

LOWEST PRICE TECHNICALLY ACCEPTABLE CONTRACTING: A “FALSE  
ECONOMY” IN COMPLEX FEDERAL INFORMATION TECHNOLOGY  
PROCUREMENT

by  
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## **ABSTRACT**

The inappropriate use, or overuse, of Lowest Price, Technically Acceptable (LPTA) procurements as a cost savings measure in federal acquisition offices can lead to failed projects if an exceptional solution is ignored in favor of the lowest offer, hampering the fulfillment of public policy initiatives. This category is particularly detrimental in solicitations for IT systems procurements, due to their complex technical nature. LPTA IT acquisition strategies have the potential to impede the daily work of government end-users across both military and civilian agencies, or curtail the ability to modernize existing capabilities to better serve needs at lower cost. If traditional, trusted evaluation factors like past performance and superior technical expertise are tacitly discouraged by the selection of LPTA, the government risks vulnerabilities in mismatched technical solutions, unanticipated long-term costs, or delayed procurements. In order to mitigate these effects, this study proposes and recommends the drafting of an Office of Management and Budget (OMB) guidance memorandum mandating an update to the Federal Acquisition Regulations (FAR) to clarify commodity thresholds, increased training, and the creation of a new role within all agency procurement offices to empirically track source selection category usage and contract lifecycle outcomes.

Adviser: Professor Paul Weinstein

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**Decision Memorandum**

**To: Anne Rung, Office of Procurement Policy, Office of Management and Budget**

**From: Kate Hannon, Industry Consultant**

**Subject: The “False Economy” of LPTA in Complex IT**

**Action Forcing Event**

In August 2016, the Government Accountability Office (GAO) upheld the validity of protests by two major federal contractors, Booz Allen Hamilton and CACI, prospective bidders for a \$17.5B Information Technology (IT) services Defense Information Systems Agency (DISA) contract vehicle titled ENCORE III. The two companies, backed by similar outcry from groups such as the Professional Services Council and the IT Alliance for Public Sector, denounced DISA’s plan to disqualify the lowest- and highest-priced bidders in two rounds of cuts as “irrational,” based on the lowest-priced technically acceptable (LPTA) designation of the solicitation.<sup>1</sup> In addition to “arbitrary” selection criteria, IT industry protesters highlighted vague and indeterminate requirements, which rendered price estimation difficult and subjective.<sup>2</sup> GAO’s ruling likely signals significant rework for the Defense Department before a new solicitation can be released, adding further delay to the fulfillment of mission critical national security information sharing needs.

**Statement of the Problem**

GAO’s ruling is significant because it affirms the problematic nature of the LPTA award category currently in vogue in federal contracting, as established by the Federal Acquisition Regulation (FAR). The inappropriate use, or overuse, of LPTA procurements

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<sup>1</sup> Jared Serbu, “GAO Upholds Industry Protests in \$17.5B ENCORE III Contract” August 4<sup>th</sup>, 2016, last accessed August 30<sup>th</sup>, 2016, *Federal News Radio Online* <http://federalnewsradio.com/defense/2016/08/gao-upholds-industry-protests-17-5b-encore-iii-contract/>

<sup>2</sup> Ibid

as a cost savings measure can lengthen procurement windows, and lead to failed projects if an exceptional solution is ignored in favor of the lowest offer, hampering the fulfillment of public policy initiatives. This category is particularly detrimental in solicitations for IT systems procurements due to their complex technical nature. LPTA IT acquisition strategies have the potential to impede the daily work of government end-users across both military and civilian agencies, or curtail the ability to modernize existing capabilities to better serve needs at lower cost. Law enforcement agencies, research laboratories, legislative and administrative bodies, and troops overseas depend on reliable, secure IT development and maintenance to provide public goods and services to the American public.

### **LPTA Fails to Account for the Requirements of Complex IT**

Mission inefficiency is exemplified by recent procurement delays associated with LPTA solicitations, as well as statements by high-level federal officials in both Congressional oversight and agency-level procurement roles. The lack of clear expectations common in such solicitations, bemoaned by the contractor protesters of ENCORE III, the months-delayed multi-billion dollar DISA solicitation mentioned above, precipitated GAO's ruling in favor of the private sector. This represents a significant oversight rebuke to federal acquisition professionals tasked as gatekeepers for federal customers. Citing vague problem identification and requirements, protestor CACI alluded to long-term inefficiency issues that may arise if LPTA does not lead to a solution well matched to the mission challenge: "the development of sophisticated IT solutions and performance of the 19 identified performance areas in the PWS [performance work statement] all present significant risk of unsuccessful performance.

And because this RFP is intended to serve federal agencies across the government, the impact of unsuccessful performance is huge.”<sup>3</sup>

In another instance, a Navy LPTA recompete procurement for an enterprise-wide network (NGen) meant to synthesize land and sea communications was delayed at least five months, due to the complexity of requirements.<sup>4</sup> This following troubles on the initial contract, including delays, doubts regarding long term suitability of the technical solution, and expressed end-user frustration.<sup>5</sup> In both examples, the government was at minimum forced to delay a contract award, if not completely overhaul the language of their solicitation. Such missteps unnecessarily delegitimize the federal procurement process, and undermine the type of innovative solutions made possible by the alliance of public sector mission and private sector expertise.

### **Recognition of the Problem**

High-level procurement officials have asserted that LPTA is best utilized in procurements “of well known, low risk, common goods and services, but is rarely the right strategy for anything of even moderate complexity or risk.”<sup>6</sup> In an especially high profile underscoring of LPTA inefficiencies, DOD Under Secretary of Defense for Acquisition, Technology and Logistics Frank Kendall issued a memorandum in March 2015 advising more limited use. Laying out appropriate prerequisite conditions for the

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<sup>3</sup> Jason Miller, “LPTA Comes Under Fire from Congress/Industry,” *Comstor Federal Online*, May 9<sup>th</sup>, 2016, last accessed September 28, 2016

[https://www.westconcomstor.com/us/en/comstor/comstor\\_home\\_page/programs/vertical\\_market\\_s/federal/federal-latest-news/2016/LPTA-Contracting-Comes-Under-Fire.html](https://www.westconcomstor.com/us/en/comstor/comstor_home_page/programs/vertical_market_s/federal/federal-latest-news/2016/LPTA-Contracting-Comes-Under-Fire.html)

<sup>4</sup> Jacques Gansler, Lisa H. Harrington, William Lucyshyn, “The DOD’s Use of Lowest Price Technically Acceptable (LPTA) Price Selection, Executive Summary” *Center for Public Policy and Private Initiative*, September 1<sup>st</sup>, 2013 <http://www.cpppe.umd.edu/publications/dod%E2%80%99s-use-lowest-price-technically-acceptable-lpta-price-selection>

<sup>5</sup> Ibid.

<sup>6</sup> Stan Soloway, “Too Soon to Say Goodbye to LPTA?” *Washington Technology Online*, May 9<sup>th</sup>, 2016, last accessed August 30<sup>th</sup>, 2016, <https://washingtontechnology.com/articles/2016/05/09/insights-soloway-lpta.aspx>

use of LPTA in source selection, Kendall’s high-level missive demonstrates an attempt to address an accepted problem within his purview.<sup>7</sup>

The problem also appeared on the Congressional policy agenda in the April 2016 when members of the Senate Armed Services Committee Mark Warner and Mike Rounds spoke out against LPTA and singular focus on price as a detriment to meaningful competition and innovation. They introduced bipartisan legislation that pointedly “directs DOD to avoid, to the maximum extent practicable, LPTA criteria when the procurement is for information technology, systems engineering and technical assistance, or other knowledge-based professional services.”<sup>8</sup>

### **The False Promise of LPTA**

LPTA contracts encourage a “race to the bottom” whereby companies are incentivized to bid low to win work, belying the actual relative value or business appropriateness of their solution on offer, or additional money the government may be forced to spend later if any changes to the Statement of Work (SOW) are made. LPTA decision-making does not reward technical innovation or past performance, because “evaluators have to turn a blind eye to whether past performance was excellent or barely acceptable—it must be treated as either acceptable or not acceptable.”<sup>9</sup> These incentives are especially nefarious, for example, given the rapidly growing threat of cyber attack, as discussed in a June 2016 GAO survey of 18 agencies with high impact systems, which

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<sup>7</sup> Frank Kendall, “Memorandum on the Appropriate Use of Lowest Price Technically Acceptable Source Selection Process and Associated Contract Type,” March 4, 2015, [http://bbp.dau.mil/docs/Appropriate\\_Use\\_of\\_Lowest\\_Priced\\_Technically\\_Acceptable\\_Source\\_Selection\\_Process\\_Assoc\\_Con\\_Type.pdf](http://bbp.dau.mil/docs/Appropriate_Use_of_Lowest_Priced_Technically_Acceptable_Source_Selection_Process_Assoc_Con_Type.pdf)

<sup>8</sup> “Warner, Rounds, Beyer, Wittman Act to Encourage Competition & Innovation in DOD Cyber Procurement,” *Press Release, Website of Senator Mark R. Warner*, April 21, 2016 [http://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord\\_id=A4D27777-C176-4924-970A-C72128D00A60](http://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord_id=A4D27777-C176-4924-970A-C72128D00A60)

<sup>9</sup> Bob Lohfeld, “Is the Government Starting to Hate LPTA Too?” June 7<sup>th</sup>, 2013 *Washington Technology Online*, <https://washingtontechnology.com/articles/2013/06/07/insights-lohfeld-lpta-shortcomings.aspx>

collectively identified “cyber attacks from “nations” as the most serious and most frequently-occurring threat to the security of their systems.”<sup>10</sup> The Obama Administration’s renewed focus on cyber security with the introduction of the Cybersecurity National Action Plan in February 2016 highlights the importance of quality, secure IT development in the federal space in response to increasing threat.<sup>11</sup> Though security is but one aspect of a successful IT system solution, it is increasingly crucial to the realization of modern public policy initiatives. If traditional, trusted evaluation factors like past performance and superior technical expertise are tacitly discouraged by the selection of LPTA, the government risks vulnerabilities in mismatched or delayed procurements.

