverse auction procedures. (Cibinic, Nash, & Yukins, 2011, p. 1040)

As stated within the guiding principles for the Federal Acquisition System, as long as members of the acquisition team exercise

> sound business judgment … if a specific strategy, practice, policy or procedure is in the best interests of the Government and is not addressed in the FAR, nor prohibited by law (statute or case law), Executive order or other regulation...the strategy, practice, policy or procedure is a permissible exercise of authority. (FAR 1.102(d), 2014)

Because simplified acquisition procedures naturally have fewer restrictions, they uniquely allow acquisition officials greater latitude to conduct acquisitions in a manner that is most economical for the government.

d. Benefit #4–Reduced Burdens

Finally, the test program avoids unnecessary burdens for agencies and contractors alike through the ability to issue requests for quotes (RFQs) instead of invitations for bids (IFBs) or requests for proposals (RFPs), which require interested parties to submit a

binding offer in the form of a bid or proposal, respectively. The RFQ process differentiates itself from IFBs and RFPs because

> a quotation is not an offer and, consequently, cannot be accepted by the Government to form a binding contract … [instead], the order is an offer by the Government to the supplier … [and] a contract is established when the supplier accepts the offer. (FAR 13.004)

Thus, RFQs have the unique benefit of providing "a substantially lower risk for the supplier than that which would be incurred if the supplier were making an offer" (Cibinic et al., 2011, p. 1036). Similarly, "an RFQ also gives the agency more flexibility in conducting a procurement" (Cibinic et al., 2011, p. 1036) because the government can, for example, use standing price quotations as the basis for a contract, which further reduces the burden on the government. Furthermore, the government is not bound by RFQs to either award a purchase order or cancel the solicitation, which further reduces burdens on government agencies (FAR 15.402(e), 2014). Still, if the situation warrants the use of an RFP or an IFB to bind a contractor through the submission of an offer, the test program allows the government to use those approaches as well. Table 1 summarizes the benefits previously addressed in this section.

Table 1. Summary of FAR Subpart 13.5 Benefits

1. Reduced Administrative Costs
Limiting contract file documentation
More efficient acquisition process
2. Improved Small Business Opportunities
Shorter, simpler solicitations under SAP are likely more easily understood
Allows any eligible, interested company to respond vs. IDVs, which are exclusive
3. Greater Efficiencies
Permits a streamlined evaluation process
Allows the use of innovative approaches, such as reverse auctions
4. Reduced Burdens
Allows use of RFQs, which are generally less burdensome
Still permits the use of RFPs and IFBs, if warranted

Ultimately, the various policies and procedures governing the Test Program for Certain Commercial Items allows acquisition officials unique flexibilities to be more efficient and open with procurements. To what extent, specifically, is a question that previous studies have attempted to answer.

2. Previous Studies

Researchers have attempted to quantify the benefits of the commercial item test program since at least 1999, when "the Office of Federal Procurement Policy (OFPP) surveyed procurement executives in federal agencies to obtain their opinions on the benefits" (GAO, 2001, p. 4). Although early GAO reports struggled to find empirical data to determine the benefits of the program, recent studies have shown the program's worth. The following is a summary of the studies that have been accomplished to date.

One of the earliest measures of the commercial test program's benefits came in the form of a survey conducted in 1999 by the OFPP (GAO, 2001). The OFPP polled government procurement executives and received responses that claimed several believed benefits. The benefits included "a positive impact on (1) time required to award a contract, (2) administrative costs, (3) prices, (4) small business participation, and (5) delivery of products and services" (GAO, 2001, p. 4). Although this initial report on the program was positive, the GAO (2001) quickly pointed out some key weaknesses about the survey. Some weaknesses included that

> the survey did not measure the extent to which (1) time required to award contracts was reduced, (2) administrative costs were reduced, (3) prices reflected the best value, (4) small business participation was promoted, or (5) delivery of products and services was improved. (GAO, 2001, p. 4)

The GAO's ultimate conclusion in the 2001 report was that despite the federal procurement executives' desire to make the program permanent, benefits of the program have not yet been clearly demonstrated. The GAO recommended that Congress require that the OFPP construct a new methodology of testing the program's benefits. Congress responded by mandating that the GAO determine the extent to which the DOD was using the program and any resulting benefits (GAO, 2003). The GAO issued a report in 2003 that stated although interviews with procurement officials showed favorable program

results, the GAO was unable to accomplish either mandated task due to a lack of reliable data (GAO, 2003a). The GAO criticized the reliability of FPDS data and pointed out federal agencies' lack of progress in gathering useable data on the program.

In 2006, a significant research study was conducted on the Navy Fleet and Industrial Supply Center's (FISC) use of the test program (Johnson, Simonson, & Ziegler, 2006). The results quantified benefits using transaction touch time and ultimately determined a 90% reduction in time and cost when using the program (Johnson et al., 2006). The study found "an average cost reduction of over $9,500 per transaction" (Johnson et al., 2006, p. 21) when using FAR 13.5 instead of traditional protocol. The study was one of the first to actually quantify the benefits of the test program.

In 2008, the DOD provided a report to Congress outlining several benefits of the test program. These benefits included "increased competition and small business participation, decreased acquisition lead time, enhanced workforce morale, and decreased costs all while increasing the war fighter's capabilities" (DOD, 2008, p. 7). The DOD's (2008) report went to on to express the department's desire to make the program permanent, stating, "Incremental extension of the Test Program is a barrier to increasing the use of commercial items" (p. 7). After the test program's brief expiration in 2012, the DOD (2012) provided another report that stated, "Expiration of the FAR 13.5 Test Program for Certain Commercial Items resulted in an additional barrier to competition for actions greater than the simplified acquisition threshold" (p. 13).

In 2014, the GAO developed a methodology to assess the test program and formally acknowledged its benefits in a report to Congress. The GAO's (2014) performance audit "selected a nonrandom, nongeneralizable sample" (p. 2) from the DOD, DOI, and DHS, and determined that the test program "reduced contracting lead time and administrative burdens and generally did not incur additional risks above those on other federal acquisition efforts for those contracts" (GAO, 2014, para. 2). This report was significant because it represented the first time the GAO offered a quantitative response to Congress' mandate regarding the test program's benefits.

As discussed in previous paragraphs, past GAO reports regularly stated that reliable data was an issue in determining the program's benefits. As explained in Section C, the same challenge existed in the mandate to determine an accurate usage rate.

D. PREVIOUS USAGE RATE STUDIES

As early as 2001, researchers, such as the GAO, have attempted to quantify the use of the FAR Subpart 13.5, Test Program for Certain Commercial Items, and measure the program's use. Studies on several agencies have produced varied results. This variation is largely due to each study using its own methodology and data set. The following section provides a chronological literature review of the studies' methodologies and results. The chronological order traces the change in research design and usage rates throughout the last 15 years.

The NDAA for FY 2000 first mandated that the GAO evaluate the FAR Subpart 13.5, Test Program for Certain Commercial Items (GAO, 2001). The GAO approached the mandate by reviewing 12 total contracts that used the test program at the Air Force's Air Armament Command at Eglin Air Force Base, the Army's Defense Supply Service–Washington, and the Navy's Fleet Industrial Supply Center–Norfolk. The GAO's (2001) research design did not attempt to identify a usage rate, and "data was not collected to provide a basis for measuring whether the test program produced the desired results" (p. 4). Although the GAO referenced an Office of Federal Procurement Policy (OFPP) survey that showed procurement executives' belief in the effectiveness of the program, empirical data was not collected, and the GAO (2001) ultimately concluded that the benefits could not yet be clearly demonstrated.

A 2005 Naval Postgraduate School (NPS) joint applied project examined the Marine Corps' Regional Contracting Office–Southwest (RCOSW), located at Camp Pendleton, to determine whether the office was fully utilizing simplified acquisition legislation, such as those offered in FAR Subpart 13.5 (Gillespie, 2005). The project did not use Federal Procurement Data System (FPDS) data. Instead, it used data pulled from RCOSW's awards database for FY 2003, 2004, and 2005. The study did not provide a FAR Subpart 13.5 usage rate but showed that while 90% of RCOSW's spending was

eligible for simplified acquisition procedures (SAP), such as the test program, only 66% used SAP. The study concluded that the remaining actions were procured "using traditional contract methods, even though they fit the criteria of the FAR 13.5 test program and could have been bought using SAP" (Gillespie, 2005, p. 25). The benefits of this study are that it utilized a more data-driven and quantifiable research approach than the 2001 GAO report and avoided any FPDS accuracy issues by using the RCOSW's local system.

In 2006, an Acquisition Research Program (ARP) report by E. Cory Yoder used FPDS data to empirically analyze the FAR 13.5 test program usage rate in the Navy. The study examined the Naval Supply Systems Command (NAVSUP) and the Navy's Fleet and Industrial Supply Center–San Diego (FISCSD) through both FPDS and contract file review to determine the extent of FAR 13.5 program use. The analysis identified usage rates from FPDS (as shown in Table 2) and utilization effectiveness through contract inspection. The usage rates by dollar value varied significantly from 13% to 56% while the usage rates by action were fairly consistent between NAVSUP and FISCSD and were as high as 57% in FY 2001 (Yoder, 2006). Despite the rather positive usage rates, contract inspection at FISCSD showed that contracts coded as using the FAR 13.5 test program often did not fully utilize all advantages provided by the program (Yoder, 2006). This study's methodology effectively utilized FPDS to derive reliable usage rates, but also recognized the limitations of FPDS leading up to 2006 and utilized contract inspection to provide a more complete analysis.

