



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

May 13, 2005

PROCUREMENT MEMORANDUM 2005-01

INFORMATION

MEMORANDUM FOR Senior Bureau Procurement Officials (BPOs)
/signed/
FROM: Leslie A. Andrecs
Director Commerce Acquisition Performance,
Policy & Support
SUBJECT: Increasing the Use of Performance-Based Service
Acquisition

As you know, in September 2003, the Office of Acquisition Management (OAM) obtained contractor support for the creation and execution of a comprehensive strategy for achieving performance-based service acquisition (PBSA) goals. In support of this effort, Acquisition Solutions Inc. (ASI), met with each SBPO and reviewed key contracts in addition to conducting a study, performing analysis and providing recommendations for implementing PBSA best practices within the Department. ASI has completed its DOC PBSA assessment and has provided recommendations for improvement in five areas: program office commitment, training, acquisition resources, shared performance goals, and communication of PBSA best practices.

The PBSA Assessment Report (Attachment A) outlines the DOC study findings as well as the recommendations for improving and increasing the use of PBSA within DOC. OAM will incorporate the recommendations into as many Department-wide acquisition initiatives as appropriate. For example, PBSA principles will be promoted in OAM's acquisition workforce training program through OAM sponsored training as well as other aspects of OAM's acquisition career management programs.

The PBSA Assessment Report may be used by BPOs to: (a) enhance and strengthen program office commitment to PBSA, (b) further extend the benefits of PBSA to their customers through the institution of best practices and (c) continue to implement PBSA with their respective contracting offices in order to achieve targeted goals. The report may also serve as a reference and tool for the contracting professionals, as they serve as the Department's business brokers for program success.

While OAM was spearheading this Department-wide effort to promote increased use of PBSA, the Office of Federal Procurement Policy (OFPP) issued a memorandum dated September 7, 2004 with the subject of increasing the use of performance-based service acquisition. The memorandum (Attachment B) addresses the following four (4) areas:

Reporting Requirements

The guidance provided in the memorandum does not require any modification to how eligible PBSA actions are currently being reported; however, it does permit the use of PBSA for any contracting action, if a performance based approach best meets the government's needs.

Recognizing the Use of PBSA

The memorandum encourages agencies to recognize employees and teams that successfully develop and implement PBSAs. You are encouraged to nominate for the Procurement Executive (PE) Award an individual or a team that effectively used PBSA methods or techniques in acquisition. Instructions and deadlines for nominations can be obtained from the PE Award Coordinator, Virna Evans at vevans@doc.gov.

Guidance

Please be aware that the memorandum rescinds the 1998 Guide to Best Practices for Performance-Based Service Contracting and encourages agencies to use the Seven Steps to Performance-Based Service Acquisition Guide, available at www.acqunet.gov.

Target Achievement Levels

The memorandum advises advising agencies that the government-wide PBSA goal for FY'05 will be 40% for eligible service actions, as measured in dollars.

Although the OFPP memorandum set the government-wide goal/target achievement level at 40%, OAM has chosen to keep its targeted goal of 50% for eligible service actions, as measured in dollars. Maintaining a 50% target level demonstrates DOC's commitment to PBSA which implements the principles embodied in the National Performance Review, the President's Management Agenda and the Government Performance and Results Act.

DOC's actual achievement level for fiscal year (FY) 2004 was 46%, which is outstanding when compared to the established target of 40%. Fiscal year 2005 is also starting out strong with a first quarter actual achievement level of 26.9%. I am confident that with your continued support we will achieve our 50% target for FY 2005.

As DOC strives to meet targeted achievement levels, all contracting officials are reminded that COMMERCE Information Technology Solutions Next Generation (COMMITTS NexGen) program is a government-wide acquisition contract (GWAC) that provides information technology services and solutions through the issuance of performance based task orders. All task orders issued under COMMITTS NexGen for DOC count as credit toward DOC's PBSA goals. Remember, COMMITTS NexGen is a preferred source for consideration and all Commerce program managers must include COMMITTS NexGen among the potential sources considered for acquisition of IT service requirements. If it is not used, the basis of this decision must be documented.

Questions regarding this memorandum may be directed to Curtina Smith in the Commerce Acquisition Performance, Policy, and Support Division at csmith2@doc.gov or 202-482-4186.

Attachments

Attachment A: PBSA Assessment Report

Attachment B: OFPP Memorandum dated September 7, 2004

cc: Acquisition Council
Heads of Contracting Offices
Acquisition Community