### **A Trend on the Rise**

Despite these risks, the use of LPTA in the IT sector shows no signs of slowing. A September 2015 report by Deltek identified growth in LPTA procurements for IT services, by 19% at DOD, and a whopping 222% in civilian agencies between FY2012 and FY2014.<sup>12</sup> Though agencies may decide to adopt this category in response to budget pressures, such efforts are nullified if an inappropriate match between vendor and mission results in costly, unplanned IT rework, or months-long protest and solicitation editing cycles as seen with ENCORE III.

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<sup>10</sup> “Information Security: Agencies Need to Improve Controls over Selected High-Impact Systems,” *U.S. Government Accountability Office Official Website*, Released June 21st, 2016 <http://www.gao.gov/products/GAO-16-501>

<sup>11</sup> “Factsheet: Cybersecurity National Action Plan,” *The White House, Office of the Press Secretary Online*, February 9<sup>th</sup>, 2016, last accessed September 16<sup>th</sup>, 2016 <https://www.whitehouse.gov/the-press-office/2016/02/09/fact-sheet-cybersecurity-national-action-plan>

<sup>12</sup> “According to Deltek Report, Use of Lowest Price Technically Acceptable (LPTA) Evaluations are Declining Overall, but Increasing in Services and IT Contracting,” *Deltek Online*, September 18<sup>th</sup>, 2015, last accessed August 30<sup>th</sup>, 2016 <https://www.deltek.com/en/about/media-center/press-releases/2015/use-of-lowest-price-technically-acceptable-evaluations-are-declining-overall>



## History

### **The Origins and Intent of LPTA**

The category of LPTA as a criterion for source selection is enshrined in the FAR, a regulatory framework effective since 1984. The FAR seeks to standardize and govern federal procurement practices across agencies and departments. Prior to its codification, civilian and defense agencies did have defined regulations, however a 1972 finding by the Commission on Government Procurement suggested the proliferation of semi-autonomous standards across departments constituted a “mass and maze...[with] no overall system for coordinating, controlling and standardizing regulations.”<sup>13</sup> In 1979 Congress passed the Office of Federal Procurement Policy Act, which jointly gave the Department of Defense (DOD), the General Services Administration (GSA) and the National Aeronautics and Space Administration (NASA) responsibility for administering and amending the FAR.<sup>14</sup>

The problem with efficiency in the modern incarnation of LPTA as described above is poignant because the FAR explicitly defines its role to “deliver on a timely basis the best value product or service to the customer, while maintaining the public’s trust and fulfilling public policy objectives.”<sup>15</sup> LPTA is one of two categories within FAR subpart 15.1, “Best Value Continuum.” Government authors of Requests for Proposal (RFPs) must determine the relative importance of different proposal factors, including based on the good or service to be procured. A contractor’s past performance or the technical

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<sup>13</sup> Kate M. Manuel, L. Elaine Halchin, Erika K. Lunder, Michelle D. Christensen, “The Federal Acquisition Regulation (FAR): Answers to Frequently Asked Questions”, *Congressional Research Service Online*, February 3, 2015, last accessed October 2, 2016, pg. 10  
<http://www.fas.org/sgp/crs/misc/R42826.pdf>

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.,pg. 9

specifications of a solution become more important “the less definitive the requirement, the more development work required, or the greater the performance risk.”<sup>16</sup> If these factors are not expected to expose valuable differentiators among bidders, LPTA may be acceptable, otherwise a tradeoff analysis based on a set of weighted factors, where price does not play a primary role, should be implemented.

### **Factors Contributing to Increased Reliance on LPTA**

Both federal acquisition workforce management trends and budgetary constraints contributed to the rise of LPTA usage in the post- 2008 financial crisis procurement environment. Between FY 2008 and 2012, in the midst of global economic downturn, federal procurement spending dipped by more than 10%, forcing acquisition managers to consider best practices in the face of increasingly tight budget mandates.<sup>17</sup> Selection processes where price is considered the paramount criterion require far fewer resources in terms of the number of acquisition personnel involved, the length of time expected to communicate and clarify requirements with private industry partners, and federal evaluators’ relative level of expertise.<sup>18</sup> A risk-averse incentive structure within the acquisition workforce also led to a greater proportion of LPTA selections.<sup>19</sup> It is in the government’s interest to avoid protests by bidders unsatisfied with judgments made by procurement personnel, since protests consume resources in mission wait time and source selection re-work, invite oversight scrutiny typically from GAO or other investigatory

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<sup>16</sup> “Part 15 – Contracting by Negotiation,” Federal Acquisition Regulation, *Acquisition.gov*, last accessed October 2<sup>nd</sup>, 2016 <https://www.acquisition.gov/?q=/browse/far/15>

<sup>17</sup> Steven V. Reeves, “What the Acquisition Workforce Knows,” *Defense AT & L Magazine*, September-October 2014, last accessed October 2, 2016, pg.

25 <http://www.dau.mil/publications/DefenseATL/DATLFiles/Sep-Oct2014/Reeves.pdf>

<sup>18</sup> Kathleen Watson, “LPTA versus Tradeoff: How Procurement Methods can Impact Contract Performance,” *Calhoun Institutional Archive of the Naval Postgraduate School*, June 2015, pgs. 10-11 [http://calhoun.nps.edu/bitstream/handle/10945/45958/15Jun\\_Watson\\_Kathleen.pdf?sequence=1](http://calhoun.nps.edu/bitstream/handle/10945/45958/15Jun_Watson_Kathleen.pdf?sequence=1)

<sup>19</sup> Steven V. Reeves, “What the Acquisition Workforce Knows,” last accessed October 2, 2016, pg. 24

bodies, and generally undermine the validity of federal purchasing. Price, if it can be successfully justified as the sole differentiator between bidders, came to be viewed a relatively objective, safe choice of criterion for procurement staff.

In response to a political and budgetary climate favoring sequestration, a 2010 memorandum from then-Under Secretary of Defense Ashton Carter emphasized the pressures felt by acquisition offices in the federal landscape and implored them to consider cheaper options, ultimately bolstering the LPTA trend. He advised use of particular FAR categories to procure valuable services in the name of public goods, “without ever-increasing budgets to pay for them. We must therefore strive to achieve what economists call productivity growth: in simple terms, to DO MORE WITHOUT MORE [emphasis in original].”<sup>20</sup> In subsequent official versions of Defense’s Better Buying Power directive, LPTA was called out as a viable means to reduce costs.<sup>21</sup>

Such official directives, combined with the austere fiscal climate, facilitated the rise of stricter price-conscious evaluations. For example, in 2012 the Navy issued a recompetitively RFP for a technically complex enterprise network called NGEN, expected to fully consume 25% of the Navy’s total yearly IT budget. Industry observers noted the decision to choose LPTA as the selection criterion “unprecedented” for a system with such complexity and scope, reaching 800,000 users at 2,500 locations worldwide.<sup>22</sup> A 2013 publication by the Northern Virginia Technology Council cited LPTA as a growing “common concern,” and highlighted the dissonance inherent in the category’s use in

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<sup>20</sup>Ashton B. Carter, “Memorandum: Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending,” September 14<sup>th</sup>, 2010, pg. 17

[http://www.acq.osd.mil/fo/docs/USD\\_ATL\\_Guidance\\_Memo\\_September\\_14\\_2010\\_FINAL.PDF](http://www.acq.osd.mil/fo/docs/USD_ATL_Guidance_Memo_September_14_2010_FINAL.PDF)

<sup>21</sup> Steven V. Reeves, “What the Acquisition Workforce Knows,” last accessed October 2, 2016, pg. 24

<sup>22</sup> Jim Tinsley, Jim Thompson, “Helping the DOD Solve its Affordability Challenge,” *Avascent Online* December 5, 2012, last accessed October 2, 2016 <http://www.avascent.com/2012/12/helping-the-dod-solve-its-affordability-challenge/>

complex IT: “originally intended to guide the acquisition of commodity services, LPTA has shifted into more complex fields....price, especially for non-commoditized services, shouldn’t be the driver.”<sup>23</sup>

Though data and dialogue on Defense-sector LPTA acquisition dominates the literature, a widely cited 2013 study entitled “The New Reality” captured its rise among a variety of agencies, as well as its disproportionate use in IT solicitations. The survey spanned 360 contractors and 375 federal employees, 56% representing civilian federal agencies, and aggregated counts of LPTA solicitations on FBO.gov, a trusted portal for federal business opportunity postings.<sup>24</sup> 64% of federal representatives indicated they were likely to issue LPTA RFPs, over half citing motivations based on cost savings and standard or mandated organizational practices.<sup>25</sup> In a resounding indictment of procurement outcomes, only 25% of government employees and 12% of contractors reported a high level of satisfaction with deliverables obtained via LPTA.<sup>26</sup>