Table 2. NAVSUP & FISCSD FAR 13.5 Utilization Rate (after Yoder, 2006)

ORGANIZATION	DATA SET YEAR	USAGE RATE ($)	USAGE RATE (ACTIONS)
NAVSUP	FY 2001	36%	45%
NAVSUP	FY 2002	23%	28%
NAVSUP	FY 2003	24%	28%
NAVSUP	FY 2004	34%	46%
NAVSUP	FY 2005	27%	28%
Navy FISCSD	FY 2001	13%	57%
Navy FISCSD	FY 2002	15%	20%
Navy FISCSD	FY 2003	37%	38%
Navy FISCSD	FY 2004	56%	53%
Navy FISCSD	FY 2005	26%	19%

In 2011, a Defense Acquisition University (DAU) study leveraged Yoder's work to examine FAR 13.5 test program utilization at the Defense Logistics Agency (DLA; Shearer, 2011). This research took advantage of the improvements to the Federal Procurement Data System–Next Generation (FPDS–NG) data accuracy and the newly added FPDS–NG data element 10J to derive a usage rate (by action) of 6% for FY 2009 and 11% for FY 2010 (Shearer, 2011). However, the data mining methodology did not appear to have controlled for actions that were ineligible for the program, such as limits by dollar thresholds. Therefore, the usage rates provided in Table 3 appear to answer the basic question of how often the FAR 13.5 test program is used in DLA, regardless of whether the action was eligible.

Table 3. Defense Logistics Agency FAR 13.5 Utilization Rate (after Shearer, 2011)

AGENCY	DATA SET YEAR	USAGE RATE ($)	USAGE RATE (ACTIONS)
DLA	FY 2009	not provided	6%
DLA	FY 2010	not provided	11%

While the DAU was leveraging Yoder's 2006 study, Yoder and Hawkins (2011) were developing a new methodology to derive the FAR 13.5 utilization rate using FPDS–NG data for the Air Force and Navy. Instead of relying strictly on the new FPDS–NG Data Element 10J, their research used the ninth digit of the solicitation number as an alternative indicator (Yoder & Hawkins, 2011). After controlling for factors that would make an action ineligible for the test program, such as dollar thresholds, modifications, delivery orders, and non-commerciality, their research (depicted in Table 4) showed a 78% and 79% usage rate for the Air Force and Navy, respectively (Yoder & Hawkins, 2011).

Table 4. Air Force & Navy FAR 13.5 Utilization Rate (after Yoder & Hawkins, 2011)

AGENCY	DATA SET YEAR	USAGE RATE ($)	USAGE RATE (ACTIONS)
Air Force	FY 2010	not provided	78%
Navy	FY 2010	not provided	79%

A comparison between Yoder and Hawkins's research and a recent study by the GAO in 2014 highlights the strong effect that methodology design can have on the FAR 13.5 test program usage rate. The GAO examined FY 2011 FPDS–NG data from the DOD, DOI, and Homeland Security and determined the usage rate was 9% by dollar value and 12% by total actions (GAO, 2014). Additionally, the report determined the

usage rate for the entire federal government was only 2%. Complete summaries of the GAO's findings are consolidated in Table 5. The GAO report methodology relied heavily on the FPDS–NG Data Element 10J and, unlike Yoder and Hawkins, was controlled solely by dollar threshold to remove ineligible or impractical actions.

Table 5. Total Federal, DOD, DOI, & DHS FAR 13.5 Utilization Rate (after GAO, 2014)

AGENCY	DATA SET YEAR	USAGE RATE ($)	USAGE RATE (ACTIONS)	RESEARCH GROUP
Federal Government	FY 2011	2%	Not Provided	GAO
DOD, DOI, & DHS	FY 2011	9%	12%	GAO
Army Materiel Command	FY 2011	6%	7%	GAO
Naval Supply Systems Command	FY 2011	23%	26%	GAO
Air Force Materiel Command	FY 2011	6%	6%	GAO
U.S. Coast Guard	FY 2011	17%	24%	GAO
DOI Acquisition Services Directorate	FY 2011	18%	22%	GAO

The large variation in the usage rate shown by the last 15 years of research is due largely to the variation in methodology design for each study. The change in methodology over the years coincides with the change in availability and accuracy of the data set, FPDS–NG. As FPDS–NG improved in capability and accuracy, usage rate

studies applied different approaches to answer the FAR 13.5 usage rate question. The next section discusses the development of FPDS–NG, the improvements over the years, and the studies conducted regarding FPDS–NG accuracy.

E. USE OF THE FEDERAL PROCUREMENT DATA SYSTEM–NEXT GENERATION

The FPDS–NG system has made several significant improvements over the years. Those improvements have enhanced the ability of researchers to conduct studies quantifying the test program's usage and overall benefits. In conducting those studies, researchers used various methodology designs and data sets, which resulted in varying usage rates. This section explains the history of events leading to the current state of FPDS-NG as well as past studies to discuss FPDS' accuracy and reliability improvements.

1. Chronological Development of FPDS–NG

The FPDS–NG is an automated web-based information system used to develop, collect, and disseminate federal procurement data (FPDS–NG, n.d.). It is the only approved federal procurement data repository authorized for use by Congress, the Executive Branch, audit agencies such as the GAO, private sector companies, and the general public (FPDS–NG, 2014). FPDS was established under the direction of the OFPP, as amended, 41 U.S.C. 401 et seq. and the FAR Subpart 4.6 (FPDS–NG, 2014) and has served as the federal government's primary depository for contract data since 1978 (GAO, 2003b). This report uses FPDS–NG as its primary data source for evaluating the usage rate of FAR Subpart 13.5, Test Program for Certain Commercial Items.

The following time line provides a brief history of FPDS–NG and a summary of the events leading to the current version of FPDS–NG:

- December 1972: The Commission on Government Procurement determined that the government should have a single system responsible for collecting and reporting on government procurement statistics (GAO, 1980).

- November 1973: An interagency task group was charged with studying the commission's recommendation and obtain agency comments (GAO, 1980).

- August 1974: "Congress passed the Office of Federal Procurement Policy Act (Public Law 93–400)" (GAO, 1980, p. 2) requiring the OFPP administrator to establish a procurement tracking system (GAO, 1980).

- February 1978: The OFPP administrator designated the DOD as OFPP's executive agent in charge of establishing and operating the Federal Procurement Data Center (FPDC) and FPDS (GAO, 1980).

- October 1978: Federal agencies were required to start collecting identified data for FPDS (GAO, 1980).

- October 1979: Congress enacted Public Law 96–83 transferring responsibility of the FPDC from the DOD to the General Services Administration (GSA; GAO, 1980).

- April 2003: The GSA awarded a contract to Global Computer Enterprises (GCE), Inc., to review and transfer federal agencies' data to FPDS–NG. The contract also required that GCE validate and connect agencies contract writing systems to FPDS–NG (GAO, 2005).

- October 2003: FPDS–NG became operational (GAO, 2003b).

- December 2004: FPDS–NG was available for public use (GAO, 2005).

- September 2006: "The Federal Funding Accountability and Transparency Act of 2006 (FFATA, P.L. 109–282) mandated the development of a user-friendly system comprising a variety of government spending data, including procurement data" (Halchin, 2013, p. 3). The user-friendly searchable website developed was usaspending.gov.

- March 2007: The OMB issued a memorandum to start the *Federal Procurement Data Verification and Validation (V&V).*

- December 2007: Usaspending.gov was officially launched (USA Spending, n.d.).

- 2009: Data Field 10J, "Commercial Item Test Program" was added to FPDS–NG (GAO, 2014).

The most significant upgrade from FPDS to FPDS–NG included more "machine-to-machine" automated data entry methods and error detection software designed to

provide immediate data verification (GAO, 2003b). Automated data entry allowed the agencies' contract writing systems to directly transfer contract data to FPDS–NG, and the error detection software enabled the user to correct mistakes prior to the data being finalized. Both of these features were included in an effort to improve the reliability of the data (GAO, 2003b).

2. FPDS–NG FAR Subpart 13.5 Coding Accuracy

Reliability of FPDS data has been an issue since the program's inception. The OFPP and GSA have continually focused on making improvements to the system over the years and have made great strides since agencies first started providing data in 1978. Currently, OFPP and GSA require each agency to complete an annual certification of accuracy and completeness percentages of their FPDS–NG data (FPDS–NG, 2014). This section discusses past FPDS–NG data accuracy issues and the improvements made to the system.

Less than a year after agencies started reporting procurement data, the Subcommittee on Human Resources and the Committee on Post Office and Civil Service requested that the comptroller general examine the effectiveness of FPDS (GAO, 1979). Despite 56 agencies being required to report, 20 agencies had either "not reported, reported in part, or submitted reports not in accordance with prescribed instructions" GAO, 1979, p. 1). The comptroller general reported that

> the Federal Procurement Data System relies on the integrity of many individuals to prepare reports and to prepare them correctly. If, for some reason, a report is not prepared, the data on the contract award will not enter the system. Furthermore, the Center has no means for knowing whether data are reported for all contracts. (GAO, 1979, p. 2)

The comptroller general and the GAO quickly followed this 1979 report with their own FPDS examination. This 1979 report was quickly followed by another FPDS examination by the comptroller general and the GAO. In April of 1980, they reported that, while progress was made setting up the system, "FPDS failed to alert users that the system contained known errors" (GAO, 2003b, p. 2). The report also stated that "timeliness of reporting by the agencies and accuracy of the data submitted" needed

improvement (GAO, 1980, p. ii). FPDS was in its infancy and was already facing tough scrutiny.

Inspections and reports addressing FPDS accuracy and overall system improvement continued to be a regular occurrence for the OFPP and GSA as they worked to improve the system. A 1994 GAO report documented a meeting between the GAO, OFPP, and GSA regarding improvement recommendations. One of the report's biggest improvement suggestions involved developing accuracy and completeness standards for FPDS data. The OFPP and GSA agreed with the GAO's recommendations and tasked the Federal Procurement Data Center (FPDC) to establish a set of standards for distribution to all agencies (GAO, 1994).

