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How Do You Solve A Problem Like LPTA?

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How Do You Solve A Problem Like LPTA?

An Analysis of DoD's Use of the Lowest-Price Technically Acceptable Acquisition Strategy and Recommendations for Improvement

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Agenda

Background

Methodology

Limitations

Findings

Recommendations

LPTA: An Overview

What is it?

Pros and Cons

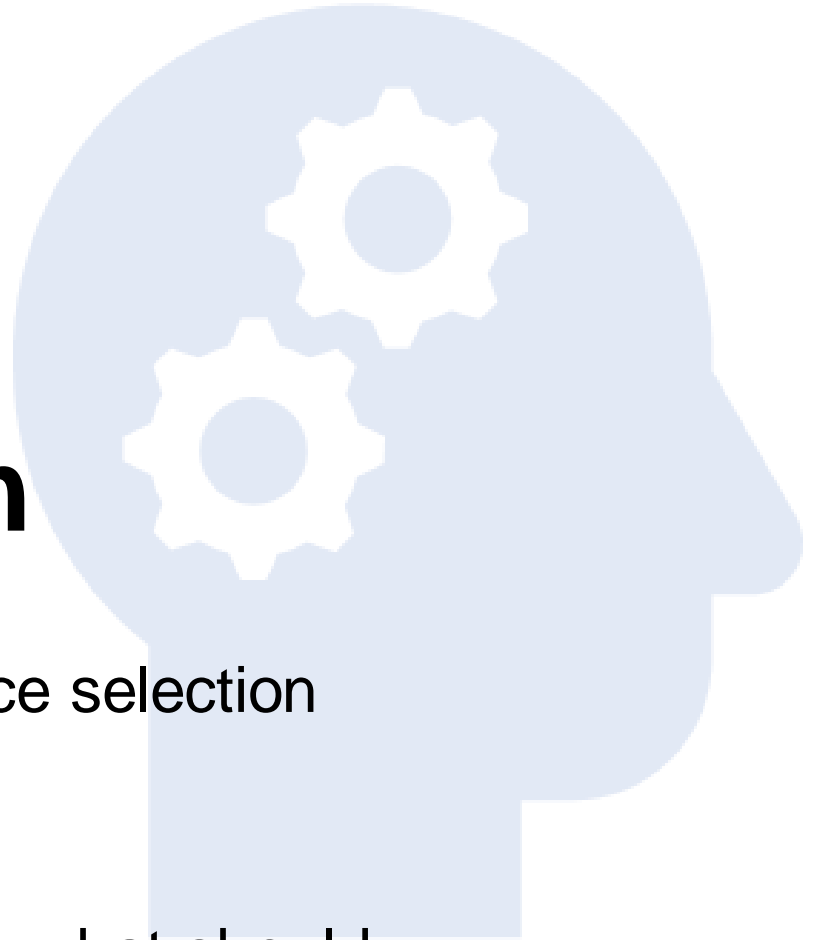
Recent Regulatory Changes

2017 GAO Report



Research Question

- Is DoD effectively using LPTA source selection method to achieve its mission?
- If DoD is not using LPTA effectively, what should the Department do to mitigate this problem?





Effective?

- Has DoD increased its usage of LPTA?
- Does LPTA source selection yield poor outcomes for DoD contracts?

Methodology

Federal Business Opportunities (FBO)

- PSCs
- Air Force, Army, Navy
- Results through December 31, 2017

Federal Procurement Data System (FPDS)

- Monitor contract cancellations
- Monitor vendor re-awards

Sample Data

501

Total Award
Notices

34

Discarded Award
Notices

467

Final Award
Notice Sample

4
Samples

Simple Goods (30)

Complex Goods (26)

Simple Services (319)

Complex Services (92)