### **Rising Criticism & Solutions Thus Far**

A proliferation of official statements and think pieces from both private and public sector leaders starting around 2010 heralded LPTA’s contentious place within the acquisition world. In 2012, the National Defense Industrial Association spoke out against its excessive use, and drew a vivid comparison between the category’s original intent and its modern use: “while LPTA is adequate for “non-complex services” such as janitorial,

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<sup>23</sup> Mark Toner, “Federal Contracting,” Northern Virginia Technology Council, *The Voice of Technology Magazine*, Spring 2013 pg. 24 <https://www.nvtc.org/documents/magazine/Spring2013.pdf>

<sup>24</sup> “The New Reality: The Impact of LPTA Procurements on Government Contracts and Solutions,” *Market Connections, Inc. and Deltek/Centurion Research Solutions* October 2013, last accessed October 3, 2016, slide 15 [http://marketconnectionsinc.com/wp-content/uploads/stories/downloads/MarketConnections\\_LPTA\\_Impact\\_Study\\_OVERVIEW\\_111913.pdf](http://marketconnectionsinc.com/wp-content/uploads/stories/downloads/MarketConnections_LPTA_Impact_Study_OVERVIEW_111913.pdf)

<sup>25</sup> *Ibid.*, slides 20-21

<sup>26</sup> *Ibid.*, slide 28

grass cutting and snow removal, it remains inappropriate for complex, engineering or technical services.”<sup>27</sup> Contracting companies tend to be more openly negative in the literature regarding the upward trend, posing LPTA as a hindrance to the perpetuation of highly trained expertise, and by extension, delivery of the highest quality IT solutions to clients. Because IT projects typically require extended periods of operations and maintenance following initial system delivery, LPTA recompetes are especially nefarious. Industry leaders continually expressed concern that experienced personnel may leave due to reduced wages, and companies may not be able to remain competitive, even if they have proven their worth as the incumbent and can demonstrate strong past performance.<sup>28</sup>

LPTA began to show up more frequently on industry lists of top trends in 2012-2015, and consensus began to materialize which suggested LPTA in IT had not proven a cost saving strategy for the government. Industry leaders began to posit LPTA as a “false economy”: “in an overwhelming number of awards, the resultant contract does not meet the government’s expectations, often resulting in cost overruns, missed schedules, low quality output, and in some cases, contract stop work orders and new procurements.”<sup>29</sup>

The most visible acknowledgement of the problem from a high level public official came in March 2015, when Under Secretary of Defense for Acquisition, Technology and Logistics Frank Kendall tapped into mounting concern, issuing a

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<sup>27</sup>“The Growing Backlash Against LPTA Source Selection,” *Law 360 Online*, August 7, 2012, last accessed October 3, 2016, pg. 2

[http://www.brownrudnick.com/uploads/117/doc/The\\_Growing\\_Backlash\\_Against\\_LPTA\\_Source\\_Selection.pdf](http://www.brownrudnick.com/uploads/117/doc/The_Growing_Backlash_Against_LPTA_Source_Selection.pdf)

<sup>28</sup> Steve O’Keefe “My Cup of IT...Minimum Wage?” *GovLoop Online* June 29<sup>th</sup>, 2012, last accessed 2016 <https://www.govloop.com/community/blog/my-cup-of-it-minimum-wage/>

<sup>29</sup> Steve Tolbert, “Five Strategies for Weathering the LPTA Storm,” *WashingtonExec Online* April 23, 2014, last accessed October 2, 2016 [http://www.washingtonexec.com/2014/04/guest-column-five-strategies-weathering-lpta-storm-steve-tolbert/#.V\\_B3FKIrIfE](http://www.washingtonexec.com/2014/04/guest-column-five-strategies-weathering-lpta-storm-steve-tolbert/#.V_B3FKIrIfE)

memorandum explicitly addressing the inappropriate use of LPTA. Kendall pointedly asserts that LPTA's place should be limited, and, in a nod to the complex, mission-critical work of modern IT systems contracting, stated the category was not appropriate "whenever the Warfighter is willing to pay more for above threshold requirements...and may benefit from an innovative and technologically superior solution to meet their mission needs."<sup>30</sup> By the time of Kendall's agency-level directive, no significant legislation had attempted to address the issues described by both public and private entities in the name of improved efficiency and effectiveness. GAO rulings on protests of LPTA solicitations have tended to exhibit agency deference rather than pressing increased rigor in cost-based procurement source selection. For example, after 5 months of protest adjudication delays for the Navy's NGEN solution mentioned above, the GAO ruled that DOD had sufficiently proven the reasonableness of the awardee's bid price.<sup>31</sup>

## **Background**

### **Legislative Climate**

Amidst rising concern voiced by public and private entities, the inappropriate use of LPTA and resultant inefficiencies were raised to the top of the Congressional policy agenda in the spring of 2016. In April, companion legislation was introduced in both the House and Senate in an attempt to combat the problem by directing DOD to amend the language of the FAR to include more specific language regarding acceptable use. Titled the "Promoting Value Based Defense Procurement Act," the proposed directive explicitly and solely references LPTA and its perceived misuse. Citing the complex IT demands of

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<sup>30</sup> Frank Kendall, "Memorandum on the Appropriate Use of Lowest Price Technically Acceptable Source Selection Process and Associated Contract Type," March 4, 2015, pg. 2

<sup>31</sup> Government Accountability Office, Decision on Protest from Harris IT Services Corporation, B-408546.2, B-408546.3, October 31, 2013, last accessed October 2, 2016  
<http://www.gao.gov/products/D06304#mt=e-report>

21<sup>st</sup> century federal customers, mounting concern over cyber security and the preservation of innovation in the private sector, bipartisan sponsor's statements echoed the concern demonstrated by Kendall and industry leaders: "the current LPTA focus on price makes sense when the Pentagon is purchasing belts, bolts, and ballpoint pens, yet it provides no incentive for DOD to seek-out the most innovative IT and engineering solutions."<sup>32</sup> However, despite this Congressional push for solutions, the bills as such remain stalled in the introductory phase in both houses, signaling a lack of political will to move forward with even limited revisions to the vague FAR language currently enabling the trend.

There are signs that policy makers are taking the concerns of IT contractors seriously. Following appeals by the Northern Virginia Technology Council, a large trade association that speaks for organizations in the federally-focused Northern Virginia region, changes to LPTA policy received high-profile praise from Senator John McCain in his capacity as Chair of the Senate Armed Services Committee.<sup>33</sup> Language from the aforementioned bill was incorporated into the National Defense Authorization Act for Fiscal Year 2017. This legislation, however, does not include a change to the FAR itself, which would have mandated change spanning federal procurement offices both defense and civilian. Section 847 of the FY 2017 directive "specifies that it is DOD policy to avoid using lowest price technically acceptable source selection criteria in inappropriate

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<sup>32</sup> Senator Mark Warner, "Warner, Rounds, Beyer, Wittman Act to Encourage Competition & Innovation in DoD Cyber Procurement," April 21, 2016, *Official Website of Senator Mark R. Warner* [http://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord\\_id=A4D27777-C176-4924-970A-C72128D00A60](http://www.warner.senate.gov/public/index.cfm/pressreleases?ContentRecord_id=A4D27777-C176-4924-970A-C72128D00A60)

<sup>33</sup> "NVTC Applauds Senate Armed Services Committee's Adoption of Warner/Round Language Limiting Use of LPTA Evaluation Criteria," *Northern Virginia Technology Council*, last accessed October 15, 2016 <https://www.nvtc.org/news/getnewscontent.php?code=1120>

circumstances that potentially deny DOD the benefits of cost and technical tradeoffs in the source selection process.”<sup>34</sup>

The overall bill was met with contention from the Obama administration, which expressed displeasure with certain provisions via an OMB statement referencing the perception that the bill called for changes that would “micromanage” the Pentagon “with overly prescriptive organizational changes”.<sup>35</sup> Embedded in the bill are calls for restructuring leadership, including eliminating Kendall’s current post in favor of two newly-created positions. The administration’s statement suggests a reluctance to tamper with or add complexity to the specifics of individual agencies’ procurement structures, echoing the deference enjoyed by DOD and others in LPTA-related GAO protest decisions.

Acknowledging the notable lack of empirical data consolidation and analysis regarding LPTA usage and associated project success, the House bill also directs DOD to produce a report on 2015 and 2016 procurement habits. In addition to data collection, the bill specifies the need to survey acquisition professionals on their understanding of FAR best value criteria, and provide a breakdown of actual goods and services purchased using LPTA solicitations.<sup>36</sup> The suggestion that more research is needed before backing more sweeping reform reflects the hesitation and ambiguity evident in some current LPTA literature on the scope of the problem.