Despite improvements by the OFPP and GSA, accuracy issues continued to be a problem for the FPDS. For instance, in a study to examine the usefulness of the commercial item test program, the GAO (2001) examined procurement data and initially determined that the federal government "purchased about $31.6 billion in commercial items for fiscal year 2000 and used the simplified procedures to purchase $1.9 billion in commercial items" (p. 3). However, interviews with the actual agencies showed that the number of contracts using the test program was overstated. The GAO (2001) was not able to evaluate the full extent of the possible over-reporting problem.

One of the most significant reports to highlight accuracy issues in FPDS was a September 2003 GAO report that attempted to examine the usage of the commercial item test program for the DOD, Department of Treasury (DOT), and Department of Justice (DOJ). The report found FPDS data to include significant errors and came to the overall assessment that "there is no reliable information for measuring the test program's benefits" (GAO, 2003a, p. 7). Figure 1 is an excerpt from GAO report GAO-03–1068 and shows the substantial over and understatement of the value of the contracts that FPDS showed as using the commercial item test program. For example, FPDS showed that the DoT's U.S. Mint used the program for $242 million in contract actions for FY 2001. However, through interviews with DoT procurement officials, the GAO (2003a) determined that U.S. Mint did not use the commercial item test program that year. Conversely, FPDS showed a $4 million value for the DLA, only to determine through

interviews with DLA procurement officials that the value was actually $146 million (GAO, 2003a).

Department's buying organization	Value of test program contracts, according to FPDS (fiscal year 2001)	What procurement officials said about FPDS's data
Department of the Treasury's U.S. Mint	$242 million	U.S. Mint said it did not use the test program at all
DOD's Defense Logistics Agency	$4 million	Defense Logistics Agency said it obligated $146 million in test program contracts
Department of Justice's Federal Prison Industries	$118 million	After reviewing portions of FPDS's data, about $31 million in contract actions, Federal Prison Industries said none of those items were purchased under the test program

Figure 1. Examples of FPDS Discrepancies (from GAO, 2003a, p. 5)

Two months after the September report, the GAO sent a letter to the director of the OMB summarizing examples of FPDS data reliability issues found in past GAO studies (GAO, 2003b). The letter recognized that a major cause of the errors in FPDS was data entry mistakes by the agencies' contracting personnel. It also highlighted the positive attributes of the new FPDS–NG that addressed data entry errors and made the following three recommendations for the improvement of data reliability in the new system:

1. Ensure that agencies allocate the resources necessary to implement contract writing systems capable of electronic transfer of information to FPDS–NG.

2. Require agencies that have not yet implemented electronic contract writing systems to report regularly to the OMB on their plans to ensure reliability of the information reported to FPDS–NG.

3. Request that major agencies, in consultation with the GSA, conduct regular reviews of their procedures for collecting and reporting information to FPDS– NG. Agencies should conduct such reviews annually until a satisfactory level of reliability is achieved, and periodically thereafter. (GAO, 2003b, p. 3)

The OMB and GSA both agreed with the recommendations, and on August 25, 2004, the OMB sent a memo to the heads of executive departments and agencies and the President's Management Council directing them to take steps necessary to comply with

the GAO's recommendations (Johnson, 2004). The upgrade to FPDS–NG and the required actions in this memo represented a significant improvement of procurement data reliability.

In September 2005, the GAO issued another letter to the OMB summarizing a review of the FPDS–NG improvements to date (GAO, 2005). The report raised concerns about federal agencies' lack of progress toward accuracy and timeliness of data, which largely stemmed from contract writing systems not yet electronically interfacing with FPDS–NG. While the report noted that 90% of agencies made the connection, it highlighted the DOD specifically for its implementation delays (GAO, 2005). The GAO report recommended that the OMB work directly with the DOD to connect its contract writing systems to FPDS–NG. A memorandum from the director of Defense Procurement and Acquisition Policy (DPAP) to the defense agencies dated May 1, 2007 cited the challenges with the transition to FPDS–NG, but asserted that "the majority of DOD contracting offices are now reporting their FY07 contract actions to FPDS–NG" (DPAP, 2007, p. 1). While adjustments and improvements to FPDS–NG were ongoing, the connection of the DOD's contract writing systems was a significant step in finalizing the transition to the new system and overall; 2007 showed increased focus and progress toward the goal of data accuracy.

A significant example of increased focus and progress toward data accuracy is displayed in the OMB's (2007) *Federal Procurement Data Verification and Validation* (V&V) program that required agencies to "[e]stablish an agency-wide requirement for routine, statistically-valid data verification and validation" (Denett, 2007, p. 1) and provide an annual certification of their FPDS–NG data. The OMB issued a memorandum on May 9, 2008, which provided guidance on improving data quality and gave further instructions on the new V&V program. In response to the OMB's V&V program and overall focus on FPDS–NG data quality, the DOD created an *FPDS Contract Reporting Data Improvement Plan*, which included a 10-step process for data V&V (DPAP, 2008). The plan was sent to the OMB and all DOD agencies for implementation on July 25, 2008 (DPAP, 2008).

As the transition to FPDS–NG continued and focus on data accuracy V&V increased, the studies of the Test Program for Certain Commercial Items persisted. In an effort to improve data collection on the use of the test program, the DOD requested an FPDS–NG change (GAO, 2014). “FPDS–NG was modified in 2009 to include a specific, single reporting field to identify test program contracts” (GAO, 2014, p. 9). The change resulted in the addition of data element 10J, Commercial Item Test Program (FPDS–NG, 2014).

In 2009, the GAO (2009) recognized the improvements of FPDS–NG but continued to report data quality concerns with the system. A September 2009 GAO report noted that

> submitting data electronically has improved the reliability of FPDS–NG, and while we have found some FPDS–NG data sufficiently reliable for specific reports since our last review of the system in 2005, recent GAO reports illustrate that the quality of some FPDS–NG data remains a concern. (p. 4)

This mixed review highlighted the progress made through electronically submitted contract data, referencing a GSA report that stated that “more than 99 percent of data in FPDS–NG data were being submitted to the system electronically and that the agencies submitting the data had reviewed and verified the accuracy and completeness of their data” (GAO, 2009, p. 4). While the overall report voiced data reliability concerns about several government systems, including FPDS–NG, the report included positive comments about the data accuracy improvements made with FPDS–NG.

As data reliability improved, the OMB continued to push for accurate, complete, and timely procurement data through its V&V program. In May 2011, the OMB issued the memorandum *Improving Federal Procurement Data Quality: Guidance for Annual Verification and Validation*, which expanded on the reporting requirements of FAR 4.604 and looked to standardize the V&V process by providing sampling methodologies and reporting templates (Gordon, 2011).

FPDS–NG data reliability improved greatly since its inception in 1978. A USA Spending (n.d.) report titled *Federal Government Procurement Data Quality Summary:*

Fiscal Years 2008 through 2011—For Agency Data in the Federal Procurement Data System found that 98.3% of contract actions from 2008 through 2011 were timely and 94% of the prescribed data elements were accurate. While room for improvement remained, clearly, FPDS–NG coding accuracy was headed in the right direction. This positive outlook is supported by a 2013 report by the Center for Strategic & International Studies (CSIS), which found that while issues remain to be addressed, "Continued efforts by both legislative and user-generated feedback to FPDS–NG have led to measurable changes in data quality" (Dadsetan & Raghavan, 2013, p. 2). It continued, "The combination of bottom-up and top-down efforts signals a promising shift in the quality and quantity of future government contracting data management, as better data attracts larger user-bases and generates more feedback" (Dadsetan & Raghavan, 2013, p. 2). The positive outlook presented in these statements shows significant progress made.

Finally, the most significant, current, and pertinent report on FPDS–NG data reliability came from the GAO in February of 2014. The report specifically assessed the reliability of the commercial item test program data in FPDS–NG by randomly sampling 243 contracts from FY 2011 and requiring the DOD, DOI, and Homeland Security to verify the FPDS–NG coding (GAO, 2014). The departments were then required to submit contract file documentation proving use of the commercial test program. From the sample, the GAO (2014) "determined that the test program data reported in FPDS–NG were sufficiently reliable to determine the minimum extent to which the test program was used by the components" (p. 27). This study did not, however, examine contracts that were not coded as using the commercial item test program and therefore "did not assess the extent to which test program actions and obligations may be underreported" (GAO, 2014, p. 27). Therefore, this study shows that contracting officials are generally not erroneously coding purchases using the commercial item test program and overstating the use, but it does not address the possibility of understatement through the lack of coding actual test programs contracts.

Although there are still opportunities to improve FPDS–NG, the latest reports show accuracy has increased substantially, particularly with FAR 13.5 test program data. In addition to FPDS–NG being the only approved federal procurement data repository

authorized for use by Congress since 1978 (GAO, 2003b), the recent improved accuracy make it the most logical and sound data source available for studying the FAR 13.5 usage rate in the Air Force.

F. CHAPTER SUMMARY

Previous literature pertaining to FAR Subpart 13.5 Test Program for Certain Commercial Items shows that a program meant to simplify the acquisition process has a complex history. The program's usage and overall benefits have been questioned since its inception by the Federal Acquisition Streamlining Act of 1994 and Federal Acquisition Reform Act of 1996. While a review of FAR 13.5 policies and procedures showed the program has a clear goal of providing agencies four fairly straightforward benefits of simplified acquisition procedures (reduced administrative costs, improved small business opportunities, greater efficiencies, and reduced burdens), the complexity of a simple program arises when groups, such as GAO and academic researchers, attempt to quantify these benefits and determine overall usage rates. Specifically, early GAO reports struggled to find empirical data to determine the benefits of the program. This was largely due to reliability issues with the federal governments' contract reporting tool, FPDS–NG. However, as FPDS–NG improved over the years, the ability to quantify the test program's usage and overall benefits improved as well and recent studies have shown the program's value. In conducting those studies, researchers used various methodology designs and data sets, which resulted in varying usage rates. Chapter III explains how this paper's methodology builds on those past studies and leverages the improvements of FPDS–NG.