Limitations

Approach does not account for contract renewal fatigue

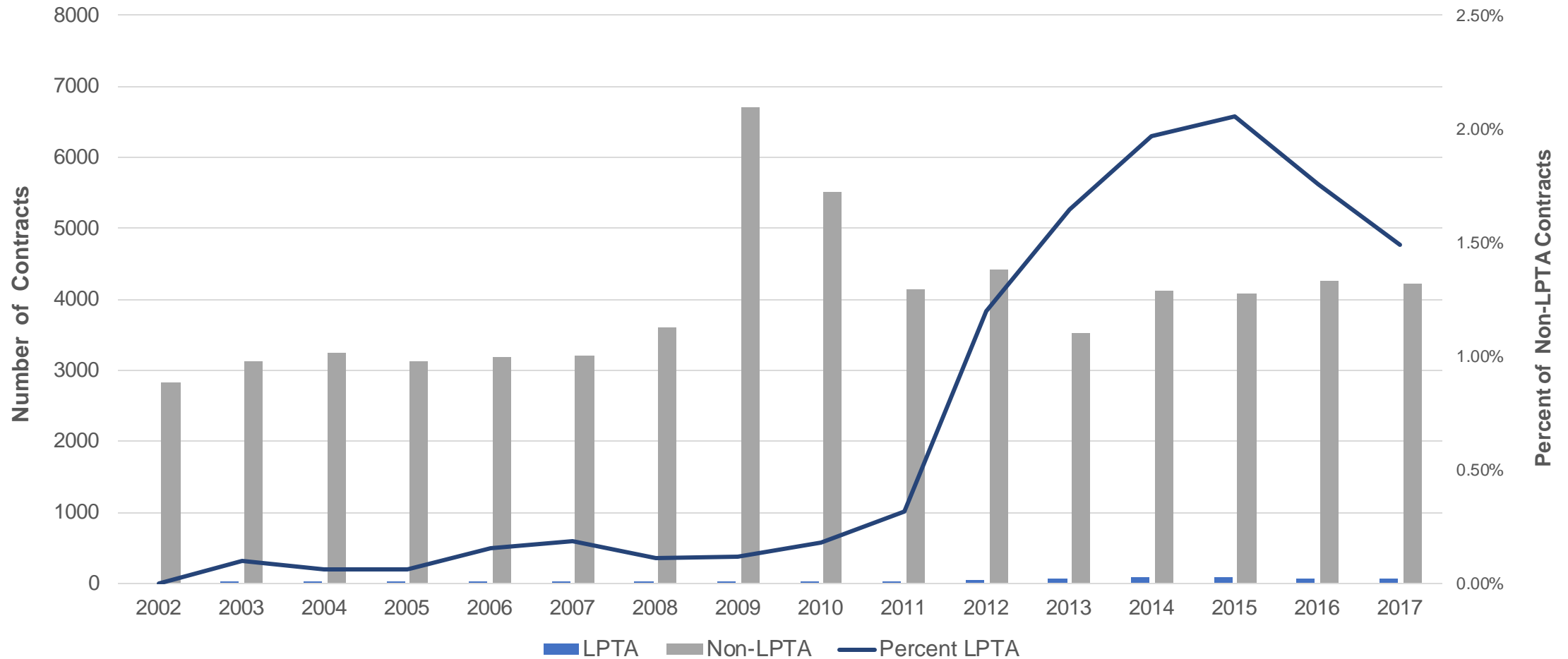
Limited generalizability

Inherent range of complexity within each PSC

Some contracts may not have been awarded on LPTA basis

Total LPTA and Non-LPTA Award Announcements (2002-2017)

