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Why OMB is ushering us into the second golden age of acquisition reform

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Welcome to the second golden age of federal acquisition reform.

The frustration and the technology are aligning for the Trump administration, the Congress and industry to come together to make the first set of significant, almost seismic changes since the 1990s.

“We are in that rare moment when we have the combination of factors, the customer demand for speed and agility, the congressional receptiveness for acquisition reform legislation, the strong push from OFPP on the importance of innovation such as their creation of acquisition innovation councils, category management memos and the [myth busters four memo](#) and strong actions from a number of agencies really propelling acquisition innovation,” said Jeff Koses, the senior procurement executive at the General Services Administration, at the Coalition for Government Procurement’s spring conference in Falls Church, Virginia. “Across GSA we have a number of things that I regard as innovation plays in contracting and policy domain, in the communication domain and in the technology domain.”

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To that end, the Office of Federal Procurement Policy sent [six legislative proposals](#) to Congress at the end of April to clean up a few things, but more importantly to ask for permission to test and spread innovative acquisition concepts across government.

The most significant proposal would create an Acquisition Modernization Test Board, which would modernize OFPP’s statutory authority for governmentwide acquisition testing, which has been in place since Congress created the office in 1974.

The board would develop “test programs that promote incremental improvement of acquisition practices, including through new, innovative or otherwise better business

processes and applications of technology, and identifying candidate agencies to conduct tests,” the proposal states.

Through the board, the OFPP administrator would approve waivers of one or more acquisition laws as part of a pilot program to evaluate how changing the statutory requirement(s) might make the procurement process more efficient.



Matthew Blum is the associate administrator in the Office of Federal Procurement Policy at OMB.

Matt Blum, the associate administrator in OFPP, said board also would help ensure agencies had a place to go to find out what innovations exist and who is trying them out.

“We believe the best way to accomplish the goals [of the President’s Management Agenda] is to accelerate the pace of transformation through smart piloting where we learn a little, through testing and getting back from all of you, making adjustments based on what we learn and do additional testing. There are a lot of benefits from doing testing,” Blum said at the conference. “We think it’s critical to an innovative ecosystem—any practice that creates new value for the customer. Testing allows us to constantly change and challenge ourselves to do better, to disrupt the environment in a manageable way. But also equally important, it helps us to manage risk, especially in initiatives that have multiple dimensions.”

The board also gives OFPP and the board a congressionally-approved place to fail. Too often, agencies are risk averse because of concerns about being called out by lawmakers or by auditors.

Greg Giddens, the former executive director of the Veterans Affairs Department's Office of Acquisition, Logistics and Construction and now a partner with partner for Potomac Ridge Consulting group, said the acquisition board is the type of top cover agencies need.

"People want to talk about being innovative but taking that risk is hard to do. We are in an environment that if you do something well, that is like a tree falling in woods and no one is there to hear it. But if you take a risk and it doesn't go well, everyone is there waiting to call you out," he said. "The board isn't calling for a big bang approach, but for agencies to try somethings. It's almost like bringing the idea of agile or dev/ops to acquisition reform."

OFPP's Blum said whatever pilots the board approves will be proven by the results and the data. He said the acquisition environment has become more complex over the last 20 years that there is widespread agreement that testing and piloting is one of the best ways to innovate.

For the board to be successful, Larry Allen, the president of Allen Federal Business Partners, said OFPP needs to ensure the members are not just acquisition people, but come from a variety of backgrounds, including finance, technology and oversight.

"Waiving rules for pilots could be useful. How about starting with the Schedules Price Reductions Clause?" Allen said. "If you want to attract more small and innovative businesses to your largest commercial acquisition program, that's a good place to begin. Eliminating the [Schedules Price Reductions Clause] definitely lowers the compliance burden and could attract more innovative companies."

The White House [signaled its desire](#) to create the acquisition modernization test board in its fiscal 2020 budget request sent to Congress in March.

Good government approach to management

The goal of all six of the proposals is straightforward. Russ Vought, the acting director of the Office of Management and Budget, writes, that the ideas are "designed to help the administration achieve its goal of a more nimble and responsive acquisition system. The proposal would transform a statutory framework for governmentwide acquisition testing that has remained unchanged for more than 40 years and fails to adequately support an environment where continual and timely process improvement is an imperative."

David Grant, a former associate administrator of the Mission Support Bureau at FEMA and now a partner with Potomac Ridge Consulting, said the proposals are part of the administration's good government approach to management.

"Either there is an opening or there is a sense that there is an opening to make some real changes in the federal acquisition process," he said. "OFPP wants to have a constructive dialogue with Congress to make some changes."

OFPP also is asking Congress to make a few other changes, including ending the Defense Cost Accounting Standards Board, increasing the micro-purchase threshold to \$10,000 for task order contracts and standardizing the minimum threshold for bid protests of task order contracts to \$25 million for all agencies, instead of \$10 million for civilian and \$25 million for the Defense Department.

Grant said the standardization of bid protest thresholds makes sense given how much agencies go through to create the multiple award contracts.

Moving past the 'get it right' mindset

OMB has tried several of these proposals previously, or are borrowing from the Section 809 panel, including the reducing the number of cost accounting boards and decoupling the threshold for using cost accounting standards from the threshold for Truth in Negotiations Act applicability and increasing the basic threshold for the standards' applicability from \$2 million to \$15 million.

In the past, Congress also has given OFPP limited test or pilot authority for things like share-in-savings, but nothing as broad as the acquisition board.

And the request for the board underscores how OMB, the agencies, industry, and hopefully Congress, are starting to view acquisition innovations and why many believe we are entering this second golden age of acquisition.

GSA Administrator Emily Murphy put the current environment in some historical perspective.

When she was at GSA in the early 2000s, it was all about "getting it right," which may have put too much emphasis on following the rules.

“It was an important age of acquisition ... but it was so focused on the rules that it lost track of the solution part sometimes and trying to figure out how to use the rules,” Murphy said. “It’s GSA’s job to help agencies find a compliant way to get to the solution they need, not come up with a roadblock. As IT is evolving, as our understanding of service contracting is evolving and how all the pieces fit together, the innovation that is taking place across the government has led to a lot of movement. The IT is enabling a lot of changes and advances in acquisition. It’s just a great collaborative time where people are not afraid to ask the question of how can we do it better.”

That is how federal acquisition improves – not by going around the rules, but asking what is possible within the rules and then taking advantage of all that is possible without worry of punishment.

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