III. METHODOLOGY

A. CHAPTER INTRODUCTION

The purpose of this chapter is to explain the methodology and limitations associated with this research. First, this chapter will explain how the literature review was used to create a research schema devised to improve on past FAR 13.5 test program studies. A detailed step-by-step process, using the U.S. Air Force data from February 1, 2013, to May 30, 2014, will be provided in a manner that allows duplication with other data sets. Lastly, three limitations associated with this research are identified and discussed.

B. METHODOLOGY

The research methodology for this project consists of a literature review and analysis of FPDS–NG data to determine the usage rate of the Test Program for Certain Commercial Items. The literature review examined legislature and federal government policy behind the establishment of the test program, the design and benefits of the program, previous usage rate studies, and accuracy of the FPDS–NG. The analysis of FPDS–NG data uses a schema designed to control for factors such as dollar thresholds and mandatory sources to capture the most accurate test program usage rate for the U.S. Air Force from February 1, 2013, to May 30, 2014. The precise step-by-step process and rationale is outlined in the following section.

The data set contained all Air Force contract actions reported in FPDS–NG from February 1, 2013, to May 30, 2014. The data was located in an Excel file, and the following sorting and elimination steps were conducted:

Step 1: Sort Column FJ (Base and all Options Value—Data Element 3A) by dollar amount.

Rationale: According to the FPDS–NG "User Manual" (2014),

> This data element is required for all Awards and Modifications. Enter the mutually agreed upon total contract or order value including all options (if any). For modifications, this is the change (positive or negative, if any) in

> the mutually agreed upon total contract value. See Data Dictionary Element 3A Use Case for appropriate data entry requirements. (p. 22)

FAR Subpart 13.5, Test Program for Certain Commercial Items, applies to contract actions for the "acquisition of supplies and services in amounts greater than the simplified acquisition threshold but not exceeding $6.5 million ($12 million for acquisitions as described in 13.500(e)), including options" (FAR Subpart 13.5, 2014). Sorting by data element 3A ensures that the data is sorted by the dollar amount that captures the base and all options instead of strictly the original obligation amount.

Step 2: Eliminate all actions less than $150,000 and more than $6.5 million.

Rationale: Per FAR Subpart 13.5, the Test Program for Certain Commercial Items is only applicable to procurements in this price range. Removing all actions above or below those thresholds ensures that actions that are ineligible for the program are excluded from the data set.

Step 3: Filter Column G (Modification Number—Data Element 1B) and remove all modifications.

Rationale: According to the FPDS–NG "User Manual" (2014),

> Enter a Modification Number in accordance with your agency's policy, when reporting modifications to contracts, agreements, or orders. This number must be unique for any given PIID. This is a required field for all modifications and can be up to 25 characters. Otherwise, leave blank. (p. 19)

FAR Subpart 13.5, Test Program for Certain Commercial Items, is not applicable to modifications. Removing all actions with input in this field eliminates ineligible modifications from the data set.

Step 4: Filter Column I (Referenced IDV/PIID—Data Elements 1C, 1G, and 1H) and remove each action that has input in the cell.

Rationale: According to the FPDS–NG "User Manual" (2014),

> This data element is required for all Delivery/Task orders and BPA calls. It is not required for a DCA, Purchase Order, and a Modification. Enter the contract or agreement number of the IDV against which your order is placed. FPDS-NG allows for up to 50 characters. This data element

> consists of three parts: The Referenced IDV agency identifier, Referenced IDV PIID and the Referenced IDV Modification Number. (p. 19)

This data element is only populated when the action is a delivery order, task order, or blanket purchase agreement (BPA) call against an existing contract or agreement. Writing a new contract using the Test Program for Certain Commercial Items when a contract is already in place to provide the supply or service is not an efficient or effective use of the program. Removing all actions that have input for this data element eliminates actions that already had a contract vehicle in place for use.

Step 5: Filter Column AR (Commercial Item Acquisition Procedures—Data Element 10H) and remove each action coded as "Commercial Item Procedures not used."

Rationale: According to the FPDS–NG "User Manual" (2014),

> This data element is required for a DCA, Purchase Order, and populates on all orders and PBA Calls and Modifications. This designates whether the solicitation used the special requirements for the acquisition of commercial items or other supplies or services authorized to use commercial item procedures intended to more closely resemble those customarily used in the commercial marketplace as defined by FAR Part 12. Select the appropriate value from the drop down menu. See Data Dictionary Element 10H Use Case for appropriate data entry requirements. (p. 55)

FAR Subpart 13.5, Test Program for Certain Commercial Items, is only applicable to commercial items. Removing all actions coded as "Commercial Item Procedures not used" removes all actions for non-commercial items that are not eligible for the test program.

Step 6: Filter Column AT (Commercial Item Test Program—Data Element 10J) and remove cells with "No."

Rationale: According to the FPDS–NG "User Manual" (2014),

> This data element is required for a DCA, Purchase Order, and populates on all orders and PBA Calls and Modifications. This field designates whether the acquisition utilized FAR 13.5 Test Program for Certain Commercial Items. The FAR 13.5 Test Program provides for the use of simplified acquisition procedures for the acquisition of supplies or services in amounts greater than the simplified acquisition threshold when:

> (1) the acquisition does not exceed the threshold and the contracting officer reasonably expects that offers will only include commercial items; (2) the acquisition does not exceed the threshold and is for commercial items that, as determined by the head of the agency, are to be used in support of a contingency operation or to facilitate the defense against or recovery from nuclear, biological, chemical, or radiological attack; or (3) the acquisition does not exceed the threshold and can be treated as an acquisition of commercial items in accordance with FAR 12.102(f)(1)—agency head determines the supplies or services are to be used to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack. (p. 56)

This final sort shows the total actions eligible to use FAR Subpart 13.5, Test Program for Certain Commercial Items, versus how many actions actually used the program.

C. METHODOLOGY LIMITATIONS

Three main limitations were identified during the course this research. The first is an inherent limitation due to the data relying on human data entry and self-reporting. As discussed in the literature review, accuracy and reliability issues have been found in FPDS–NG reporting, although actions coded as having utilized the test program were accurate (GAO, 2014).

The second limitation was discovered through performing data analysis and stems from a discrepancy between two data fields. Data cell Column AJ (Extent Competed—Data Element 10A) "is the code that represents the competitive nature of the contract" (FPDS–NG, 2014, p. 47). Table 6 illustrates the various options available:

Table 6. Options for FPDS–NG Data Element 10A—Extent Competed
(from FPDS–NG, 2014, p. 47)

Short Description	**Full Description**
Competed under SAP	Select this code when the action is competed under the Simplified Acquisition Threshold.
Follow On to Competed Action. This value is not available for Post CLOD actions.	Select this code when the action is a follow on to an existing competed contract. FAR 6.302–1
Full and Open Competition	Report this code if the action resulted from an award pursuant to FAR 6.102(a) - sealed bid, FAR 6.102(b) - competitive proposal, FAR 6.102(c) - combination, or any other competitive method that did not exclude sources of any type
Full and Open Competition after exclusion of sources	Select this code when some sources are excluded before competition
Not Available for Competition	Select this code when the contract is not available for competition
Not Competed	Select this code when the contract is not competed.
Not Competed under SAP	Select this code when the action is NOT competed under the Simplified Acquisition Threshold

For actions coded as utilizing the FAR 13.5 Test Program under Data Element 10J, all actions were rightfully coded as either “Competed under SAP” or “Not Competed under SAP;” however, there were also actions in excess of $150,000, but less than $6,500,000 coded as “Competed under SAP” or “Not Competed under SAP” that were not coded as utilizing the FAR 13.5 Test Program. Generally, this situation should not exist because the authority for utilizing SAP in excess of $150,000 is limited to the test program, which authorizes the use up to $6,500,000, or declared contingencies, which authorize the use up to $300,000 inside the United States and up to $1,000,000 outside

the United States (FAR 2.101, 2014). Of those actions that were coded as either "Competed under SAP" or "Not Competed under SAP," 349 actions were less than or equal to $1,000,000, leaving a potential for SAP usage in support of a contingency, with 49 additional actions that appear to at least be miscoded in one way or another. Unfortunately, FPDS–NG data does not contain a data field to distinguish between actions in support of a contingency and those that are not, which is the third and final limitation.

The inability to identify contingency contracting actions limits the accuracy of the methodology in two ways. First, since the SAT is higher for declared contingencies, not all actions in excess of $150,000 require the authority of FAR 13.5 to use SAP. This could result in the methodology somewhat overstating the test program's full usage rate; however, the overseas contingency contracts issued in Afghanistan use an Army Department of Defense Activity Address Code (DODAAC) because the Army is the lead agency in the theater of operations. Since those contracts would not appear in an Air Force data set pulled from FPDS–NG, the risk of overstating the program's usage rate is minimal. Second, the FAR 13.5 Test Program's upper threshold for contingencies is $12,000,000. As a result, this methodology may understate the full usage rate since any actions in support of a contingency in excess of $6,500,000 were not counted. Of all contracts between $6,500,000 and $12,000,000, only three actions were coded as using the test program. While FPDS–NG does contain a mandatory data field to indicate if a contract action "supports a declared contingency operation, a declared humanitarian operation, or a declared peacekeeping operation" (Contingency, Humanitarian, or Peacekeeping Operation—Data Element 6H), that field is not part of the FPDS–NG competition report (FPDS–NG, 2014, p. 36). If that field was present in the data, both of the previous limitations could be corrected for through additional filters and sorting to specifically identify and factor in those additional test program actions.

