

PROVIDING NONTRADITIONAL CONTRACTORS EXPEDITED ACCESS TO THE CONTRACTOR PURCHASING SYSTEM REVIEW (CPSR) PROCESS

The Committee recognizes the overarching importance of the Department's ongoing efforts to both control contractor supply chain costs during the acquisition process and ensure that only qualified offerors are awarded prime contracts for support of the Department's information technology (IT) needs. The Committee therefore understands why, as part of these efforts to apply cost controls throughout multiple phases of the acquisition process, offeror maintenance of an approved purchasing system via the CPSR process has effectively become a pre-requisite for performance as a prime contractor under major acquisition vehicles administered and/or funded by the Department. While the Committee commends the Department's use of existing regulatory mechanisms to ensure the efficient and effective expenditure of taxpayer monies, we are also concerned that the use of the CPSR process (which was originally created for the surveillance of large manufacturing concerns and whose review process has not been materially updated in more than 30 years) as a cost control and risk mitigation mechanism has the unintended effect of prohibiting otherwise qualified small businesses and other nontraditional contractors from participating as prime contractors under Department-funded acquisition vehicles. In particular, the Committee notes that the CPSR process cannot be initiated per regulation until a contractor receives at least \$50M in federal funding in the previous year, which prohibits literally tens of thousands of small businesses and commercial IT firms (many of whom are at the forefront of developing emerging and next generation technologies such as Artificial Intelligence) from participation as a prime contractor on major Department-funded acquisition vehicles. In addition the Committee is concerned that the Defense Contract Management Agency's (DCMA) pervasive but nevertheless informal requirement that all CPSRs are performed onsite or "in plant," even when the contractor is an IT service provider with no production lines or manufacturing capabilities, requires significant funding for government personnel travel without identifiable benefit to the Department.

To address these concerns while encouraging continued Departmental use of the CPSR process to mitigate cost and performance risks associated with contractor supply chains, the Committee has implemented 10 U.S.C. 2319A, entitled "Encouragement of New Competitors: Small Business Access to the Contractor Purchasing System Review Process," which creates the Purchasing System Desk Review (PSDR) initiative. The intent of the PSDR initiative, which is closely modeled after the existing pre-award survey of contractor accounting systems via Standard Form 1408, is to reduce administrative burdens on qualified nontraditional contractors by providing an on-ramp to eventual purchasing system approval during the proposal process for new and current Department-funded acquisition vehicles. In addition, the Committee has updated the existing Mentor-Protégé Program to provide qualified large businesses with practical incentives to support the PSDR initiative and its objective of drastically increasing the participation of nontraditional contractors as prime contractors on major Defense-funded IT acquisition vehicles.

In order to efficiently implement the PSDR initiative in a timely manner, the Director, DCMA, is directed to provide an implementation plan for initiation of a PSDR pilot program in Fiscal Year 2021 no later than 60 days from the enactment of this Act. In addition, the Committee directs the Director, DCMA, to provide an analysis of potential cost savings derived from the performance

of remote CPSRs on contractors who primarily report under North American Industry Classification System (NAICS) codes for service providers. This analysis, which will be provided no later than 30 days from enactment of this Act, will also provide an initial plan for DCMA performance of CPSRs of IT and engineering service providers on a remote basis using existing technologies widely available to the government and commercial markets. The intent of the Committee is to reallocate excess travel funding identified during this analyst to personnel increases required by the Director, DCMA's PSDR pilot program implementation plan.