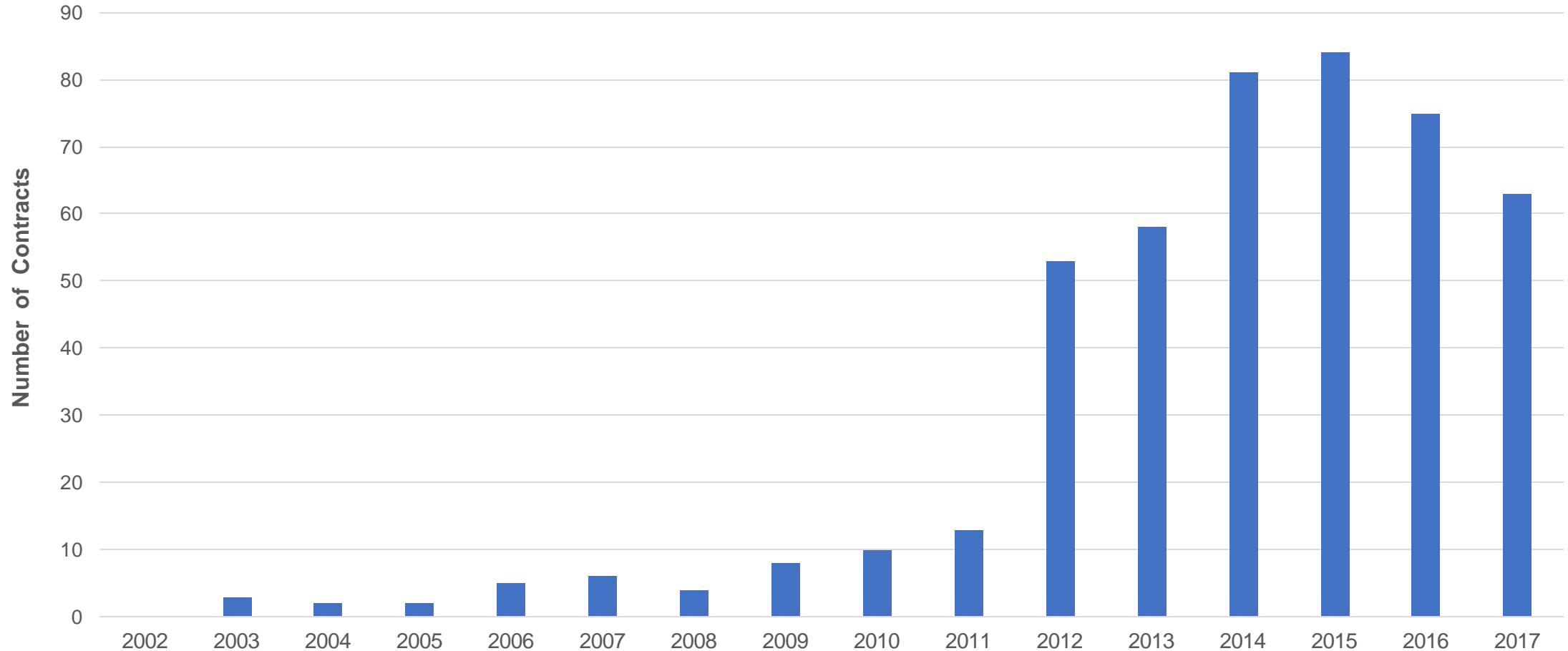
DoD's LPTA usage has risen, but only marginally.



Source: Federal Business Opportunities

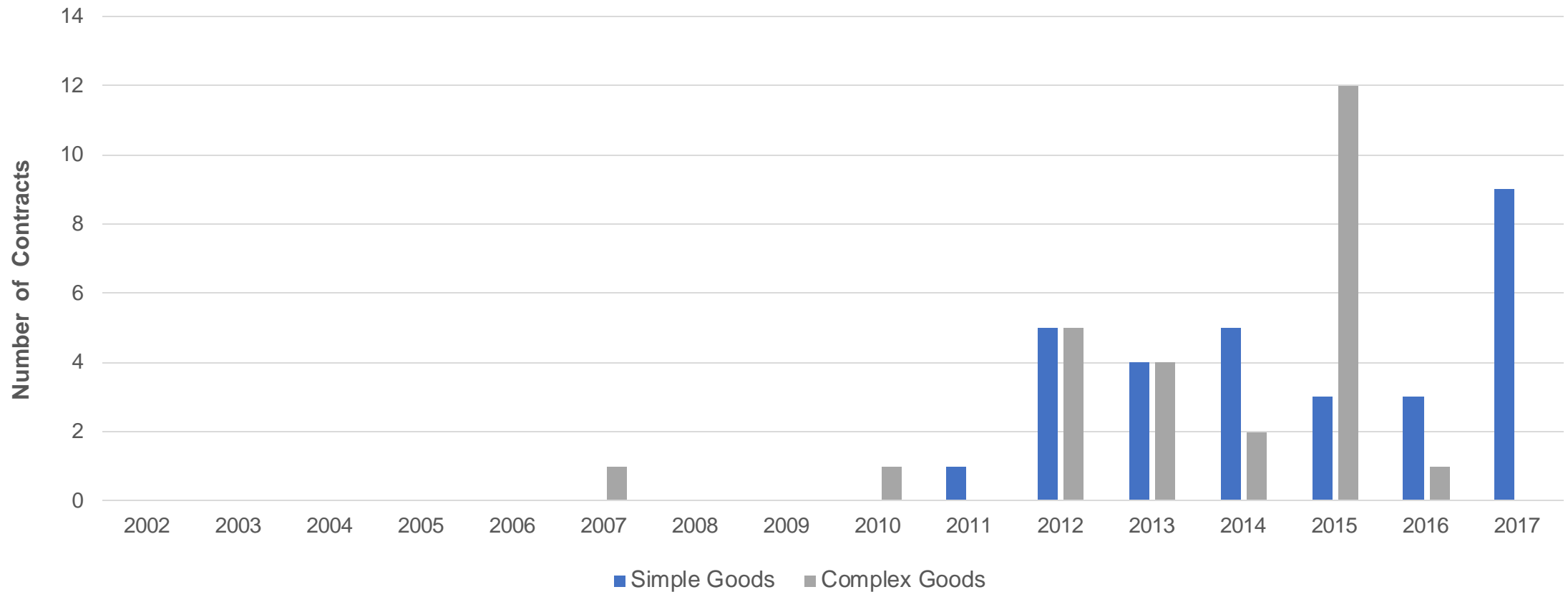
Total Sample: LPTA Frequency (2002-2017)

