

## SEC. 821. IMPROVEMENTS IN PROCUREMENTS OF SERVICES.

(a) PREFERENCE FOR PERFORMANCE-BASED SERVICE CONTRACTING- Not later than 180 days after the date of the enactment of this Act, the Federal Acquisition Regulation issued in accordance with sections 6 and 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 405 and 421) shall be revised to establish a preference for use of contracts and task orders for the purchase of services in the following order of precedence:

- (1) A performance-based contract or performance-based task order that contains firm fixed prices for the specific tasks to be performed.
- (2) Any other performance-based contract or performance-based task order.
- (3) Any contract or task order that is not a performance-based contract or a performance-based task order.

(b) INCENTIVE FOR USE OF PERFORMANCE-BASED SERVICE CONTRACTS- (1) A Department of Defense performance-based service contract or performance-based task order may be treated as a contract for the procurement of commercial items if--

- (A) the contract or task order is valued at \$5,000,000 or less;
- (B) the contract or task order sets forth specifically each task to be performed and, for each task--
  - (i) defines the task in measurable, mission-related terms;
  - (ii) identifies the specific end products or output to be achieved; and
  - (iii) contains a firm fixed price; and
- (C) the source of the services provides similar services contemporaneously to the general public under terms and conditions similar to those offered to the Federal Government.

(2) The special simplified procedures provided in the Federal Acquisition Regulation pursuant to section 2304(g)(1)(B) of title 10, United States Code, shall not apply to a performance-based service contract or performance-based task order that is treated as a contract for the procurement of commercial items under paragraph (1).

(3) Not later than 2 years after the date of the enactment of this Act, the Comptroller General shall submit a report on the implementation of this subsection to the

congressional defense committees.

(4) The authority under this subsection shall not apply to contracts entered into or task orders issued more than 3 years after the date of the enactment of this Act.

(c) CENTERS OF EXCELLENCE IN SERVICE CONTRACTING- Not later than 180 days after the date of the enactment of this Act, the Secretary of each military department shall establish at least one center of excellence in contracting for services. Each center of excellence shall assist the acquisition community by identifying, and serving as a clearinghouse for, best practices in contracting for services in the public and private sectors.

(d) ENHANCED TRAINING IN SERVICE CONTRACTING- (1) The Secretary of Defense shall ensure that classes focusing specifically on contracting for services are offered by the Defense Acquisition University and the Defense Systems Management College and are otherwise available to contracting personnel throughout the Department of Defense.

(2) The Secretary of each military department and the head of each Defense Agency shall ensure that the personnel of the department or agency, as the case may be, who are responsible for the awarding and management of contracts for services receive appropriate training that is focused specifically on contracting for services.

(e) DEFINITIONS- In this section:

(1) The term `performance-based', with respect to a contract, a task order, or contracting, means that the contract, task order, or contracting, respectively, includes the use of performance work statements that set forth contract requirements in clear, specific, and objective terms with measurable outcomes.

(2) The term `commercial item' has the meaning given the term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

(3) The term `Defense Agency' has the meaning given the term in section 101(a)(11) of title 10, United States Code.