Of these limitations, using an alternate final step in the methodology can assess the second issue concerning the discrepancy in coding:

Alternate Step 6: Filter Column AJ (Extent Competed—Data Element 10A) and keep cells with "Competed Under SAP" and "Not Competed Under SAP."

This alternative final sort shows the total number of actions over $150,000 but less than or equal to $6,500,000 where Simplified Acquisition Procedures were used either competitively or noncompetitively out of the same pool of eligible contracts. Theoretically, this number should be identical to the number of actions coded as using the test program since FAR 13.5 is the authority for utilizing SAP in excess of the SAT. Any inconsistencies between the two computed values would signify miscoding in one of the two fields.

D. CHAPTER SUMMARY

The research methodology described in this section leverages the lessons obtained from the literature review to create a schema devised to improve on past FAR 13.5 test program studies. The result is a detailed step-by-step process designed to control for key factors, such as dollar thresholds and mandatory sources, and ultimately aims to capture the most accurate test program usage rate possible for the U.S. Air Force from February 1, 2013, to May 30, 2014.

The three identified limitations, human data entry, FPDS–NG data field discrepancy, and contingency contracting actions, each provide a unique challenge. However, the design schema was developed to reduce the effects of the limitations as much as possible. Human data entry and self-reporting have and will continue to affect accuracy levels of FPDS–NG data. However, recent studies have shown accuracy of FPDS–NG data pertaining to the FAR 13.5 test program have improved significantly and are "sufficiently reliable to determine the minimum extent to which the test program was used by the components" (GAO, 2014, p. 27). Additionally, despite the improvements of the FPDS–NG contract reporting system, errors in the data fields still exist. To account for a data field error that specifically affects the FAR 13.5 test program data, an alternate step in the methodology was developed resulting in a usage range. Finally, while the data set does not enable the ability to adjust for contingency contract actions, avoiding U.S.

Army DODAACs significantly reduces the risk of overstating the program's usage rate. Chapter IV presents the data resulting from the applied methodology and analyzes the results.

IV. DATA PRESENTATION AND ANALYSIS

A. CHAPTER INTRODUCTION

The purpose of this chapter is to analyze the Air Force's usage rate of the FAR Subpart 13.5 Test Program for Certain Commercial Items. First, test program awards will be identified using the methodology described in Chapter III and the dollar value distribution examined. Level of competition and average degree of competition will then be provided and analyzed. Lastly, Air Force policy, guidance, and training will be discussed as possible conditions affecting the data results.

B. ANALYZING THE AIR FORCE'S USAGE RATE OF THE TEST PROGRAM

Utilizing the previously defined methodology in Chapter III produced the following results.

1. Identifying Test Program Awards in the Air Force

The FPDS–NG data from February 1, 2013, through May 31, 2014, contained a total of 156,248 contract actions. These contract actions consisted of any new contract awards, modifications, purchase and delivery orders, etc., that were reported through FPDS–NG during that period of time. Of all those contract actions, 18,995 were of a dollar value greater than the SAT ($150,000) but less than or equal to $6,500,000. Since those actions still contained modifications, factoring those out resulted in a total of 11,570 new contracts or purchase/delivery orders awarded within the test program's range. Next, eliminating new actions utilizing ordering vehicles such as BPAs and ID/IQs reduced the number of actions to 3,508. As non-commercial acquisitions were removed, the total number of actions eligible for the test program within the data set was 1,709. Finally, filtering the remaining eligible contract actions returned only 475 actions reporting use of the test program, a usage rate of just 27.79%. Use of the alternate methodology, which filtered results based on the competition coding instead of the test program coding, on the same eligible pool of 1,709 contract actions returned 880 actions, a usage rate of 51.49%, that reported the use of SAP (either competitively or non-

competitively) in excess of $150,000, but less than or equal to $6,500,000. Figure 2 graphically depicts the results of these filters.

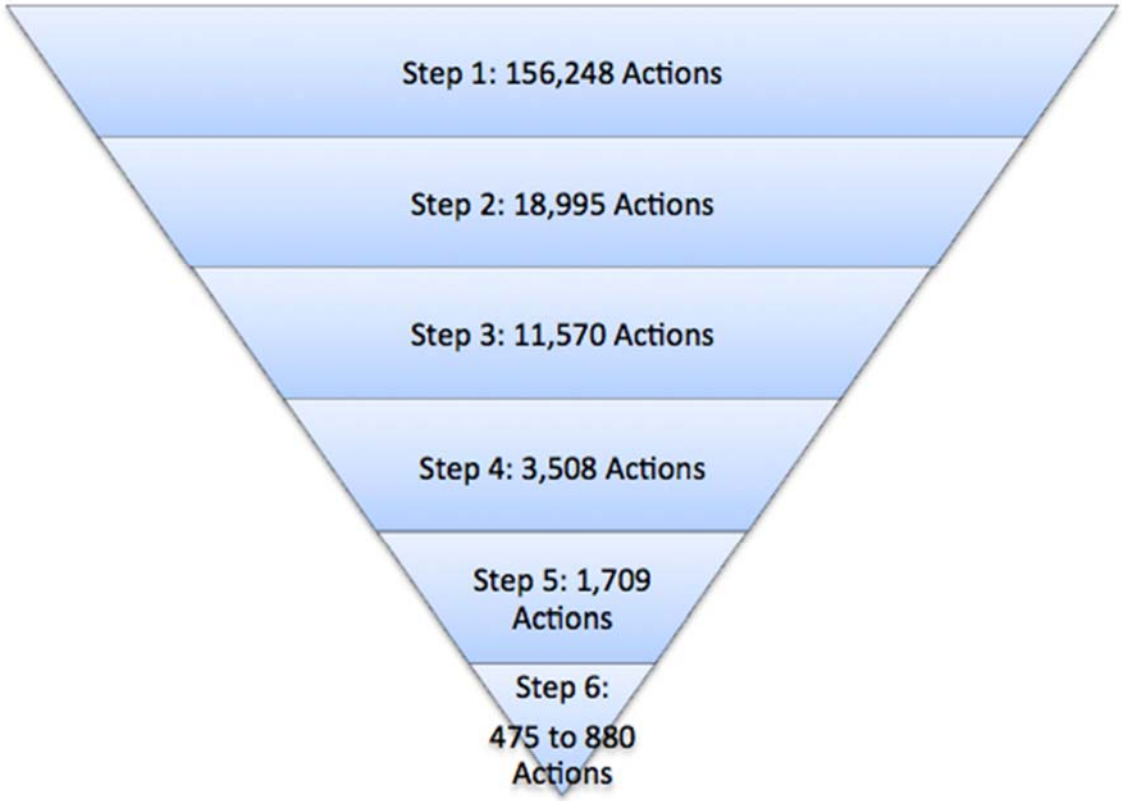

Figure 2. Identifying the Air Force's Number of Test Program Awards Between $150,000 and $6.5M (after FPDS–NG, n.d.)

Since the Test Program for Certain Commercial Items authorizes the use of simplified procedures in excess of the SAT, both methodologies should theoretically report the same result; however, only 475 actions were coded as having utilized the test program while 880 actions (comprised of those same 475 plus another 405) were coded as having utilized simplified procedures. Because of the inconsistency in data fields that should be synonymous with one another, it would be presumptuous to cite one result as representing the true usage rate of the test program for the Air Force while ignoring the other or to assume how actions were miscoded without access to additional contract documentation. Instead, the two data points , 27.79% and 51.49%, (as shown in Table 7) should represent the floor and ceiling, respectively, for the use of test program provisions in Air Force.

Table 7. Air Force Test Program Awards Between $150,000 and $6.5M (after FPDS–NG, n.d.)

METHODOLOGY	TEST PROGRAM NUMBER	TEST PROGRAM PERCENT
Primary: Commercial Item Test Program – Data Element 10J	475	27.79%
Alternate: Extent Competed – Data Element 10A	880	51.49%

Theoretically, since the FAR requires contracting activities to "employ the simplified procedures authorized by the test to the maximum extent practicable," the number of actions coded as utilizing the Test Program for Certain Commercial Items should ideally be at or near the number of eligible actions of 1,709 (FAR 13.500(b)); however, in the case of both methodologies, a substantial number of new contract actions failed to use the test program. Since IDV's were factored out of the eligible pool under this methodology, it stands to reason that any non-test program actions had to utilize the more complex, exhaustive procedures required by FAR Part 14, Sealed Bidding, or FAR Part 15, Contracting by Negotiation. Considering that the GAO (2014) reported "the test program contracts [they] reviewed were generally awarded more quickly and with less administrative burden than had the contracts been awarded using negotiated procedures," (p. 14) Air Force contracting officials are seemingly missing out on opportunities to reduce the time and resources spent on at least 48.51% and up to 72.21% of commercial requirements (GAO, 2014).

2. Distribution of Air Force Test Program Awards

Another area that was analyzed was the distribution of test program usage based on the dollar amount of the requirement. Using the original methodology's Commercial Item Test Program—Data Element 10J, dollar values were separated into two categories, test program and non-test program actions, then segmented in $500,000 increments. Figure 3 graphically portrays the results.