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<sup>34</sup> “H.R.4909 - National Defense Authorization Act for Fiscal Year 2017,” *Congress.gov Online*, last accessed October 15, 2016 <https://www.congress.gov/bill/114th-congress/house-bill/4909>

<sup>35</sup> Charles S. Clark, “Senate Debates Defense Policy Bill Under Veto Threat, in Part for Acquisition Reforms,” June 8, 2016, last accessed October 15, 2016 *Government Executive Online* <http://www.govexec.com/contracting/2016/06/senate-debates-defense-policy-bill-under-veto-threat-part-acquisition-reforms/128919/>

<sup>36</sup> Jared Serbu, “House Wants New Study of LPTA Contracts,” *Federal News Radio Online*, April 28, 2016, last accessed October 15, 2016 <http://federalnewsradio.com/acquisition/2016/04/house-wants-new-study-lpta-contracts/>



It is too simplistic to portray private industry and government representatives on opposing sides of the debate. However, at least within the public-facing debate, contractors and IT organizations have been more uniformly insistent that LPTA is being inappropriately applied. Government representatives, wary of ever-present public opinion, budget concerns and federal oversight pressure, have proven more inconsistent in their diagnosis of the current trend. Few policy leaders have directly taken up the mantle for change. Some argue there “is no LPTA mandate [driving excessive use], and the issue is somewhat overblown.”<sup>37</sup> Despite relatively significant legislative attention granted to the problem within the past year, as of fall 2016 the Senate version of the FY2017 bill, despite progressing further than the House version, has not yet become law, stalled in the resolution of differences phase.<sup>38</sup>

### **Acquisition Management & Workforce Incentives**

At the implementing agency level, defense-sector procurement leadership has been far more vocal than civilian in admitting the trend exists, may be harmful, and should be mitigated through formal clarification and acquisition training. Following Kendall’s 2015 memorandum, Claire Grady, Director of Defense Procurement and Acquisition Policy, issued additional source selection guidance in April 2016 with an appendix dedicated solely to LPTA usage and thresholds.<sup>39</sup> Procurement officials at the Treasury Department, following DOD’s lead, also issued clarification regarding LPTA applicability in April 2016. In a poignant nod to the mismatch of LPTA criteria to

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<sup>37</sup> Jared Serbu, “House Wants New Study of LPTA Contracts,” April 28, 2016

<sup>38</sup> “S.2943 - National Defense Authorization Act for Fiscal Year 2017”, *Congress.gov Online*, last accessed October 15, 2016 <https://www.congress.gov/bill/114th-congress/senate-bill/2943>

<sup>39</sup> Claire M. Grady, “Memorandum: Department of Defense Source Selection Procedures,” *Office of the Under Secretary of Defense* April 1, 2016 <http://www.acq.osd.mil/dpap/policy/policyvault/USA004370-14-DPAP.pdf>

complex IT programs, senior executive Iris B. Cooper cited the purchase of “copying paper” as an example of acceptable LPTA purview.<sup>40</sup>

Yet despite high-profile missives, the root cause of the problem remains contentious within acquisition circles. A 2015 article by a representative of the Defense Acquisition University bristles at the demonization of LPTA as a useful category. Arguing the backlash from industry has not sufficiently distinguished between general use and more limited inappropriate use, the author insists the government “should not apologize for being concerned with price” when LPTA’s use can be justified.<sup>41</sup>

The lack of empirical evidence regarding LPTA outcomes complicates the stance of acquisition shops, unsure whether reform would improve future project success and budget responsibility. In a telling question-and-answer session hosted at a Federal Acquisition Institute (FAI) seminar, one Contracting Officer’s Representative (COR) expressed doubt on long-term efficacy: “[LPTA] is supposed to save us money but my experience has been otherwise. As a COR, we don't like the level of risk associated.”<sup>42</sup> The FAI representative’s response is worth noting in full, as a powerful insight into the incentives faced by multiple actors in the procurement process:

The use of LPTA will continue and will likely increase as long as there are budget pressures. LPTA is one of many tools available to [Contracting Officers] COs, and used under the right circumstances, will result in best value to the government (risk included). However, it is important to educate your Government {Project Management Offices} PMOs on the program risks related to LPTA acquisition. The {Project Managers} PMs and COs need to align interests as the PM’s interests include bringing in an operational program within budget while the CO’s interests

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<sup>40</sup>Iris B. Cooper, “Memorandum: Appropriate Use of Lowest Price Technically Acceptable Source Selection Process,” *Department of the Treasury, Office of the Procurement Executive* April 18, 2016 <https://www.treasury.gov/about/organizational-structure/offices/Mgt/Documents/APU%202016-09%20-%20LPTA.pdf>

<sup>41</sup>Scott R. Calisti, “Lowest Price Technically Acceptable: Why all the Debate?” *Defense ARJ and Defense AT&L Publications Website*, March 1, 2015, last accessed October 15, 2016 <http://dau.dodlive.mil/2015/03/01/lowest-price-technically-acceptable-why-all-the-debate/>

<sup>42</sup>“Federal Acquisition Institute Acquisition Seminar: To Bid or Not to Bid: An Industry Perspective,” October 29, 2014, pg. 4 [https://www.fai.gov/media\\_library/files/original/33d68165aec63d92abe8cd34c0800fc.pdf](https://www.fai.gov/media_library/files/original/33d68165aec63d92abe8cd34c0800fc.pdf)

include awarding a contract that saves money and avoids protests. We also need to emphasize the importance of good requirements definition especially in LPTA procurements. This is critical to ensuring that what is delivered is what was wanted. A government leader once told me, “When a project fails the PM and/or the Contractor get the blame - No one ever goes back and reviews the evaluation factors.”<sup>43</sup>

Within this day-to-day operating environment, budgetary pressures for acquisition management and on-the-ground professionals have not significantly changed over the past year. Turning again to the 2015 Deltek survey referenced in the above section, it is clear that a majority of the procurement workforce foresees continued use, based primarily on the continued push for cost savings and subsequent ingrained pressures and messaging from management. The trend may be bolstered by a risk-averse culture within procurement offices. A 2015 survey of government acquisition authorities indicates COs may choose LPTA over other, less transparent forms of source selection in an effort to avoid costly protests. The efficiency of such tactics is questionable, as they may contribute to “procurements that are more complex, cost more (to both the government and bidders), and take longer to award.”<sup>44</sup>

Some observers of the LPTA trend suggest the continued preference for LPTA selections undermines the long-term competency of procurement professionals related to complex IT. The simplistic nature of LPTA engenders a strict focus on pricing over other more technical factors. When considering which FAR category to choose, “a general discomfort with intimate knowledge of a requirement, in addition to limited time and resources to work on a single procurement when hundreds of other actions are standing

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<sup>43</sup>“Federal Acquisition Institute Acquisition Seminar: To Bid or Not to Bid: An Industry Perspective,” October 29, 2014, pg. 4

<sup>44</sup>Moshe Schwartz and Kate M. Manuel, “GAO Bid Protests: Trends and Analysis,” *Congressional Research Service*, July 21, 2015, pg. 12 <https://www.fas.org/sgp/crs/misc/R40227.pdf>

by, leads acquisition teams to utilize LPTA over tradeoff.”<sup>45</sup> The directives from Kendall and Grady could be read as a clarion call to managers to prioritize training in this area. However, the bureaucratic realities of resource constraint may inhibit implementation, rendering the most telling memoranda to ivory tower irrelevance. Alan Estevez, Kendall’s deputy, noted the difference between acknowledging the problem, and ensuring acquisition offices are practically capable of prioritizing policies on the ground, in a 2015 interview: “the reality is that the contracting officers at an individual fort or air base may not know who Frank Kendall or Alan Estevez or Claire Grady is.”<sup>46</sup>

Despite resource constraints, ultimately COs must be concerned with performance. Much of the evidence against LPTA is anecdotal and anonymous rather than empirical. This makes DOD leadership and Congressional acknowledgement all the more symbolically powerful, yet leaves procurement middle management with less incentive to change behavior. Ultimately, available qualitative evidence does suggest a long-term problem, most powerfully felt in aggregate, as described by late 2015 interviews with federal executives, who note that a proliferation of IT system modernization and cybersecurity initiatives are driving harder choices about the impact of LPTA leading into 2016 and beyond. They note the inefficiencies of LPTA are most evident when for example, “industry is finding it hard to have enough staff based on the

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<sup>45</sup> Kathleen Watson, “LPTA versus Tradeoff: How Procurement Methods Can Impact Contract Performance,” *Calhoun: Institutional Archive of the Naval Postgraduate School*, June 2015, Pg. 17 [http://calhoun.nps.edu/bitstream/handle/10945/45958/15Jun\\_Watson\\_Kathleen.pdf?sequence=1](http://calhoun.nps.edu/bitstream/handle/10945/45958/15Jun_Watson_Kathleen.pdf?sequence=1)

<sup>46</sup> Jared Serbu, “House Wants New Study of LPTA Contracts,” *Federal News Radio Online*, April 28, 2016

rates they bid to the government,” and “DOD is sending more “cure” notices telling contractors to fix programs.”<sup>47</sup>

### **Oversight & Rulemaking Agencies**

GAO, in its capacity as arbiter of procurement protests, is an important player in the LPTA debate. GAO’s response leading up to the current moment has been characterized by deference to agency decision-making and justification. However, several recent rulings dovetail with the issue’s increasing salience.

In late summer 2016, GAO ruled against the Department of Health and Human Services (HHS) in the last of a series of protests of an LPTA solicitation for operations support for its financial management system. Though HHS claimed the awardee, Intellizant, LLC was selected based on its lowest price proposal, the solicitation was beset by three subsequent protests from incumbent Starry Associates, Inc, citing favoritism and other subjective behavior inconsistent with the intent of LPTA.<sup>48</sup> Decrying HHS’ decision to cancel and re-issue the solicitation after the second protest, the GAO court issued a stunningly apologetic statement to Starry Associates, acknowledging their “considerable” investment of “time and resources in fighting the agency’s continued capricious conduct”.<sup>49</sup> If the acquisition workforce believes LPTA will reduce the incidence of protest, as cited in the above section on federal incentives, such a ruling and attendant procurement delay should give pause. Even if such a ruling is anomalous, it nevertheless highlights a glaring weakness in the argument for LPTA efficiency.

