



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

JUL 18 2011

MEMORANDUM FOR DEFENSE SCIENCE BOARD SECRETARIAT

FROM: Program Executive Officer for Combat and Mission Support
1050 Air Force Pentagon
Washington DC 20330-1050

SUBJECT: Review of Final Report of the Defense Science Board (DSB) Task Force on Improvements in Services Contracting

Attached is a list of my comments in response to the Final Report of the DSB Task Force on Improvements in Services Contracting. The Air Force has incorporated or is incorporating many of the recommendations in the key elements addressed and will continue to work toward continuous improvement of services acquisitions.

However, the report failed to address two important statutory requirements in your analysis: Title 10, section 2330a, *Procurement of Services*, and Title 10 Section 235, *Procurement of Contract Services*. Any discussions on improvements to Services Contracting must include these important and visible outputs to Congress.

Please direct any questions to Julia Preisinger, AFPEO/CM, 703-588-7165.

A handwritten signature in black ink, appearing to read "Mark D. Shackelford".

MARK D. SHACKELFORD, Lt, Gen, USAF
Military Deputy, Office of the Assistant Secretary
of the Air Force (Acquisition)

Attachment:
As stated

Response 3MAY11 Defense Science Board Task force on Improvements in Services Contracting

Recommendation 1: Create new policies and process for services contracting.

1.1: USD (AT&L) establish a meaningful taxonomy to track services contracting.

Concur, with comment. Air Force has established a services tracking taxonomy defining overarching services with product service codes. If it is the intent to consider FPDS as an avenue for tracking, there are concerns that FPDS is overly cumbersome in its current form. While a good reporting tool, recommend problems with data presentation and data options in FPDS be worked out before that program is expanded any further.

1.2: USD(AT&L) establish and monitor definitions, performance standards, and outcome measures for each portfolio of series in the taxonomy.

Concur, with comment. Performance metrics should be unique to each requirement; however, general performance statistics and outcome measures should be appropriate to each type of service. The process of defining appropriate metrics for the individual requirement is, in part, what drives the benefit. The Air Force looks at the total portfolio management; there are not Head of Contracting Activity (HCAs) that specialize in a specific sector. Outcome measures may be a good way to measure how completely the process is being applied.

1.3: USD(AT&L) identify all activities performed in support of defense missions as either inherently governmental or non-inherently governmental.

Concur, with comment. While it is understood the point is to take out the guess work of “closely related” to inherently governmental (IG), there is a place for closely associated with inherently governmental functions, particularly in A&AS and personal services. Relevant discussion regarding division criteria between IG and non-IG as well as close monitoring upon implementation of criteria will be needed to ensure consistency of execution and complete understanding across Air Force programs. Note: Title 10, Section 2330a, directs the Secretary of the military departments or head of the Defense Agency to annually review their Inventory of Service Contracts for any IG or closely associated with IG functions to ensure these issues are addressed.

1.4: USD(AT&L) require competition for those non-inherently governmental activities being performed non-competitively by government personnel to determine if government or contractor personnel should perform them.

Concur. Although OMB Circular A-76 already directs the DoD to accomplish this recommendation, the implementation plan needs flexibility to consider additional elements that contribute to the decision process regarding its viability. For example, core capabilities decisions and OCI considerations.

1.5: USD(AT&L) provide meaningful incentives to services for high performance at low cost.

Concur, with comment. Past performance measures are stated in evaluation criteria so that high performance, low cost contractors are placed in a better position to receive awards. Adding preferences at another level could appear to be writing a competitive requirement for a specific contractor which could lead to additional protests. Current environment is not about how much

can we get for the dollars (we should not buy more than we need); but rather how economically can we buy what we need to meet our requirement and maintain acceptable levels of mission risk.

1.6: The DoD General Counsel explore ways to maximize appropriate communication between government and the services contracting industry.

Concur.

1.7: USD(AT&L) provide clear guidance for defense acquisition personnel in the use of appropriate contract structures for the type of service.

Concur, with comment. FAR guidance exists; however, guidance may need to be reviewed for sufficiency. Additionally, application of guidance at the field level needs to be assessed to identify training needs with respect to guidance.

