

# GSA's Supply Schedules Improve DoD Procurement

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**Editor's Note:** The following excerpt from *Defense Issues*, published by the American Forces Information Service, presents remarks by Eleanor Spector, Director of Defense Procurement, at the Coalition for Government Procurement Conference, Arlington, Va., June 17, 1997.

Parentetical entries are speaker/author notes; bracketed entries are editorial notes. Whenever feminine or masculine nouns or pronouns appear, other than with obvious reference to named individuals, they are meant in their generic sense.

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**G**ood morning. It is my pleasure to participate in your spring conference. I would like to tell you about the policy direction I have given to the defense procurement community regarding federal supply schedules and then to outline my goals for the future of defense procurement.

After meeting with GSA's assistant Commissioner for the Federal Supply Service, I issued a policy memorandum concerning the use of GSA federal supply schedules on March 6 of this year. There have always been many advantages to using the schedules. GSA takes care of competition, price reasonableness, and small business set-aside considerations when it solicits and awards contracts. Any orders under these schedules comply with the requirements of the Economy Act. But recent innovative changes have made GSA schedules even more efficient to use. GSA customers no longer need to synopsise information technology

***“Deploy a standard automated procurement system for use in DoD contracting offices worldwide to accelerate achievement of a paperless contracting system.”***

— Director, Defense Procurement Future Goal



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requirements that are over \$50,000. The use of the government purchase card is strongly encouraged. Customers can make selections based on best value, not necessarily low price only. GSA no longer requires documentation or justifications to place orders against the schedules. GSA strongly encourages the use of blanket purchase agreements [BPA] and has made available a new, suggested BPA format. Federal supply schedule contractors can now form teams to meet a customer's needs. Expedited delivery is now available with schedule contractors.

In addition to these improvements, the elimination of schedule maximum order limitations and the new ability to negotiate prices on individual orders without changing the basic schedule price are especially important. Maximum order limitations have already been removed from 90 percent of the federal supply schedules. Such limitations will be removed from all schedules by November of this year. By thus allowing for larger quantity orders, the opportunities are obvious for the negotiation of prices that are even better than schedule prices.

I have urged the defense procurement workforce to take full advantage of GSA schedule contracts if they need supplies or services covered under them. Such use meets the Department's goals of simplifying the acquisition process while at the same time increasing the contracting officer's authority and ability to make sound business judgments.

I would also like to tell you about my goals for the future. The extent of acquisition reform during the past four years has been unprecedented. Legislative changes, implementing regulations, and changes initiated within the Department of Defense have made substantial improvements to our acquisition process. Our immediate goals must be to build on those accomplishments and to ensure that the potential benefits from the improvements are realized fully at all levels throughout the Department with contracting responsibility. My agenda to create a legacy of practice that lives on beyond the immediate reform activities includes several elements:

- **Train the procurement workforce to use effectively the flexibility permitted by the acquisition reforms of the past four years. Use this flexibility to foster innovative contracting techniques.**

To this end, the entire procurement curriculum is being reviewed to update courses to reflect legislative changes. In a few cases, courses had to be suspended while we made major modifications. We anticipate our core curriculum will be updated, improved, and ready for delivery in [fiscal 1998]. We are also developing an Internet module on simplified acquisition procedures intended to provide training for those who have already completed certification training but who still need instruction in current procedures. Other modules are planned.

I note that one metric, protest statistics, may indicate the workforce already has done a good job at absorbing some of the new reforms, such as providing better post-award debriefings. We had 1,246 protests in 1996 out of 280,000 actions above \$25,000. That compares with 1,507 in 1995, 1,613 in 1994, and 2,033 in 1993. Only 28 protests were sustained by GAO [General Accounting Office].

- **In coordination with the comptroller, develop policies that facilitate prompt contract payment and reconciliation of contract accounting data.**
- **Develop and adjust contracting policies to sustain a healthy, competitive defense industry in an era of defense downsizing.**
- **Deploy a standard automated procurement system for use in DoD contracting offices worldwide to accelerate achievement of a paperless contracting system.**

On April 7, we announced the selection of American Management Systems to furnish the software and installation services for the standard procurement system. The software has completed opeval [operational evaluation], and we have MAISRC [Major Automated Information System Re-

view Council] approval to deploy to 125 non- or semiautomated sites. Those contracting offices can order the initial software release that accomplishes about 45 percent of our procurement functions with [fiscal 1998 and 1999] releases accomplishing the remainder. For [fiscal 1997], we plan to issue orders for SPS [Standard Procurement System] installation at 112 sites, approximately 5,000 users.

By 2000, we expect installation in 900 procurement offices throughout the Department. SPS will provide for common software and training in our procurement offices, will provide financial information to DFAS [Defense Finance and Accounting Service] without retranscription, thus reducing unmatched disbursements, and will provide for the storage of contract information that will be available to other DoD functional communities.

- **Expand policies to reduce substantially government property in the possession of contractors.**
- **Streamline the source selection process while promoting fair treatment of all suppliers: We recently published a new proposed FAR [Federal Acquisition Regulation] Part 15, "Contracting by Negotiation." There are major changes in the area of source selection that should facilitate communications between the government and offerors, and shorten the time it takes to make a source selection.**

The new rule provides that if awards are to be made without discussions, the government may communicate with offerors only to resolve minor aspects of proposals. If discussions are to be conducted, communications before establishment of a competitive range may include proposal deficiencies.