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<sup>47</sup>Jason Miller, “Cyber, Modernization Efforts Driving Expected Growth in IT Spending,” November 20, 2015, last accessed October 15, 2016 <http://federalnewsradio.com/budget/2015/11/cyber-modernization-efforts-driving-expected-growth-spending/>

<sup>48</sup>“HHS Seeing Stars After Recent Loss in Court of Federal Claims Bid Protest,” *The National Law Review*, August 3, 2016, last accessed October 15, 2016 <http://www.natlawreview.com/article/hhs-seeing-stars-after-recent-loss-court-federal-claims-bid-protest>

<sup>49</sup> Ibid.

The notable catalyst of this study, DISA's ENCORE III procurement, is another recent example of a possible shift in GAO outlook. Their ruling in August 2016 in favor of protesting contractors Booz Allen Hamilton and CACI is widely cited in the current debate as evidence of such. Prominent industry leader Alan Chotkin of the Professional Services Council summarized GAO's ruling, citing DISA's "complicated formula" for award, again inconsistent with the intended use of LPTA for more simplistic, straightforward commodity purchases.<sup>50</sup> The original RFP also acknowledged potential for "technology changes over time," rendering the SOW difficult for bidders to conceptualize and accurately price, undermining the core of LPTA justifiability.<sup>51</sup>

In mid-2016 DOD, to date the loudest sector proponent of LPTA reform, announced a new standard for competitive source selection, a Value-Adjusted Total Evaluated Price (VATEP) formula designed to introduce more objectivity into procurement processes, better define the relative value of SOW components, and avoid bid protests. Observers note that such a mathematical calculation still leaves room for human error, but may prove a smart play from agencies when they are asked to justify their contract awards to oversight and arbitration groups like GAO.<sup>52</sup> Despite implementation in DOD's procurement guidelines, such a formula does not alter FAR requirements, nor does it address inappropriate handling of best value solicitations in civilian agencies.

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<sup>50</sup>George Jackson, "GAO Upholds ENCORE III Protests," *Government Matters Online*, August 8, 2016, last accessed October 15, 2016 <http://govmatters.tv/gao-upholds-encore-iii-protests/>

<sup>51</sup> George Jackson, "GAO Upholds ENCORE III Protests," *Government Matters Online*, August 8, 2016

<sup>52</sup> David Thornton, "DOD Takes Point on More Mathematical Procurement Systems," *Federal News Radio Online*, July 25, 2016 last accessed November 20, 2016 <http://federalnewsradio.com/acquisition-policy/2016/07/dod-takes-point-mathematical-procurement-systems/>

The Office of Management and Budget (OMB), specifically the Office of Procurement Policy (OFPP) is also a stakeholder, given its mandate to ensure taxpayer dollars are well spent. Because LPTA use spans all agencies both military and civilian, OFPP's role as administrator of "overall direction for government-wide procurement policies, regulations and procedures," is singularly placed to guide government wide response to the problem.<sup>53</sup> As early as January 2015, shortly after taking over as the head of OFPP, Anne Rung signaled both awareness of the LPTA debate, and willingness to work with industry to take steps to assist agencies' understanding of best practices.<sup>54</sup> In a cautionary and candid 2012 piece, an industry representative suggested OMB (alongside Congress and individual agencies) may bear special responsibility for stemming inefficiencies. The author highlighted the disconnect between official rhetoric and procurement office capability discussed above: "even source selection officials don't have the necessary clout to overrule dictated overall budget reductions. Everyone is running scared. The required fiscal prioritization and cultural change has to start at the top."<sup>55</sup>

### **Sustained Private Industry Outcry**

Private sector contractors and IT experts continue to be the most vocal proponents of substantive change in procurement culture and rules governing LPTA. Motivations in the private sector range from profit concerns to mission-based worries about dwindling innovation and staffing capabilities. The continued choice of LPTA by procurement

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<sup>53</sup>"Office of Federal Procurement Policy," *White House Official Website*, last accessed October 15, 2016 [https://www.whitehouse.gov/omb/procurement\\_default](https://www.whitehouse.gov/omb/procurement_default)

<sup>54</sup> Steve Watkins, "Anne Rung: Simplifying Contracting is Job One," January 9, 2016, last accessed October 15, 2016 <http://www.federaltimes.com/story/government/interview/one-one/2015/01/09/anne-rung-simplify-contracting/21494371/>

<sup>55</sup> Mike Lisagor, "Why Lowest Price Technically Acceptable Awards are Bad for America," September 12, 2012, last accessed October 15, 2016 <https://www.govloop.com/community/blog/why-lowest-price-technically-acceptable-awards-are-bad-for-america/>

managers forces negative private sector adjustments. Its emphasis discourages new companies, who lack valuable past performance that may outweigh pricing factors, from entering the market, if they want to avoid significant wage cuts for their staff in order to honor low bids.<sup>56</sup> Despite opportunities for companies well placed to absorb the impact of smaller government budgets, 59% of government acquisition professionals, and 71% of contractors expressed “concerns about the trade-off of long-term value for short-term savings” in a 2013 poll conducted by Fairfax-based research firm Market Connections.<sup>57</sup> Indeed, DISA’s decision to disqualify the lowest tier of bidders to the ENCORE III vehicle may be indication of an attempt by contracting officers to mitigate this trade-off.

## **Policy Proposal**

### **Authorizing Tool & Context**

In order to mitigate long-term inefficiencies of LPTA, the OMB OFPP should prepare and publish a policy guidance memorandum addressed to the heads of federal departments and agencies to mandate:

- FAR amendments explicitly discouraging the use of LPTA for specified purchase categories including complex IT, by increasing the burden of proof for Contracting Officers looking to characterize IT purchases as “commodities”
- new acquisition workforce training, and

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<sup>56</sup> James Bach, “Lowest Priced, Technically Acceptable Contracts Don’t Need to Mean Lower Wages, but Challenges Still Linger,” *Washington Business Journal Online*, October 26<sup>th</sup>, 2015, last accessed August 30<sup>th</sup>, 2016, [http://www.bizjournals.com/washington/blog/fedbiz\\_daily/2015/10/lowest-priced-technically-acceptable-contracts.html](http://www.bizjournals.com/washington/blog/fedbiz_daily/2015/10/lowest-priced-technically-acceptable-contracts.html)

<sup>57</sup> Tobias Naegele, “Are Feds Retrenching on Lowest-Price Contracts? Maybe” *GovTech Works, Presented by General Dynamics IT*, last accessed August 30<sup>th</sup>, 2016, <https://www.govtechworks.com/are-feds-retrenching-on-lowest-price-contracts-maybe/#gs.zNsQsd0>



- a new role within agency procurement offices to empirically link source selection usage to end-user outcomes.

This guidance would be issued by the OFPP Administrator, acting in their statutorily enshrined role as chair of the Federal Acquisition Regulatory Council. The details of this guidance would then be incorporated into the FAR through a joint effort by the procurement leads at DOD, NASA, and GSA, the three agencies tasked with amending the FAR.

### **Policy Implementation & Key Points for Inclusion**

The following key points should be included in OFPP's memorandum, based on primary drivers of the trend:

- The letter should recommend sample language to amend or replace existing wording of LPTA thresholds and requirements as stated in FAR Part 15.101, Source Selection Processes and Techniques- Best Value Continuum. The current vague language should be updated to include explicit thresholds for complex IT, beyond which LPTA is no longer an acceptable choice. Specifically for complex IT, COs should be asked to consider the likelihood of requirements complexity, changing requirements over time, level of customization required by the end user and length of development time before solution delivery. If a system is expected to meet or exceed stated thresholds for each of these categories, the IT procurement will count as "complex" and would no longer be considered a commodity. This would ensure uniform standards of commodity comparison across federal procurement offices.

Once guidance is issued by OFPP, the FAR Council would finalize language and put forth prospective changes for review and comment by “interested persons”, per statutory obligation under the Administrative Procedure Act.<sup>58</sup> FAR amendments would then take effect following a 30-day waiting period after finalization.

### **Training & Reporting**

- The memo must also address the heart of the LPTA issue: the acquisition workforce. As gatekeepers between federal technology end-users and the contractors providing solutions, procurement offices both defense and civilian hold enormous responsibility in an ever changing IT landscape, and must be equipped to handle the task at hand.

OFPP should recommend training and work with agencies and departments to develop materials. COs should be encouraged to work with end users from the start of the procurement process to ensure proposal reviewers understand the complexity (or simplicity) of the technology solution sought.

- While qualitative and anecdotal evidence of the problem abounds, OFPP should acknowledge and seek to remedy the relative lack of quantitative data to better inform the debate, following the precedent of the aforementioned recommendation within the Promoting Value Based Defense Procurement Act. Within 60 days, agency procurement offices should appoint a “Source Selection Outcomes Adviser” to manage this effort, tasked with reporting on a biannual basis to the agency procurement lead. This advisor will track the use of LPTA (and best value, the category’s counterpart in FAR 15.101) in IT and other

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<sup>58</sup> Kate M. Manuel, L. Elaine Halchin, Erika K. Lunder, Michelle D. Christensen, “The Federal Acquisition Regulation (FAR): Answers to Frequently Asked Questions”, February 3, 2015, pg. 11

procurements, and link usage to outcomes. Particular outcomes of focus should relate to customer satisfaction, any changes required to the original SOW, and other unexpected outcomes such as a contractor's inability to deliver an adequate technical solution within the original solicitation parameters.