Recommendation 2: Designate roles and responsibilities for appropriate leadership and organizations for services contracting.

2.1: Each military department train all general officers on services contracting, with a focus on requirements specifications and management oversight of contracts for services.

Concur, with comment. The Air Force has tools available. Through University of Tennessee, PEO/CM developed a Senior Leader Awareness Course on Services acquisition to be available to all Air Force senior leaders. They are currently working a 1-2 hour session for Air Force District of Washington (AFDW) to which Headquarter AF-level leaders can be invited. It coaches leaders who have little acquisition experience in their role in managing service requirements. Additionally, need to bring the same level of awareness into all levels of Developmental Education (PME and CDE).

2.2: USD(AT&L) create a senior-level focal point for services, equivalent to the Assistance Secretary of Defense (R&D) and the Deputy Under Secretary of Defense (Logistics).

Concur, although it appears to already exist in DPAP and SMS roundtables.

2.3: Each military department strongly support a general/flag officer or SES as the strategic sourcing of services executive.

Concur. This is already in place for the Air Force as mentioned in the report.

2.4: Each military department establish portfolio-specific strategic sourcing offices and category councils for services to strengthen the connection between the acquisition community and users and services.

Concur, with comment. Adapting fully to this recommendation will take time. It is recommended that flexibility be allowed to accommodate existing structures and allow time for a reasonable shift, or allow for a construct that recognizes portfolio differences and manages these portfolios within the existing structures.

Recommendation 3: Strengthen the skills and capabilities of people involved in services contracting.

3.1: USD(AT&L) establish more formal certification requirements specific to services acquisition personnel.

Concur. DPAP and DAU are working to define these certification standards. PEO/CM is developing a certification concept for those participating in Services acquisition. Particularly important for success of this concept are our subject matter experts (ie. requirements owners—Civil Engineering (CE), maintainers, transportation, communication/IT) who help define, select sources, and oversee contractor performance--that spend time away from their primary duty to help us get the acquisition right. AT&L and DAU are watching PEO/CM's progress on this idea.

3.2: USD(AT&L) work to establish training programs for services acquisition throughout the DoD's professional military education infrastructure.

Concur. There used to be an acquisition block in each of the PME programs. Recommend bringing it back, with some emphasis on our responsibility as leaders to understand, appreciate and be accountable for how much we rely on contracted services for our mission accomplishment.

3.3: USD(AT&L), military departments and defense agencies reallocate training dollars to bring services acquisition training and education into balance with systems acquisition training to ensure needed training occurs.

Non-concur-- Pending accomplishment of recommendations 3.1 and 3.2 above and DAU development of the required courses to include the needed case studies, reallocating funds today without a means to expend them will put these dollars at risk.

3.4: Each military department and defense agency actively recruit individuals with expertise in commercial acquisition of services.

Concur. The Enterprise Sourcing Group (ESG) at WPAFB has brought a number of people on from commercial industry. The ESG will be involved in our strategic sourcing solutions: both supply and services.

3.5: Each military department and defense agency ensure promotion potential for military and government civilians involved in services contracting.

Concur. Evidence suggests that the grades do not match the level of responsibility carried by services acquisitions personnel. For example, services acquisition personnel are typically lower graded than major weapon system personnel.

Recommendation 4: Establish separate policies and processes to improve management and oversight of contingency contracting.

4.1: USD(AT&L) establish a single playbook for contingency contracting applicable to all contracts supporting contingency operations.

Concur. However, it was our understanding that a single playbook already exists for contingency contracting which includes management and oversight operations.

4.2: USD(AT&L) instruct the FPDS to include a separate tracking element for each expeditionary operation.

Concur, with comment. Adding to FPDS without correcting/mitigating FPDS data input limitations could make any constructive effort to track elements via that system moot.

4.3: USD(AT&L) grant limited acquisition and contracting authority to the Geographic Combatant Commands (GCCs) for contingency operations within their area of responsibility.

Concur, with comment. Doctrinally, this function belongs to the services.

4.4: Each military department and defense agency conduct realistic exercises and training that accounts for services contracting during contingency operations.

Concur. Air Force contingency contracting officers participated in an Army-hosted exercise Joint Dawn. An excellent program the Air Force should continue to support.