

By: Jeff Kinney | January 27, 2019

DOD Procurement Overhaul Report Recommendations Draw Both Praise, Critique from Industry Groups

Key Takeaways for Executives

- - The Section 809 Panel's third report on acquisition reform contains a variety of useful recommendations, industry groups say.
 - Some of the most important include enacting regular appropriations bills, providing advance payments to small businesses and improving DOD-industry communication.
 - One group questioned the panel's approach to commercial item acquisition reform.

The most important recommendation to come out of the third Section 809 Panel report on defense procurement reform is one that doesn't directly relate to procurement, according to a leading industry group.

Corbin Evans, director of regulatory policy for the National Defense Industrial Association, told WashingtonExec the most crucial recommendation is for Congress to enact timely regular appropriations bills instead of continuing resolutions. Otherwise, defense acquisition will continue to suffer, regardless of what other reforms are made.

"This has been an NDIA priority for years," he said. "It's important to ensure that these bills are done on time and that money can be distributed in a predictable manner."

Evans also singled out the panel's recommendation to enable enhanced use of advanced payments at the time of contract awards to small businesses, which comprise about 75 percent of NDIA's 1,700 members.

"We are constantly hearing about the need for steady cash flow, and providing advanced payments for small businesses would go a long way toward allowing them to do business and would increase their interest in doing business with the department," he said.

Evans said advanced payments were provided during the Obama administration, but the policy has been allowed to lapse in the Trump administration.

Finally, Evans said the Defense Department should communicate with the marketplace from the development of a need or requirement through contract closeout, final payment, and disposal. Along the same lines, DOD should establish a market liaison for each acquisition activity.

Both of these recommendations could improve collaboration between DOD and industry and make doing business with the department more attractive, he said.

"Historically, the government hasn't been viewed by industry as the best customer," Evans said. "Increasing the opportunity for DOD to hear from industry about problems they're experiencing could improve that perception."

In a statement, NDIA singled out additional recommendations from the panel it particularly supports, including:

- - Permit the initiation of multiyear procurements under a continuing resolution.
 - Create a comprehensive public-private exchange program for DOD's acquisition workforce.
 - Update federal acquisition regulations to reduce burdens on DOD's commercial supply chain, to decrease cost, prevent delays, remove barriers and encourage innovation available to the military services.
 - Clarify and expand the authority to use "other transaction" agreements for production.
 - Reorganize Title 10 of the U.S. Code to place all of the acquisition provisions in a single part, and update and move acquisition-related note sections into the reorganized acquisition part of Title 10.
 - Create a Center for Acquisition Innovation at the National Defense University, Eisenhower School.

Expanding MAS Program a Better Approach?

The Coalition for Government Procurement commended the panel's work but took exception to one of its proposals.

In a [blog post](#), CGP questioned the panel's recommendation for overhauling how DOD buys commercial items. The panel advocated adoption of what it called a Dynamic Marketplace Framework, in which everything DOD buys would be placed in one of three categories: defense-unique development, readily available and readily available with customization.

According to CGP, this approach to revising commercial item contracting is overly complicated. Comparable results arguably could be achieved by simply expanding the existing Multiple Award Schedules, or MAS, program, it said.

"The MAS program already provides federal customers with a readily available, streamlined process that mirrors the commercial market through its thousands of contracts that provide tens-of-millions of items," CGP said. "Put simply, the MAS program provides federal customers with a channel for efficiently and effectively accessing best value solutions that meet their mission needs."

The group said because of several recent reforms, including the order level materials final rule, the increased micro-purchase threshold, the simplified acquisition threshold and the new commercial supplier agreement, the MAS program "continues to demonstrate its commitment to providing innovative solutions that are compliant with relevant government requirements at competitive prices."

CGP also said the MAS program's use of blanket purchase agreements provides flexibility and helps save money on commercial items by leveraging high-volume purchases. It added that more than 46 percent of MAS program spending is through a BPA.

Finally, although the panel discussed a pilot program that would give federal customers better access to IT consultants through an "online talent marketplace," CGP noted the MAS program already provides federal customers with access to IT experts through IT Schedule 70.

AIA Praises Report

The Aerospace Industries Association welcomed the recommendations, calling the panel "a critical resource in the effort to foster innovation, limit costs and barriers, and accelerate delivery in the U.S. defense acquisition system."

"To execute the National Defense Strategy, the Department of Defense needs an acquisition system that doesn't just work, but works well," John Luddy, AIA vice president of national security policy, said in a [statement](#). "The panel has done the important - if not so glamorous - work of identifying specific ways to improve U.S. procurement practices and strengthen America's defense."

AIA called the Dynamic Marketplace Framework "a central component of its recommendations to streamline the acquisition system" and praised the report's recommendations for enhancing government-industry collaboration.

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