### **Potential Costs of the Proposal**

In the short term, if workforce training and empirical analysis leads to more use of best value source selection as opposed to LPTA, agencies may incur increased procurement expenditures. Best value determinations, which consider criteria like past performance and technical solution in addition to price, are typically more expensive, and require more time and expertise from the acquisition workforce reviewing bidder proposals. As of 2013, the average cost of LPTA contracts totaled \$18M per year, while the average annual cost of best value contracts was \$38.8M.<sup>59</sup>

### **Policy Analysis:**

#### **Pros:**

The technical barriers to amending FAR language are relatively low and standardized. Suggested changes could likely go into effect within one year, based on a recent case study: in May 2016 the FAR Council announced a final rule codifying guidance on stricter cyber security contracting standards addressed in an OMB memo in fall 2015. The final rule accomplishes a similar aim to that expressed in this proposal: a new FAR subpart and new language to be included in contracts.<sup>60</sup> As gatekeepers of the

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<sup>59</sup> "The New Reality: The Impact of LPTA Procurements on Government Contracts and Solutions," *Market Connections, Inc. and Deltek/Centurion Research Solutions* October 2013, slide 13

<sup>60</sup>Michael Scheimer, Michael F. Mason, Stacy Hadeka and Allison Bender, "Final Rule Implements New Baseline Cybersecurity Requirements for Federal Contractors," *Hogan Lovells Online* May 19, 2016, last accessed November 7<sup>th</sup>, 2016 <https://www.hoganlovells.com/en/blogs/focus-on-regulation/final-rule-implements-new-baseline-cybersecurity-requirements-for-federal-contractors>

FAR, DOD, NASA and GSA follow standardized practices in introducing and soliciting feedback from concerned parties.

In terms of costs, despite the potential for short-term doubling of expenses incurred by choosing best value over LPTA in more procurements, observers have long noted the real potential for long-term cost savings. The danger of LPTA misuse lies primarily in long-term effects, so increased procurement costs may be mitigated by increased technical value at the outset, and decreased incidence of re-solicitation and re-work over time. In 2015 federal employees cited the following concerns about myopic LPTA preferences: “contracts may be awarded to less qualified companies,” “sacrifices long-term value for short-term cost savings,” and “acts to lower the contractor’s standard of performance”.<sup>61</sup> All these observed outcomes add unforeseen, unbudgeted costs with the potential to outweigh the attraction of LPTA as an immediate cost saving strategy. LPTA’s façade of cost containment in complex IT was highlighted by the Senate Armed Services Committee in their early 2016 push for legislative change, citing the purchase of “sensitive electronic test equipment that are very technical in nature and require calibration, repair and software updates during their life cycle. Such long-term costs are not considered under LPTA processes, even though they may increase taxpayer costs by millions over the life of the equipment.”<sup>62</sup>

This understanding of the false promise of lowest price solicitations was embodied in a 2013 Central Intelligence Agency (CIA) procurement for cloud computing services geared towards big data and information sharing among the 16 members of the

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<sup>61</sup> “The New Reality: The Impact of LPTA Procurements on Government Contracts and Solutions,” *Market Connections, Inc. and Deltek/Centurion Research Solutions* October 2013 slide 23

<sup>62</sup> Jared Serbu, “House Wants New Study of LPTA Contracts,” *Federal News Radio Online*, April 28, 2016

Intelligence Community (IC). The challenges of data privacy, access control, and high-volume data analysis included in the CIA procurement echo the modern IT challenges of most federal agencies both defense and civilian. Eschewing lowest price in favor of technological innovation, the CIA chose Amazon Web Services over IBM, despite Amazon's significantly higher bid, which surpassed IBM's offer by \$54 million.<sup>63</sup> In selecting a superior technical solution that was built to adapt to the way the IC utilizes data, for example spinning servers up and down as users require additional resources, which is "expected to generate massive savings for the IC."<sup>64</sup> CIA procurement successfully weathered a bid protest from losing vendor IBM, and the system met initial operating capacity in 2014, an astonishingly fast time frame given the complexity of IC needs. In a telling statement rejecting the promise of quick savings like those lauded by advocates of LPTA, CIA Chief Information Officer Douglas Wolfe dubbed the procurement "one of the most important technology procurements in recent history," citing his intention to prove "efficiency in terms of folks traditionally using IT now using it in a cost-recovery way" over time.<sup>65</sup>

The chance for policy success is also bolstered by empirical evidence out of DOD, the agency whose procurement leadership has been the most vocal about the dangers of LPTA. Based on a 2015 Deltek study, the incidence of LPTA usage at DOD has not risen as quickly as the civilian sector in recent years. Complex IT in the defense sector has indeed received more of the spotlight, and ire, of private sector observers, who

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<sup>63</sup>Kevin McLaughlin, "Amazon Wins \$600 Million CIA Cloud Deal as ICM Withdraws Protest," *CRN Online*, October 30, 2013, last accessed November 29, 2016 <http://www.crn.com/news/cloud/240163382/amazon-wins-600-million-cia-cloud-deal-as-ibm-withdraws-protest.htm>

<sup>64</sup> Frank Konkel, "The Details About the CIA's Deal with Amazon," *The Atlantic Magazine Online*, July 17, 2014, November 25, 2016 <http://www.theatlantic.com/technology/archive/2014/07/the-details-about-the-cias-deal-with-amazon/374632/>

<sup>65</sup> Frank Konkel, "The Details About the CIA's Deal with Amazon," July 17, 2014

cite DOD contracts like NGEN and ENCORE III as evidence of misguided procurement strategies. This enhanced focus, which precipitated Kendall's statement and the limited 2016 Congressional push to acknowledge the problem, may have contributed to declining use, or at least hesitancy. Although usage rates rose in IT for both defense and civilian, the rate of increase is hardly comparable: 19% for DOD and 222% for civilian.<sup>66</sup> Attention, especially from key policy makers and oversight bodies, seems to be linked to more limited usage on this issue. Thus formal recognition of the problem by the Executive branch, and regulation that crosses all agencies and departments, may help to mitigate LPTA's effects across the board.

Acknowledging that contractor behavior has adjusted as a result of increased LPTA solicitations, and not necessarily for the better in terms of government end-user outcomes, would support the likelihood of policy success. An LPTA-centric regime incentivizes contractors to bid artificially low to win work, resulting in "in a solution that does not work, or assignment of personnel that are well meaning but too inexperienced to accomplish what is necessary... [and contractors may then] "change order" their way up to a higher price".<sup>67</sup> End-users of mission-critical technology lose when procurement practices incentivize this type of gaming of the system by those best positioned to offer solutions.

Adopting a long-term outlook for returns on investments should lead to policy success in this area, and lead to fewer protests and projects beset by unbudgeted time and

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<sup>66</sup> "According to Deltek Report, Use of Lowest Price Technically Acceptable (LPTA) Evaluations are Declining Overall, but Increasing in Services and IT Contracting," *Deltek Online*, September 18<sup>th</sup>, 2015

<sup>67</sup> Steve Goodrich, "6 Simple Fixes for the Federal Procurement Process," *Federal Times Online* February 20, 2015, last accessed November 7<sup>th</sup>, 2016

<http://www.federaltimes.com/story/government/acquisition/blog/2015/02/20/procurement-fix-legislation-rule/23754523/>

cost overruns. As suggested in a 2015 *Defense AT&L Magazine* piece, “[LPTA] is not a sustainable approach in the long run...without real productivity gains, **“do more without more” becomes magical thinking enabled by short-term needs borrowing against long-term investments** [emphasis added]”.<sup>68</sup> The evocation of Ashton Carter’s 2010 memorandum language serves as a reminder of the tradeoffs implicit in LPTA, particularly with complex IT. The empirical analysis mandated in the proposed OFPP policy directive would help to determine short and long term effects, and policies could be tailored over time in response.

**Cons:**

The largest hurdle to policy implementation would likely be the anticipated increase in short-term costs incurred by the government on an annual basis, despite strong voices in the literature that urge patience in light of expected long-term cost savings. The current fiscal environment and budgetary planning cycle leaves little room for the type of short-term cost increases noted in the policy proposal section; best value has proven more than twice as expensive as LPTA in the short term. Limited administrative capacity and ingrained risk-averse management incentives of procurement shops across the federal landscape may endanger the viability of limiting source selection options in the complex IT space. Reports suggest the same constrained budgetary environment will persist, incentivizing a management culture that rewards risk-averse strategies. LPTA is attractive because it requires fewer inputs in terms of time and staff expertise, and capitalizes on the objective criterion of price to avoid costly selection justification. A late

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<sup>68</sup> Will Goodman, “Lowest Price Technically Acceptable: Underrated, Overused?” *Defense AT&L Magazine*, March/April 2015, Vol. 44 Issue 2, pg. 2  
<http://eds.a.ebscohost.com.proxy1.library.jhu.edu/ehost/pdfviewer/pdfviewer?sid=986bfd19-a5d8-4059-bd16-432882fbdbe4%40sessionmgr4010&vid=1&hid=4210>

2016 report by Bloomberg Government describes the multi-year landscape with one big bottom line- the effects of post-2009 sequestration, which originally precipitated the rise of LPTA, will continue to impact procurement offices' calculus through 2016 and possibly through the next decade. The rules of sequestration caps the rate of spending increase at 1.7% between 2014 and 2021, almost half of the predicted organic, unconstrained increase of 2.1%.<sup>69</sup> The policy proposed here does nothing to incentivize an immediate change of heart in procurement management. It asks procurement offices to consider more nebulous long-term return on investment at a time when trends suggest "affordability will remain a contracting priority".<sup>70</sup> The competing mandates of provable year-to-year cost savings and expected increased procurement cost in complex IT under the new policy may prove insurmountable.