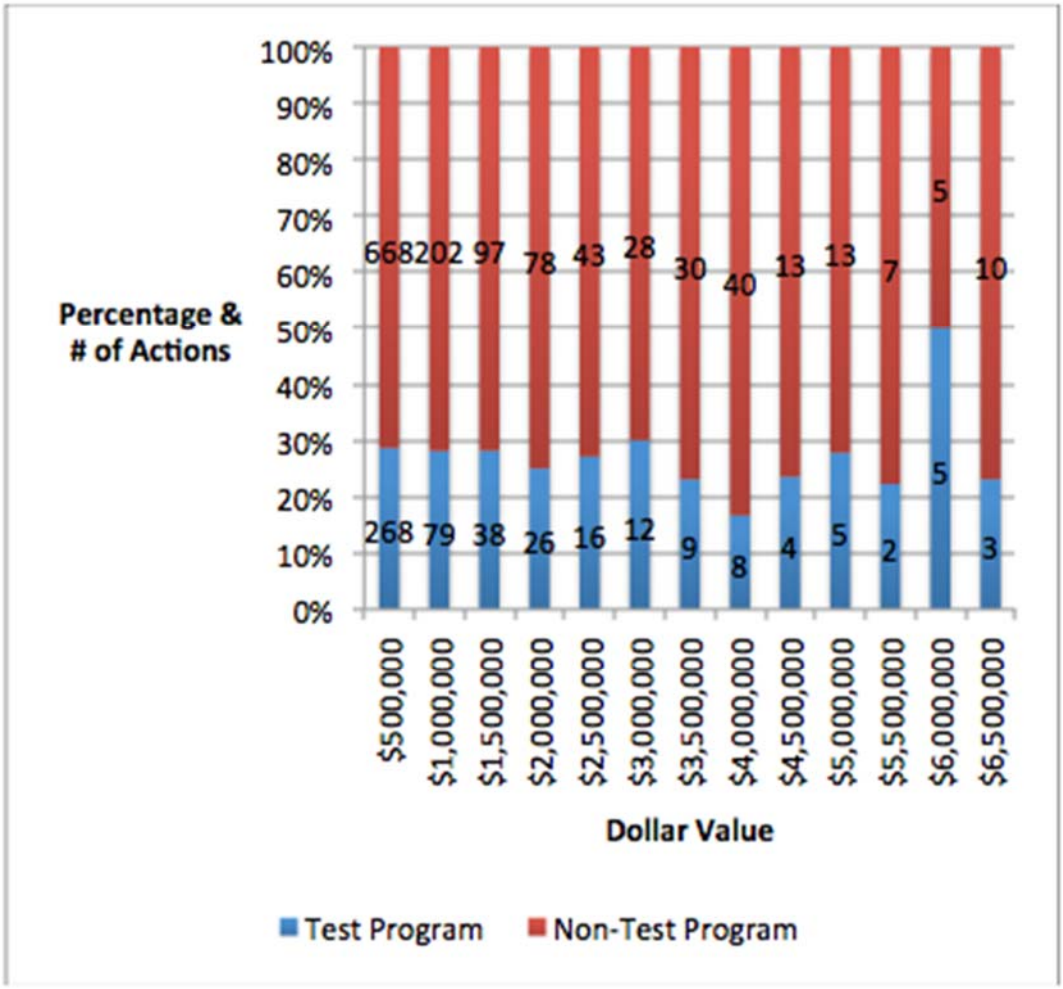

Figure 3. Test Program and Non-Test Program Actions by Dollar Value (after FPDS–NG, n.d.)

Overall, there were only minor deviations from the overall average usage rate of 27.79% with only two sets of values exceeding a difference of 6%. Those two deviations were acquisitions between $3,500,000 and $4,000,000, which totaled 48 observations

with a usage rate of only 16.67% and acquisitions between $5,500,000 and $6,000,000, which totaled only 10 observations with a usage rate of 50.00%. In general, this data appears to indicate that any perceived risk associated with higher dollar value acquisitions does not significantly impact the rate at which the test program is used by Air Force contracting officials.

C. TEST PROGRAM COMPETITION STATISTICS

In addition to containing data that provided the usage rate of the Test Program for Certain Commercial Items, the FPDS–NG data included additional information that could potentially illustrate the effectiveness of the program. One foundational component of the Federal Acquisition System is competition. Required by CICA (unless otherwise exempted), competition is integral toward ensuring efficiency, effectiveness, and transparency in government contracts (Manuel, 2011). The GAO reaffirms this notion in their report on competition in federal contracting by stating "The benefits of competition in acquiring goods and services from the private sector are well established. Competitive contracts can help save the taxpayer money, improve contractor performance, curb fraud, and promote accountability for results" (GAO, 2010, p. 1). Based on the important role of competition in contracting, it simply made sense to use the available data to assess the test program's ability to fulfill this public policy objective and compare the results to non-test program and IDV actions.

1. Level of Competition

The same FPDS–NG report contained data on whether an action was competitive and even the amount of competition that was obtained. Column AJ of the excel spreadsheet contained the "Extent Competed—Data Element 10A" and column AS contained the "Number of Offers Received—Data Element 10D" (FPDS–NG, 2014). Multiple filters were used to separate test program, non-test program, and IDV actions. Next, the competition information from both data elements was used to calculate how many actions were competed, how many actions were competed with only one offer received, and how many actions were not competed. Figure 4 depicts the calculations and corresponding results.

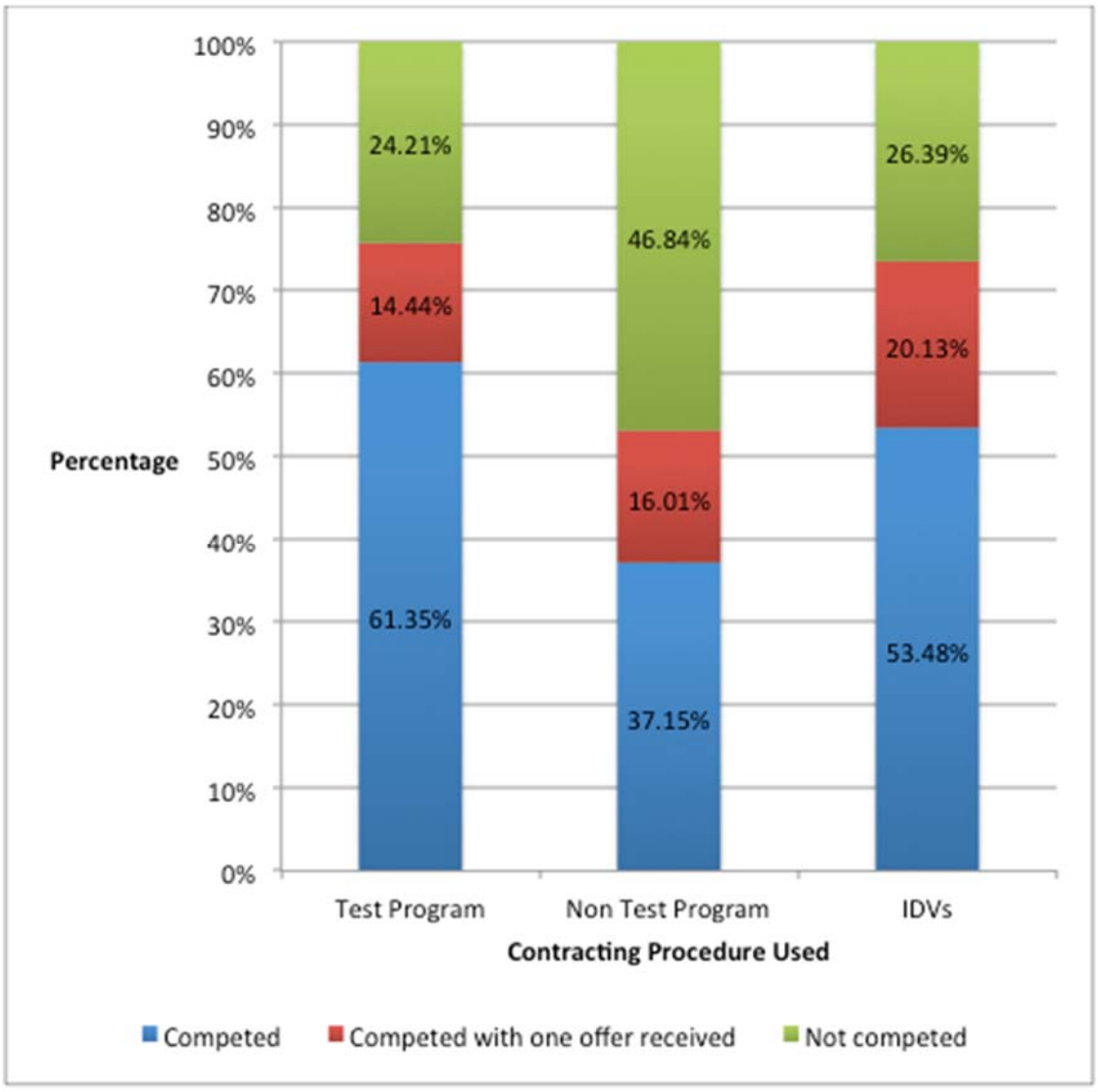

Figure 4. Percentage of Competitive, Noncompetitive, and Competed Contracts Actions with Only One Offer Received (after FPDS–NG, n.d.)

The figure shows that test program actions had the highest rate of competition at 75.79% while also minimizing the instances in which only one offer is received at 14.44%. On the other hand, non-test program actions for commercial items over the same dollar range had the lowest rate of competition at 53.16%. Meanwhile, IDVs, an increasingly popular acquisition technique, had the highest incident of competition with

only one offeror at 20.13% (it is worth noting that this methodology controlled for multiple award IDVs to determine this rate).

2. Average Degree of Competition

Column AS, "Number of Offers Received – Data Element 10D," was also used to calculate the average number of offerors participating in response to the various acquisition methods. Again, the same filters were used to separate test program, non-test program, and IDV actions from one another before calculating the average. Figure 5 displays those results for comparison.