The competitive range shall include only those proposals rated most highly rather than "all proposals that have a reasonable chance of being selected for award." If the contracting officer determines the competitive range still exceeds the num-

ber at which an efficient competition can be conducted, he may limit the number to that which will permit an efficient competition among the most highly rated proposals.

An offeror may be eliminated from the competition after the start of discussions without an opportunity to revise its proposal. These are some of the major changes in Part 15. I believe the new rule will serve to streamline the source selection process.

- **Enhance the use of past performance information in ways that assure fair treatment of offerors.**
- **Train and encourage the workforce to write clearer, simpler performance-based contracts.**

This means requiring a contractor to perform in accordance with a clear, unambiguous specification. We have to eliminate lengthy SOWs [Statements of Work]. We should eliminate level of effort contracts when performance requirements and delivery dates can be established. We have to delete numerous attachments to contracts and not attach proposals. We should not create line items for functional elements that are not separate deliverables.

- **Team with industry in the development of significant procurement regulations, in the review of draft solicitations, and in the advancement of single process initiatives.**

For example, during the drafting of FASA [Federal Acquisition Streamlining Act], FARA [Federal Acquisition Reform Act], FAR 15, 45, "Government Property," and the DFARS [Defense Federal Acquisition Regulation Supplement] coverage of "Rights in Technical Data," we used public meetings to obtain industry input into the writing of our regulations. We will continue to do so for significant rules.

- **Ensure that DoD contracting regulations encourage the participation of small and disadvantaged businesses.**

I am sure you know that the Adarand Supreme Court case, arising out of a Department of Transportation minority sub-contract preference in New Mexico, resulted in the Department of Justice indicating it could not defend the Rule of Two minority preference in the DFARS. The Rule of Two provides that procurements will be set aside for small disadvantaged contractor participation when

there are two or more SDBs [small and disadvantaged businesses].

The finding in the Adarand case was that racial preferences could only be used when there was clear indication of past discrimination. The proposed post-Adarand FAR coverage, based on a Department of Justice formulation, requires that use of the Rule of Two may be authorized by OFPP [Office of Federal Procurement Policy] when census statistics indicate SDBs in certain industries exceed the percent of federal government SDB contracting in those industries. We have also published for comment new rules based on an executive order on empowerment zones. These rules provide price preferences for contractors doing business in or employing people from areas where unemployment exceeds 20 percent.

While both of these recent actions were taken in response to administration initiatives, let me note that in [fiscal 1996] we exceeded our small business contracting goal, awarding 23.3 percent of our procurements to small business. We awarded 6.3 percent to SDBs, again in excess of our goal. Both figures represent increases from [fiscal 1995]. In addition, 38 percent of subcontracts went to small businesses, and almost 6 percent to SDBs.



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Eleanor R. Spector assumed her position as Director of Defense Procurement in March 1991. Prior to that time, she had been the Deputy Assistant Secretary of Defense for Procurement since 1985. Spector is responsible for all matters related to procurement policy in the Defense Department. This includes directing the Defense Acquisition Regulations Council and developing policy for contract pricing and financing, contract administration, international contracting, and training of contracting personnel. She is the principal advisor to the Under Secretary of Defense for Acquisition and Technology on major weapon system contracting strategies and is an advisor to the Defense Acquisition Board on procurement matters.

Spector began her career as a Navy Management Intern. She came to the Office of the Secretary of Defense in 1984 after 13 years at the Naval Air Systems Command (NAVAIR), where she was involved in all phases of airframe, radar, and missile contracting. At NAVAIR she held successive positions as contract specialist on the A-6 and F-14 aircraft; procuring contracting officer for AWG-9 Radar, Phoenix Missile, and LAMPS Helicopter; branch head for all Navy Missile Programs; and director of the Cost Analysis Division, where she supervised the development of all NAVAIR weapon systems budget estimates.

Spector was awarded the Navy Superior Civilian Service Medal in 1982; the Navy Distinguished Civilian Service Medal in 1985; the Department of Defense Medal for Meritorious Civilian Service in 1986, 1993, 1996, and 1997; the American Society for Public Administration 1987 Mid-Career Award; the Presidential Meritorious Rank Award in 1989 and 1994; the Presidential Distinguished Executive Rank Award in 1990; and the Distinguished Civilian Service Medal in 1991 and 1994.

Spector received her Bachelor of Arts in Political Science from Barnard College and has completed post graduate courses in business and public administration at The George Washington University.

Her professional activities include: National Contract Management Association Advisor and Fellow; Defense Systems Management College Board of Advisors, 1987-90; Chairman of the DoD Federal Advisory Panel on Uncompensated Overtime, 1989; Chairman of Government-Industry Advisory Panel on Rights in Technical Data, 1992-94; and Chairman of the Procurement and Contracting Functional Board, Defense Acquisition University, 1992-present.

Spector was born in New York City. She and her husband, Mel, have a daughter and son, Nancy and Ken.