In addition to misaligned incentives, the size of the acquisition workforce has shrunk over the past few years, possibly inhibiting the administrative capacity in implementing an increased number of complex IT best value procurements. Modern procurement offices were beset by two subsequent trends- 20% staff reductions in the 1990s, followed by the urgent need for procurement of technologically complex, especially defense-oriented systems following 9/11, without parallel training in technology best suited for government missions.<sup>71</sup> Also at play is the flight of procurement staff from the public to the private sector, especially in the uncertain

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<sup>69</sup> "5 Trends Shaping Federal Contracts in Fiscal 2016," *Bloomberg Government*, October 14, 2015, last accessed November 7, 2016 <https://about.bgov.com/blog/five-key-trends-shaping-federal-contracts-in-fiscal-2016/>

<sup>70</sup> "5 Trends Shaping Federal Contracts in Fiscal 2016," *Bloomberg Government*, October 14, 2015, last accessed November 7, 2016

<sup>71</sup> Charles S. Clark, "The Cheapest Contract Isn't Always the Best, Acquisition Officials Say," March 20, 2014, last accessed November 7, 2016 <http://www.govexec.com/management/2014/03/cheapest-contract-isnt-always-best-acquisition-officials-say/80965/>



budgetary climate of the late 2000s.<sup>72</sup> The type of intensive training required for staff to internalize the nuances of complex IT, coupled with expanded procurement timelines should procurement officers begin to collaborate regularly with end-user clients, may be infeasible given the current workforce environment, without a corresponding influx of funding. The proposed policy does not seek to relieve this funding gap, unless managers divert funds away from other areas to fill the need.

While no new technology is strictly required by the proposal, the introduction of a new role tasked with measuring outcomes will require both monetary resources, as well as the formulation and implementation of a strategy to track outcomes. However, OMB suggested a comparable position in their June 2016 guidance on software licensing procurements, which called for the creation of a software manager role within 45 days to oversee all enterprise-level commercial off-the-shelf (COTS) IT purchases at each agency.<sup>73</sup> The additional position may not represent an unorthodox request, especially given that the existence of the position is meant to provide actionable, empirical evidence linking LPTA usage to outcomes on an agency-customized level. However, combined with the stringency and limitations on the administrative capacity detailed above, the new role may prove difficult to source and adequately support.

### **Political Analysis:**

#### **Pros:**

There would likely be little contention regarding the authority or precedent of the OFPP to put forward such a policy. The office has published almost 50 such guideline

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<sup>72</sup> David Thornton, "DOD Takes Point on More Mathematical Procurement Systems," *Federal News Radio Online*, July 25, 2016, last accessed November 7, 2016  
<http://federalnewsradio.com/acquisition-policy/2016/07/dod-takes-point-mathematical-procurement-systems/>

<sup>73</sup> Anne E. Rung, Tony Scott, "Category Management Policy16-1: Improving the Acquisition and Management of Common Information Technology: Software Linking," June 2, 2016 pg. 3

letters to date, “stating principles that must be followed by the agencies and incorporated into the FAR, as necessary”.<sup>74</sup> Rationale could be stated at the outset linking these new guidelines to OMB’s core responsibilities to moderate the course for federal procurement policy and ensure taxpayer money is effectively spent. OFPP could also present the document as a logically sequential follower to guidance released in June 2016 titled “Improving the Acquisition and Management of Common Information Technology: Software Licensing”.<sup>75</sup> Complex IT projects, the focus of this study, are perhaps the most inappropriate application of LPTA. Therefore new guidelines should focus attention on best practices for using the best value continuum to procure more complex, customizable solutions as opposed to the “common” or COTS IT referenced in the June memo.

In considering potential pushback from private sector stakeholders, IT industry contractors are unlikely to oppose attempts to reform LPTA, especially those geared towards significantly limiting its use. Industry leaders have been vociferously opposed to the trend favoring LPTA source selection and have long bemoaned its perceived longevity. A 2014 *Washington Technology* survey reported that LPTA is “nearly universally disliked,” with a full 89% of respondents stating opposition to its use.<sup>76</sup> Technology providers are concerned for their own business operations, as lower revenue forces reductions in staff and opportunities for fostering training opportunities that would increase competitiveness. Adjusting to the trend may also require unexpected expenditures in outside strategy consulting; judging by the plethora of articles and

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<sup>74</sup>“Office of Federal Procurement Policy,” *White House Official Website*, last accessed October 24<sup>th</sup>, 2016 [https://www.whitehouse.gov/omb/procurement\\_mission](https://www.whitehouse.gov/omb/procurement_mission)

<sup>75</sup> Anne E. Rung, Tony Scott, “Category Management Policy 16-1: Improving the Acquisition and Management of Common Information Technology: Software Linking,” *Office of Management and Budget* June 2, 2016 [https://www.whitehouse.gov/sites/default/files/omb/memoranda/2016/m-16-12\\_1.pdf](https://www.whitehouse.gov/sites/default/files/omb/memoranda/2016/m-16-12_1.pdf)

<sup>76</sup> “Insider Report 2014: LPTA: A Hate-Hate Relationship,” *Washington Technology* 2014, pg. 6 [https://download.1105media.com/gig/wtinsider/pdf/wtinsiderreport\\_lptav3.pdf](https://download.1105media.com/gig/wtinsider/pdf/wtinsiderreport_lptav3.pdf)

services offered to prepare businesses for adaptation to the environment, companies may face pressures to spend more to seek LPTA proposal-writing and competitive pricing expertise, adding costs with uncertain expectation of compensating revenue.

However, respondents to the survey also note the impact that a decline in available expertise may have on government clients: “the government is surprised it is receiving junior staff where experience is needed...the customer expects the subject matter experts to return but under LPTA, these ‘greybeards’ are unaffordable”.<sup>77</sup> In a 2016 letter to Senator John McCain, the Northern Virginia Technology Council, a powerful industry group representing some of the most prominent providers of Beltway-region IT, raised fears that implorations such as Kendall’s memo had not sufficiently countered the trend, even in the defense sector where the most outspoken opponents have taken visible steps to mitigate it. To drive home their point, the Council cited key affected areas, set to only increase in federal mission importance over the next few years, including “cybersecurity, advanced data analytics, modeling and simulation, [and] robotics”.<sup>78</sup> Industry support would help the FAR amendment pass through its statutory public comment period faster, and the private sector’s line of argumentation about diminishing institutional and technical knowledge may be a convincing political selling point, in a town so reliant on contractor support, especially for technically complex solutions.

The proposal may be more likely to receive political buy-in from President Obama if presented as a way to remove barriers to small business and startup companies. The Obama administration has enacted policy in support for small and emerging business

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<sup>77</sup> “Insider Report 2014: LPTA: A Hate-Hate Relationship,” *Washington Technology* pg. 10

<sup>78</sup> Bobbie Kilberg “Letter from the President of the Northern VA Technology Council to Senator John McCain,” May 3, 2016, pg. 2 [http://www.nvtc.org/uploads/NVTC\\_LPTALetter.pdf](http://www.nvtc.org/uploads/NVTC_LPTALetter.pdf)

throughout his tenure, overseeing 18 tax cuts and working closely with the Small Business Administration to ensure access to credit and government services, initiatives all aimed at reducing transaction costs and information asymmetry obstacles for these entities.<sup>79</sup> The issue of LPTA could reasonably be posited as a problem disproportionately affecting small businesses and startups, rendering the proposal a logical offering from an administration already focused on assisting their growth and success. Evidence from the 2014 industry survey corroborates this way of framing the problem; respondents cited a perception that small businesses experience a greater impact from LPTA than either their large or mid-sized counterparts. One commenter laid out a detrimental spiral faced by small and startup companies in the current environment: “we do not have the expendable overhead that the large primes have. We also cannot keep people on the bench because we do not have any place to put them and then they file unemployment so we lose their billable income and [then] we have additional costs”.<sup>80</sup> In light of this narrative, the potential advantages of the proposal dovetail with pre-existing administration policy, and could help avoid administrative blockers from the highest levels of the executive, if not engender vocal support from the same.

The proposal also carries the advantage of relative ease of enactment, compared to other potential options including legislation. Legislation in general may be perceived ultimately as more legitimate, based on deliberation among more parties with diverse interests, however, given the timeline, the Obama administration is perhaps less likely to expend the political capital to try to put forth and rally support for legislation in this lame duck period at the end of his second presidential term. A regulatory push avoids such

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<sup>79</sup> “Jobs and the Economy: Putting America Back to Work,” *Official White House Website*, last accessed November 21, 2016 <https://www.whitehouse.gov/economy/business/small-business>

<sup>80</sup> “Insider Report 2014: LPTA: A Hate-Hate Relationship,” *Washington Technology* pg. 11

expenditure, and, in light of the flurry of early-2016 defense legislative attention, may not receive much pushback from Congressional observers. Support from key personalities on the issue, such as Senator John McCain, who advocated the passage of LPTA reform provisions as introduced in the bipartisan “Promoting Value Based Defense Procurement Act” signals an awareness within the legislative branch that the problem exists and that the time is right for action. Given that such legislation has stalled in Congress, and that existing legislation only covered defense-sector procurement, to the exclusion of civilian agencies, a more comprehensive FAR-level OMB directive change may be welcomed by both the executive and legislative branches at this time.