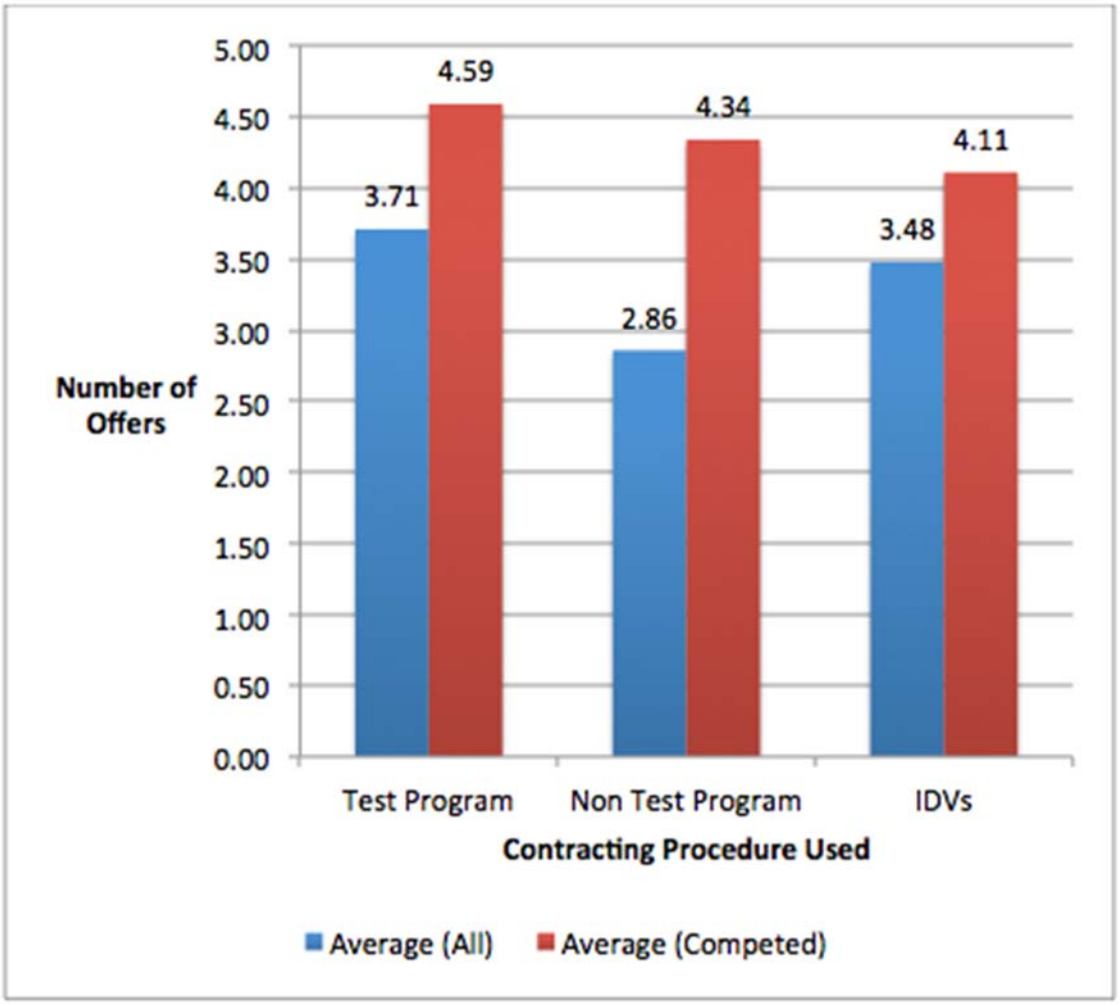

Figure 5. Average Number of Offers Received (after FPDS–NG, n.d.)

According to the FPDS–NG data reports, more offerors generally responded to requirements solicited using test program procedures than either non-test program or IDV procedures. While the raw numerical differences between the various methods appear inconsequential, the computed numbers are small to begin with so the difference is best represented as a percentage. On average, for those actions that were competed, test program solicitations received 5.60% more offerors than non-test program solicitations and 11.03% more offerors than those utilizing IDVs (the number of observations for test program, non-test program, and IDV actions were 475, 1,234, and 2,325, respectively).

3. Section Summary

Ultimately, since correlation does not prove causation, these results do not necessarily indicate that more actions are competed or more offers are received as a result of utilizing test program procedures; however, the data does at least affirm that the use of the test program's simplified and streamlined procedures has not circumvented competition requirements. Furthermore, the significant correlation of increased competition and test program usage seems to warrant an investigation into the causal relationship between acquisition methods and levels of competition.

D. TEST PROGRAM POLICY, GUIDANCE, AND TRAINING

In an effort to identify what factors may be limiting the test program's usage, this paper will examine the related policy, guidance, and training to determine whether they have a positive, negative, or neutral impact.

1. Policy

The Test Program for Certain Commercial Items has been in existence for approximately 18 years since its original passage under FARA; however, during that time, the program has always remained temporary, requiring reauthorization by Congress each time it expired. The result is increased unpredictability for contracting officials that is further complicated by periods where the test program has outright expired without being renewed, like on January 1, 2012. In that instance, the authority for the program lapsed until over a year later, on January 15, 2013, when the NDAA for FY 2013 was

passed to temporarily extend the authority for the test program until January 1, 2015 (DPAP, 2013). The memorandum used to inform the DOD acquisition workforce of the program's extension further illustrates the volatile nature of the program when it stated, "This class deviation is effective until it is incorporated in the FAR or is otherwise rescinded" (DPAP, 2013, p. 1). In other words, contracting professionals interested in using the test program during the time period while the FAR was not updated needed to further verify that another memorandum was not published rescinding the authority of the first memorandum, which authorized the temporary deviation. Consider another situation in which a contracting professional references an older (pre-2012) hard copy of the FAR and mistakenly determines that the test program is no longer valid because it lists the January 1, 2012 expiration date. Ultimately, the tenuous situation does not help the usage rate of the test program, nor does it inspire confidence for contracting officials to devote time, effort, and resources toward developing guidance or training on the use of test program procedures and how to best take advantage of them.

2. Guidance

Guidance on test program procedures is scarce. Other than the information contained in FAR Subpart 13.5, the DFARS and AFFARS are completely silent when it comes to the test program. Furthermore, the Air Force Installation Contracting Agency (AFICA) Mandatory Procedures (MP), which governs operational contracting squadrons (the agencies in the Air Force most likely to use the test program because they acquire primarily commercial items), also makes no mention of the test program. Therefore, beyond the requirement at FAR 13.500(b) to "employ the simplified procedures authorized by the test to the maximum extent practicable," the DoD and AF do nothing further to encourage or require its use.

3. Training

From a training perspective, the mission of the Defense Acquisition University (DAU) is to "Provide a global learning environment to develop qualified acquisition, requirements and contingency professionals who deliver and sustain effective and affordable warfighting capabilities" (DAU, n.d.a, para. 1). The DAU is the primary

organization for DOD agencies, including the Air Force, to obtain contracting related training and information. Per icatalog.dau.mil, the DAU's offerings are broken down into two categories: training courses and Continuous Learning Modules (CLM). The DAU currently offers 23 different contracting courses with one course, CON 237, addressing Simplified Acquisition Procedures (DAU, n.d.c). Figure 6 displays DAU's learning objectives for CON 237.

DEFENSE ACQUISITION UNIVERSITY
CON 237 - Simplied Acquisition Procedures

090210

Course Learning/Performance Objectives followed by its enabling learning objectives on separate lines if specified.

1	Given a description of a requirement, identify the benefits of using Simplified Acquisition Procedures (SAP).
	Recognize the benefits of using SAP.
	Identify the regulatory and legal basis for SAP.
	Define the Simplified Acquisition Threshold (SAT).
2	Given a description of a requirement, determine if Simplified Acquisition Procedures (SAP) can be used.
	Determine if a requirement can be satisfied using simplified acquisition procedures.
	Determine if a requirement can be satisfied by purchasing a commercial or non-developmental item.
	Describe the advantages of purchasing commercial items.
3	Given a description of a requirement, identify potential market research resources and techniques.
	Describe the reasons to conduct market research.
	Identify market research techniques.
	Identify market research resources.
4	Given a description of a requirement, determine when required sources and mandatory items must be used.
	Determine when required sources and mandatory items must be used.
	Identify the requirements for small business set-asides when using SAP.
	Describe the information tracked from SAP source lists.
5	Given a description of a requirement, select a purchase method to be used in conjunction with the Simplified Acquisition Procedures (SAP).
	Determine when to use the Governmentwide commercial purchase card.
	Determine when it is practicable to use FACNET/EDI.
	Describe the advantages of using blanket purchase agreements.
	Identify situations when written purchase orders are required.
	Determine when to use other payment methods (SF 44/imprest fund/third party draft).
6	Given a description of a requirement, select a solicitation method to be used in conjunction with the Simplified Acquisition Procedures (SAP).
	Select the solicitation method to be used based on the requirement.
	Identify the public announcement requirements associated with each solicitation method.
	Determine synopsis requirements associated with each solicitation method.
	Describe the competition requirements associated with each solicitation method.
7	Given a description of a requirement, determine the types of evaluation factors to use in Simplified Acquisition Procedures (SAP) solicitations.
	Select a quote based on price-related factors.
	Determine when to use non-price-related factors.
	Select the types of non-price-related factors to include in a solicitation based on requirements description.
8	Given a description of a post-award issue, identify the actions that should be taken according to FAR Part 13.
	Describe the quality assurance limitations when purchasing commercial items.
	Describe the importance of warranties in purchasing commercial items.
	Identify when purchase orders should be terminated or canceled.
	Determine when options can be exercised in SAP.
9	Given a statement describing the major points covered in the preceding lessons on Simplified Acquisition Procedures, select the corresponding definition, policy, regulation, threshold, or procedure.

