



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL  
PROCUREMENT POLICY

May 22, 2007

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
SENIOR PROCUREMENT EXECUTIVES

FROM:

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Administrator

SUBJECT:

Using Performance-Based Acquisition to Meet Program Needs –  
Performance Goals, Guidance, and Training

Performance-based acquisition (PBA) is a results-oriented acquisition strategy used to achieve innovative solutions in agency programs. The purpose of this memorandum is to recommend appropriate PBA performance goals and identify PBA learning assets, including useful guides and training opportunities, to ensure this acquisition strategy is used effectively. PBA is also discussed in the report issued by the Acquisition Advisory Panel (referred to as the Panel), established under the Services Acquisition Reform Act of 2003. The Panel's report includes specific recommendations to improve the effectiveness and appropriate use of PBA, and this memorandum discusses our plan for implementing some of the Panel's recommendations.

### Performance Goals

The PBA performance goal is used to measure agencies' use of PBA, and agencies should use this goal to encourage the acquisition workforce, including program and project managers, to employ PBA methods on service acquisitions. In fiscal year (FY) 2006, agencies were required to apply PBA methods on 40 percent or more of their eligible service actions over \$25,000, to include contracts, task orders, modifications, and options, as measured in dollars. According to the Federal Procurement Data System (FPDS), most agencies met or exceeded the goal, awarding over 45 percent of their eligible service contract actions. Agencies should continue to report PBA actions accurately in FPDS and should review the new report format to assess PBA performance goals, available at <https://www.fpds.gov/>.

In view of last year's success, agencies are encouraged to increase their use of PBA and apply PBA methods on 45 percent of their eligible service actions over \$25,000 for FY 2007, to include contracts, task orders, modifications, and options, as measured in dollars. At a minimum, agencies are expected to meet the PBA performance goals established in the agency-wide PBA Management Plans for FY 2007 through FY 2011. This allows for the flexibility of individual agency assessments as recommended in the Panel's report. Please ensure that your agency plan reflects the most current information. If necessary, provide an

update within 30 days to Julia Wise at [jwise@omb.eop.gov](mailto:jwise@omb.eop.gov). Later this fiscal year, the Office of Federal Procurement Policy (OFPP) will issue a separate memorandum highlighting the “best practices” identified in the agency plans.

## Guidance

The Seven Steps to Performance-Based Service Acquisition (PBSA) Guide has a new Web site link at <http://acquisition.gov/sevensteps>. This online guide includes PBA regulations, policy, and guidance. Most importantly, it includes vetted examples, templates, and an “**Ask the Expert**” feature that allows questions to be asked and addressed by a PBA expert within 24 hours. This guide should be visible on agency policy Web sites to ensure the acquisition workforce has immediate access to PBA information. Agencies are encouraged to send good PBA solicitation and/or contract documents and their PBA questions to [SevenStepstoPBSA.Feedback@gsa.gov](mailto:SevenStepstoPBSA.Feedback@gsa.gov).

The OFPP-led PBA Interagency Working Group meets monthly and the members are listed on the OFPP Web site at [http://www.whitehouse.gov/omb/procurement/index\\_pbsa.html](http://www.whitehouse.gov/omb/procurement/index_pbsa.html). The group will work on the following tasks that are consistent with some of the Panel’s PBA recommendations:

1. develop an illustrative guide or decision tree to help agencies determine when to use PBA;
2. establish a matrix of contract performance incentives (both monetary and non-monetary) appropriate for various contract vehicles when using the PBA strategy;
3. develop a “Best Practices Guide on Performance Measures” to improve the development and selection of performance standards for PBA contracts;
4. develop a checklist that reflects how well an acquisition works within the basic elements of the Seven Steps to PBSA Guide; and
5. review and evaluate PBA samples and examples to incorporate in the Seven Steps to PBSA Guide.

## Training

Effective training is crucial to the successful implementation of PBA, and opportunities include online and classroom courses, workshops, seminars and conferences. PBA training should be completed by senior managers, program/project managers, requirements personnel, quality assurance specialists, Contracting Officer’s Representatives, Contracting Officer’s Technical Representatives, subject matter experts and contracting officials involved in a PBA. Agency acquisition workforce policy should include these PBA training requirements at the appropriate level for all members of the acquisition workforce to ensure PBA principles are applied properly on service acquisitions. The OFPP April 25, 2007, memorandum, *The Federal Acquisition Certification for Program and Project Managers*, emphasizes PBA training requirements for program and project managers at various certification levels. The OFPP memorandum is available at [http://www.whitehouse.gov/omb/procurement/workforce/fed\\_acq\\_cert\\_042507.pdf](http://www.whitehouse.gov/omb/procurement/workforce/fed_acq_cert_042507.pdf).

The Federal Acquisition Institute (FAI) and the Defense Acquisition University (DAU) offer several PBA training opportunities. The FAI offers a three-day workshop on PBA designed as a just-in-time solution for acquisition teams from various agencies. The participants are encouraged to bring their current PBA documents and are given a chance to refine these documents in the training class. The training is offered at various locations around the country and is generally available through the Acquisition Workforce Training Fund. Students should register online at [www.fai.gov](http://www.fai.gov). Questions about this training should be directed to FAI student services at 703-805-2300.

The DAU offers a four and a half day classroom course entitled “Mission Focused Service Acquisitions,” course number ACQ265, and two online learning modules: 1) Performance-Based Services Acquisitions, CLC 013; and 2) Work Breakdown Structure, CLM 013. Additionally, a PBA Community of Practice, available at <https://acc.dau.mil/pba>, includes the above PBA training information as well as other training opportunities, policy and guidance, tools and related links such as the Acquisition Center of Excellence for Services Community of Practice, available at <https://acc.dau.mil/ace>. Additionally, many private sector firms offer PBA training. Information about these training resources is available on <http://acquisition.gov/SevenSteps>.

The information provided in this memorandum should prove useful to improving the knowledge and effective application of PBA within your agency. We will continue to work with you to improve the PBA guidance and will keep you abreast of new PBA training opportunities and best practices. Please ensure wide distribution of this memorandum to your agency’s acquisition personnel. Questions may be directed to Julia Wise at (202)395-7561 or [jwise@omb.eop.gov](mailto:jwise@omb.eop.gov).

cc: Chief Information Officers Council  
Chief Financial Officers Council  
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