Another helpful factor in the political sphere is the visible push in the DOD space to acknowledge and fix the problem. Defense issues tend to rise to the top of Washington policy agenda due to their national security implications, and LPTA is well-poised to capitalize on this attention. The voices of defense procurement leaders like Kendall, Estevez and Grady have combined with political backers from bipartisan, defense-oriented Congressional blocs to identify solutions including increased clarification of intended LPTA thresholds and appropriate use. The political zeitgeist may be primed for decisive action prior to the entrance of new players in both the executive and legislative branches come January 2017.

The intent of the proposal also dovetails with the Obama administration’s demonstrated desire to set the tone of how the government utilizes technology generally, as well as its push to increase transparency in government spending practices. The current administration has been credited with encouraging competitive innovation in the IT sector, a value lost when LPTA overshadows technical solutions best matched to the

missions of modern government. In an October 2015 release, the administration announced its “Strategy for American Innovation”, which praises the ability of technology “to improve public services, grow the economy, improve the health and safety of our community, and promote scientific discovery”.<sup>81</sup> The initiative links high-powered computing to national goals in a wide range of policy areas from education to national security, emphasizing the value of the very complex technology discouraged by LPTA. In 2014 Obama signed into law The Digital Accountability and Transparency Act (DATA Act), which among several requirements, establishes the expectation that agencies will publish publically their expenditures including procurement activities.<sup>82</sup> This legislation clearly emphasizes accountability to the public, which would only be bolstered by the proposed creation of a Source Selection Outcomes Advisor. This new procurement role will empirically track the life cycle of LPTA versus best value contracts, and be able to prove that the change orders, unexpected O&M and shifting requirements common to complex IT work render LPTA more expensive over the long term.

**Cons:**

The single biggest obstacle to the success of the proposed is an ingrained political culture that repudiates long-term thinking in favor of short-term victories. The electoral concerns of both executive and legislative oversight players are key to the LPTA narrative, as public opinion deriding Washington profligacy precipitated the initial budgetary constrictions like sequestration, highlighted in previous sections. Due to the

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<sup>81</sup> “FACT SHEET: The White House Releases New Strategy for American Innovation, Announces Areas of Opportunity from Self-Driving Cars to Smart Cities,” *White House Official Website*, October 21, 2015, last accessed November 29, 2016 <https://www.whitehouse.gov/the-press-office/2015/10/21/fact-sheet-white-house-releases-new-strategy-american-innovation>

<sup>82</sup> Jason Shueh, “What Obama Did for Tech: Transparency and Open Data,” *Government Technology Online*, September 29, 2016, last accessed November 29, 2016 <http://www.govtech.com/data/What-Obama-Did-for-Tech-Transparency-and-Open-Data.html>

political constraints inherent to their jobs, policy makers are not typically long-term thinkers, and tend to want to focus on high profile, high-salience topics. Short term victories are prized, and thus the primary positive of the proposal- its potential for long-term savings- is not likely to inspire traction among procurement management incentivized by political players to drive costs down as quickly as possible. Procurement professionals who may identify an area of increased value face organizational obstacles: one respondent to a 2012 *Professional Services Council* survey highlighted an example where “we have a tripwire policy now in place, so if you want to pay 10 percent more, it has to go to the highest levels for approval”.<sup>83</sup> Thus top-down political pressure and increased scrutiny on spending incentivizes the status quo trend. The very fact that the largest dangers of LPTA lie in the long term, in costly re-work and contract modifications, could hobble comprehensive reform efforts before they get off the ground.

Another prohibitive political argument may be the narrative that increased reliance on LPTA is a logical government step, and should be treated by the IT contracting industry as a natural evolution of the business cycle in a government keenly aware of deficit and debt concerns. A 2015 *Defense Acquisition University* publication makes such a case, in an article subtitled “Why all the Debate?” The author downplays industry outcry, suggesting such pushback is natural whenever the private sector disagrees with procurement approaches: “we expect our industry partners to advocate against the use of LPTA when they believe the government would benefit from the higher performance levels they offer”.<sup>84</sup> It is telling that such commentary is emerging from

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<sup>83</sup> “The Balancing Act: Acquisition in an Unabated Crisis,” *Professional Services Council in Collaboration with Grant Thornton* December 2012, pg. 32  
<https://www.pscouncil.org/c/p/ProcurementPolicySurvey/2012.aspx>

<sup>84</sup> Scott R. Calisti, “Lowest Price Technically Acceptable: Why all the Debate?”

acquisition training organizations- this may signal a wider cultural disinclination among procurement management and COs to consider the use of LPTA a problem to be solved. Another observer in 2012 painted a picture of natural cycles based on budgetary environments, claiming “there has always been a pendulum swing (toward and away from LPTA)”, and the current trend will resolve itself if and when procurement officials perceive diminishing returns.<sup>85</sup>

In terms of top-level buy-in, there is some evidence that President Obama would prefer to avoid micromanagement of federal procurement shops, despite the potentially appealing narrative of support to small and emerging businesses discussed above. The promising bipartisan language set to appear in the 2017 National Defense Acquisition Act cautioning LPTA use, came under fire from the White House as part of a set of regulations included in the bill aimed at curing perceived procurement ills. OMB itself spoke out on behalf of the administration in a written statement opposing “provisions that would “micromanage” the Pentagon “with overly prescriptive organizational changes””.<sup>86</sup> The administration encouraged additional review and threatened veto of the existing language, exhibiting significant deference to the expertise and leadership of agency procurement offices. In a telling signal of the administration’s stance on the debate, praise was given to efforts such as the 2010 Better Buying Power initiative, which was one of the key cornerstones heralding the expansion and incentivization of LPTA use. Thus the Obama administration’s desire to promote agency deference from the top

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<sup>85</sup> “The Balancing Act: Acquisition in an Unabated Crisis,” *Professional Services Council in Collaboration with Grant Thornton*, pg. 28

<sup>86</sup> Charles S. Clark, “Senate Debates Defense Policy Bill Under Veto Threat, in Part for Acquisition Reforms”



may discourage support for a government-wide shift in source selection prescriptions that would have ripple effects through all procurement departments both military and civilian.

Within acquisition management circles, the explicit discouragement of LPTA in complex IT in favor of more complex best value solicitations may prove unpopular, since best value undoubtedly invites more protest and more unwanted visibility from oversight groups like GAO. The VATEP formula introduced by DOD, and formalized in defense source selection guides as of mid-2016, exemplifies the intense incentives faced by acquisition professionals to avoid protests. Procurement offices, beset by brain drain to the private sector and facing shrinking budgets, have become keenly aware that “agencies’ deviations from stated evaluation criteria are the most common reason for a sustained outcome” in favor of bidding contractors in formal protest proceedings.<sup>87</sup> The implementation of VATEP is thus simultaneously a recognition that increased LPTA usage is here to stay, and an attempt to shield staff from questions about relative value SOW categories. In what is likely at least a partial nod to questionable procurement practices including the inappropriate application of LPTA use, a recent *Congressional Research Service* report stated that between FYs 2008 and 2014, government spending reduced by 25%, but the incidence of protests rose by 45%.<sup>88</sup> Contractor confusion over work requirements and government analysis factors drive formal protests, and cost remains a useful lowest common denominator differentiator in a culture fearful of inciting complaint.

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<sup>87</sup> David Thornton, “DOD Takes Point on More Mathematical Procurement Systems”

<sup>88</sup> Moshe Schwartz and Kate M. Manuel, “GAO Bid Protests: Trends and Analysis,” pg. 8

**Recommendation:**

I would recommend adopting this proposal and commencing the drafting of the OMB guidance memorandum. A critical mass of observed pitfalls associated with the use of LPTA for the sake of short-term frugality, including lengthy protests, expensive, unexpected contract modifications and O&M work, and loss in technological innovation and expertise, points to long-term savings potential of the proposal. Political and bureaucratic advocates in the defense sector have proven that acknowledgement of the problem contributes to greater awareness and declining use of LPTA procurement in DOD acquisition relative to civilian agencies. Because the OMB guidance is more clarification than an extreme change in policy, and reflects the original intention of the FAR LPTA source selection criteria, technical implementation should proceed relatively uncontested.

The creation of a Source Selections Outcomes Advisor position tasked with linking procurements to outcomes good and bad is perhaps the most important aspect of the proposal, and remains so even if initial implementation of a switch from LPTA to best value proceeds slowly due to competing procurement management incentives. A lack of empirical data surrounding the issue is the single largest detriment to any argument for or against the status quo, and the installment of this new position at each agency should assist procurement shops to plan better and track the long term prospects of their choices. This would introduce a future-oriented consequentialism lacking in a political environment so driven by immediate and short-term budget cycles.

Though the Obama administration may prefer to resist meddling in procurement “micromanagement,” the focus on complex IT differentiates and elevates the issue. The

intent of the proposal, which promotes long term cost savings correlated with more meaningful technical value, is strongly linked to the administration's policies promoting small business, government procurement transparency, and technical creativity in the private sector. The administration can seamlessly present OMB's guidance as part of a fight to preserve innovation and expertise. It is ultimately a timely opportunity to steer the definition of mission-critical value in a government increasingly reliant on technology for public sector service provision.

## **Curriculum Vitae:**

Kate Hannon was born on July 30, 1988 in North Carolina, and spent her formative years in Connecticut before obtaining her Bachelors Degree in History and Political Science from Boston University in 2010. She was valedictorian of her Political Science department graduating class, and was inducted into the Phi Beta Kappa liberal arts academic honors society the same year. Since January 2013 Kate has worked at INTEGRITYOne Partners, Inc, as an IT systems developer and project manager for the federal government.