DoD's LPTA usage spiked after 2011, but now appears to be in decline.



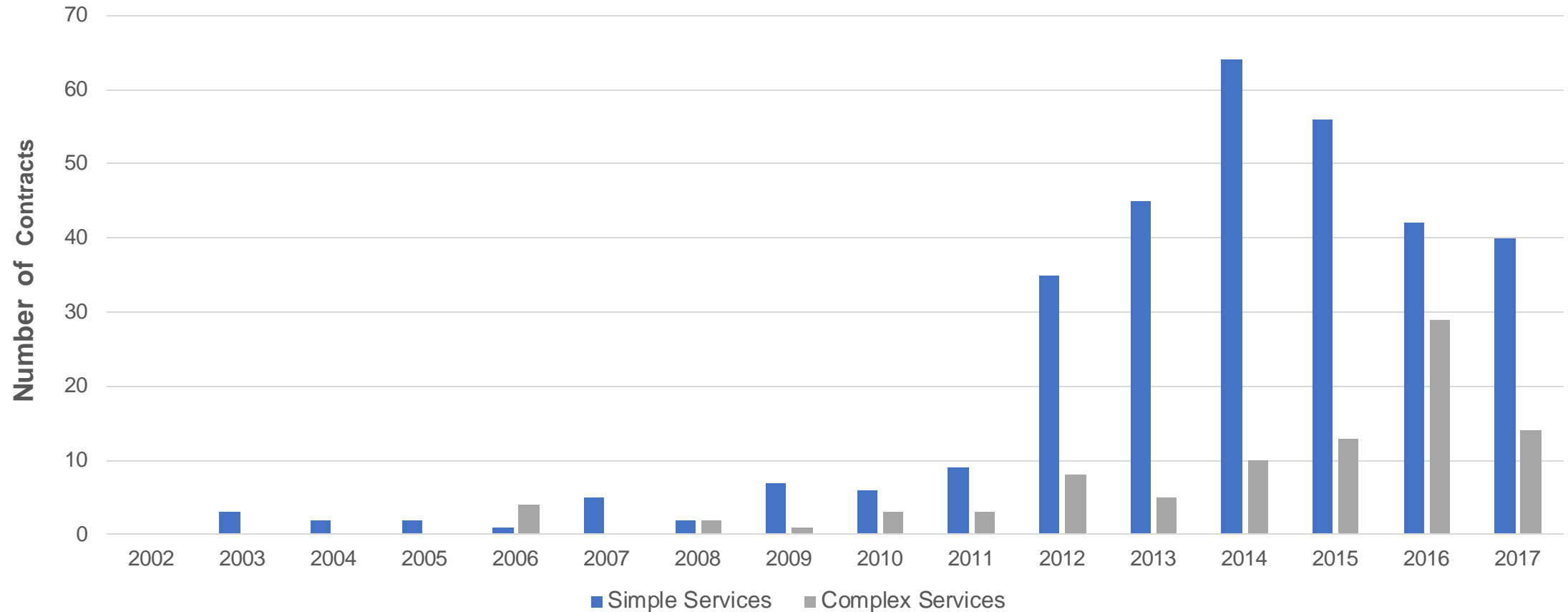
LPTA: Simple Goods vs. Complex Goods (2002-2017)

DoD's use of LPTA for complex goods peaked in 2015, but appears to be in decline.