Page 1 of 1

Figure 6. DAU Learning Objectives for CON 237—Simplified Acquisition Procedures (from DAU, n.d.a)

Despite an entire course devoted to FAR Part 13 and Simplified Acquisition Procedures, none of the course's learning/performance objectives make any mention of the Test Program for Certain Commercial Items. Likewise, the brief description of the CLM covering Simplified Acquisition Procedures, CLC 005, does not reference the test program either when it merely states "This Simplified Acquisition Procedures Overview (SAP) Continuous Learning Module (CLM) is designed to provide Federal procurement professionals with a better understanding of contracting for suppliers and services using SAP" (DAU, 2014, para. 1).

4. Section Summary

Ultimately, these three conditions do not create an environment conducive to the use of test program procedures. The lack of a consistent policy means the authority for the program is unpredictable, which could increase buyers' apprehension about employing the procedures and negatively impact the test program's usage. Furthermore, the temporary nature of the test program is quite possibly a driving or contributing factor to the vast lack of training and educational materials relating to its use, as agencies may be reluctant to invest resources in developing curricula and informative materials for a process that may not exist in a few years. These lack of materials mean individuals are not exposed to the existence of the test program, how it functions, or its merits, which would further limit its usage. Taken together, these circumstances limit the contracting professionals in the Air Force from employing simplified procedures in excess of the SAT, resulting in a usage rate that is less than optimal.

E. CHAPTER SUMMARY

This chapter analyzed the Air Force's usage rate of the FAR Subpart 13.5 Test Program for Certain Commercial Items through filtering data in the FPDS–NG Competition Report. The chapter also identified the various competition metrics and compared them to alternate acquisition procedures. Lastly, areas where policy, guidance, and training are lacking were discussed as factors potentially limiting the use of test program procedures.

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V. CONCLUSIONS AND RECOMMENDATIONS

A. CHAPTER INTRODUCTION

The purpose of this chapter is to summarize the findings of this research paper. The conclusion will summarize the highlights of the test program, answer the research paper's two research questions, then provide recommendations to support further improvements in the usage of the test program. This chapter will also highlight a few areas for expanding research on the test program.

B. CONCLUSIONS

As explained in detail in Chapter II, Section B, the test program procedures authorized by FAR Subpart 13.5 are designed to provide a number of benefits to acquisition professionals contracting for commercial items between $150,000 and $6,500,000. Those benefits are:

1. Reduced administrative costs by limiting file documentation and authorizing a more efficient acquisition process.

2. Improved opportunities for socio-economic business concerns with shorter, simpler solicitations that are more easily understood and by allowing any interested companies to respond versus IDVs, which are more exclusive.

3. The promotion of efficiency and economy in contracting through a streamlined evaluation process and the ability to use innovative approaches, such as reverse auctions.

4. Avoiding unnecessary burdens for agencies and contractors by allowing the use of RFQs, which are generally less burdensome while still permitting the use of RFPs and IFBs if the situations warrants.

Generally, if a process is simpler and less time consuming, individuals should naturally be expected to embrace and utilize such a practice; however, despite being established to extend the benefits of SAP to a larger number of commercial item acquisitions, that does not appear to have occurred in regard to the Test Program for Certain Commercial Items. The results of this research culminated in the following answers to the research questions:

1. What was the Air Force's usage rate of FAR 13.5 Test Program for Certain Commercial Items procedures from February 1, 2013, through May 31, 2014?

After factoring out alternate procurement methods (such as IDVs) that may be either required or viewed by a contracting official as equally or more efficient, the usage rate of the test program in the Air Force is still lagging somewhere between 27.79% and 51.49% of all eligible contract actions. In other words, approximately half to three-quarters of Air Force commercial acquisitions between $150,000 and $6,500,000 needlessly subject themselves to more complex, exhaustive procedures in order to acquire goods and services that are predominantly available in the commercial market.

2. What factors may be limiting the use of FAR 13.5 Commercial-Item Test Program procedures?

Some likely contributors to the low usage rate of the test program in the Air Force were the following:

- The temporary nature of the Test Program for Certain Commercial Items.
- The absence of guidance within the DOD and AF to encourage or require the test program's use.
- The lack of training and educational materials on test program procedures.

Another factor impacting the ability to definitively assess the usage rate of the test program within the Air Force was the inconsistency in coding contract actions in FPDS–NG. In order to alleviate or eliminate these issues, this paper makes the following recommendations.

C. RECOMMENDATIONS

1. Recommendation 1—Permanently Authorize the Test Program for Certain Commercial Items

The Test Program for Certain Commercial Items has been in existence for approximately 18 years from the time it was originally enacted under FARA; however, during that time, the program has remained temporary, requiring reauthorization by Congress each time it expired. During the GAO's research into the usage of the test program, the "DHS and DOI suggested that the temporary nature of the test program

hindered its use and recommended that the authority be made permanent" (GAO, 2014, p. 23).

When this research began, the initial version of the NDAA for FY 2015, H.R. 4435, dated May 13, 2014, did not contain a provision to extend the authority of the test program; however, Congressman Gerry Connolly, representing the 11th district of Virginia, proposed an amendment "to make the authority to use simplified acquisition procedures for certain commercial items permanent" (House of Representatives, Committee on Rules, 2014, Amdt. 204. As of September 29, 2014, the current version of the NDAA for FY 2015, dated June 5, 2014, which was on the Senate's calendar for consideration, would, if passed by the Senate and signed by the President, make the Test Program for Certain Commercial Items permanent by amending "Section 4202 of the Clinger-Cohen Act of 1996 (division D of Public Law 104–106; 10 U.S.C. 2304 note)" to strike subsection (e) (NDAA for FY 2015, 2014, p. 277). The results of this research strongly support this change to the test program in order to eliminate the previous tenuous, unpredictable status of its authority.

An additional potential benefit of making the test program permanent was identified when

> the Office of Management and Budget noted that in the event that the authority was made permanent, it would expect agencies to periodically review their use of the test program as part of their management reviews. Consequently, we believe that collecting and assessing data on the program's use would be beneficial. (GAO, 2014, p. 23)

2. Recommendation 2—Incorporate FAR 13.5 Usage Provisions Into the AFICA MP

The Air Force Installation Contracting Agency (AFICA) should incorporate FAR 13.5 usage provisions into their mandatory procedures to encourage or require the use of the test program for eligible acquisitions. This requirement would not supersede other mandatory source or disallow the use of an available IDV if, in the judgment of the contracting professional, an alternate method was the better procurement option; however, those 48.51% to 72.21% of contract actions that use more complex, exhaustive

procedures with no justifiable reason should be reviewed and required to use the more efficient and economical approach provided by the test program.

AFICA's MP states that their organization is responsible for reviewing all contract actions in excess of $2,000,000 (AFICA, 2013). During the period analyzed by this research, 189 contract actions valued at $2,000,000 or higher did not use test program procedures. If AFICA had required those organizations to use the test program on those requirements as part of their review that would have single-handedly increased the usage rate by over 10%. Moreover, it is plausible that these procedures, if enforced by AFICA on acquisitions $2,000,000 and higher, would trickle down within agencies to eligible actions of lower dollar amounts, further increasing the Air Force's usage rate.

3. Recommendation 3—Incorporate FAR 13.5 Into DAU SAP Training

Even if Congress makes the Test Program for Certain Commercial Items permanently available and AFICA requires the program's usage, contracting professionals must understand the procedures in order to correctly and effectively employ them. Therefore, the DAU should incorporate the test program methodology and procedures into its CON 237 "Simplified Acquisition Procedures" training module and create an additional Continuous Learning Module specifically for the use of SAP in excess of the SAT as authorized by FAR 13.5.

4. Recommendation 4—Update FPDS–NG to Prevent Coding Inconsistencies

In order to improve the accuracy of test program data, FPDS–NG should be updated by the General Services Administration to correct the current coding inconsistency identified by this research between Data Element 10J "Commercial Item Test Program" and Data Element 10A "Extent Competed." Currently, the system prevents actions coded under Data Element 10J as having utilized the test program from choosing any competitive process besides "competed under SAP" and "not competed under SAP." Conversely, the update should prevent contract action reports (CARs) from finalizing if a non-contingency action in excess of the SAT is coded under Data Element 10A as either "competed under SAP" or "not competed under SAP," but not coded as

using the test program under Data Element 10J (since the authority to use SAP in excess of $150,000 comes from the test program).

D. AREAS FOR FURTHER INVESTIGATION AND RESEARCH

This research can be expanded and improved upon in several ways. The following list includes areas for additional research opportunities:

1. Researchers could examine random samples of eligible contract files to identify any potential issues with under or over reporting. Physically examining contract files would also be useful to identify any best practices used by contracting professionals in employing the authority of the test program.

2. Researchers could survey and interview operational contracting officials to obtain qualitative data on the test program. The survey should focus on randomly sampling acquisition professionals in operational contracting squadrons since those acquisitions are most likely to be eligible for the test program (i.e., commercial items between $150,000 and $6,500,000). The survey should seek to obtain information that assesses contracting professionals' awareness, understanding, and application of test program procedures.

3. Researchers could survey and interview contractors to obtain qualitative data on the test program from an industry perspective. The survey should focus on assessing their preference and competence when it comes to solicitations under FAR 13.5 versus more lengthy and complex solicitations under FAR Part 14 or 15.

E. CHAPTER SUMMARY

This chapter concluded the research into the Air Force's usage rate of the FAR Subpart 13.5 Test Program for Certain Commercial Items. Multiple recommendations were made to improve the usage of the test program or the ability to analyze that usage. Finally, future researchers curious about the test program's effectiveness and benefits were provided with a few areas worthy of additional investigation.

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