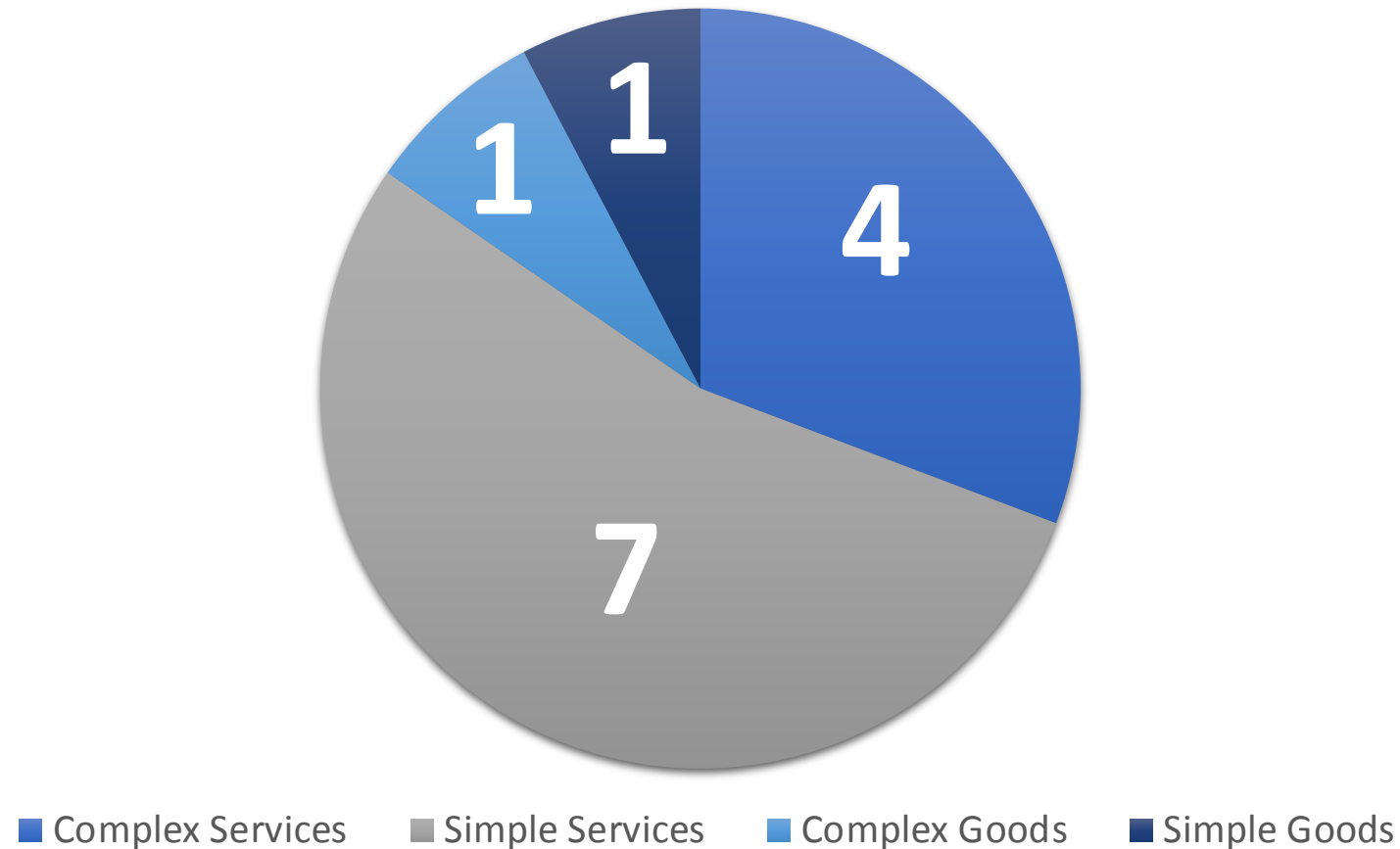
LPTA: Simple Services vs. Complex Services (2002-2017)

DoD's use of LPTA for service procurements peaked in 2014 and now appears to be declining.



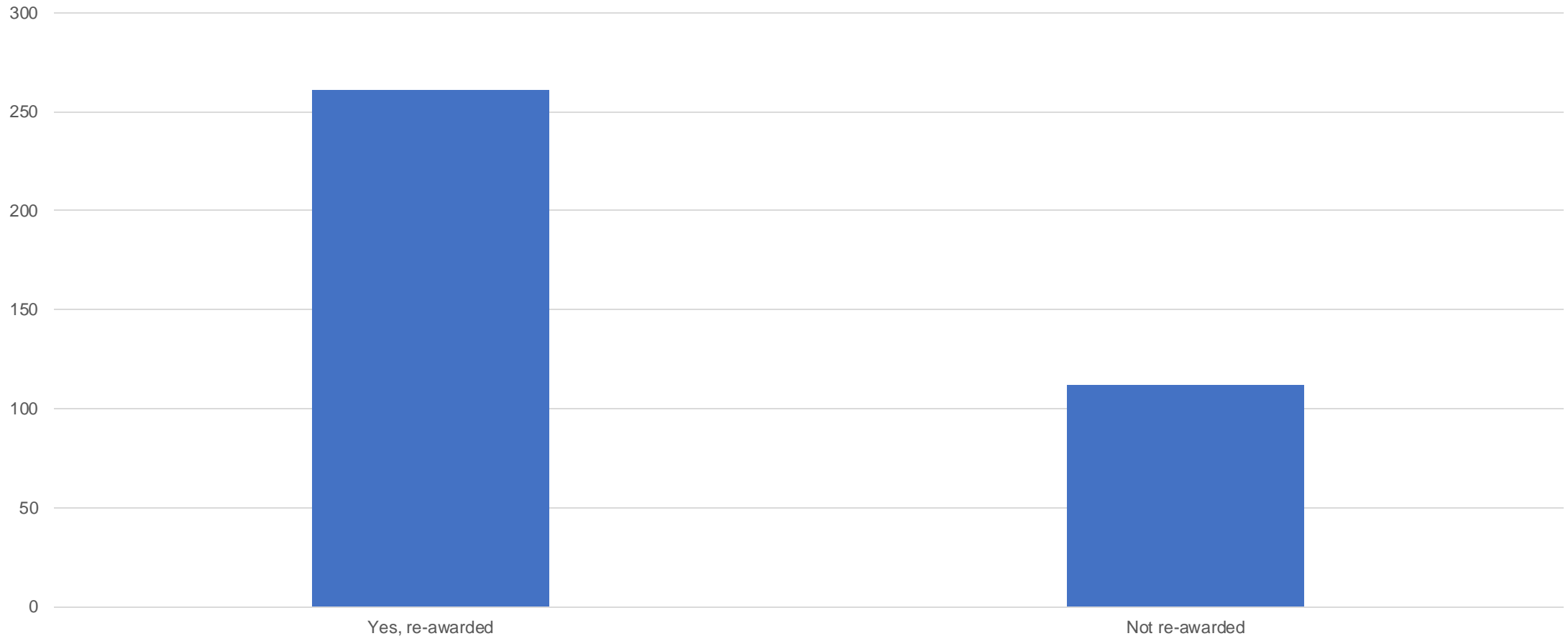
Frequency of Contract Cancellation by Sub-Sample

Eleven of the recorded contract cancellations were for services.



Frequency of Re-Award Post-LPTA Award

Buying entities re-awarded contracts to approximately two-thirds of vendors after awarding an LPTA contract.



Subsidiary Finding: The Dearth of Reliable Data

Problems with existing data (both in FBO and FPDS)

The FAR does not require DoD to record and track source selection practices

The FAR does not require DoD to record and track contract cancellations

Recommendation 1

Update the FAR to require information on cancelled contracts be entered into FPDS.

Recommendation 2

Update the FAR to require information on source selection method used be entered into FPDS.

Why More Data?

Better understand DoD's source selection practices

Test or corroborate anecdotal information

Future efforts to reform LPTA will continue to be questionable

“Reliable information is critical to informed decision-making and to oversight of the procurement system.”

-GAO, 2003

Questions?

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