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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIAL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

1 DEC 2000

MEMORANDUM FOR POLICY CHIEFS

FROM: HQ AFMC/PKP
4375 Chidlaw Road, Room S260
Wright-Patterson AFB OH 45433-5006

SUBJECT: Prospective EPA Clauses

Reference: Economic Forecast Data Contract (HQ AFMC/PKP Memo, 20 October 2000)

1. Concerns have arisen concerning Economic Price Adjustment (EPA) contract clauses. The intent of this memo is to provide some guidelines for statements made about proprietary indexes, in the referenced memo. The statements are: "WEFA, DRI, or any other proprietary company, clauses should not be named in escalation or other contract clauses. The referenced indexes should be generic ones, such as those used by the Bureau of Labor Statistics. This ensures applying standard rates no matter who provides the economic forecast information."
2. We have become aware of an issue where current contracts specify DRI indexes in prospective EPA clauses. Since the DRI contract is no longer available, two alternatives are possible. First, current contracts could be modified to change referenced DRI indexes to WEFA indexes. Secondly, it may be possible to negotiate the EPA amount if the trigger band is reached. The easiest solution is just asking DCAA to verify the rate. When contractors submit their proposals for new contract/option periods, they should be told to include the DRI proposed rate(s) page with the current date. Since DCAA still has access to DRI and their agreement with DRI permits them to use DRI data to evaluate proposals, they can evaluate and comment on the EPA adjustment proposal. DCAA can also comment if there is a significant variance between any indexes. DCAA should not be asked for specific DRI index values or pages from DRI publications, as this would violate the DCAA license from DRI.
3. This memo has been coordinated with DCAA. As always, we ask you to please share this memo with your contracting staff. If you have any questions, please call Ms. Cecelia Benford, HQ AFMC/PKPC, DSN 986-0343, or send an e-mail to cecelia.benford@wpafb.af.mil.

Milton C. Ross
MILTON C. ROSS, SES
Deputy Director of Contracting

2001-9-B

12 October 2000

MEMORANDUM FOR AFMC/PKP POLICY CHIEFS

FROM: HQ AFMC/PKP
4375 Chidlaw Road, Room S260
Wright-Patterson AFB OH 45433-5006

SUBJECT: Economic Forecast Data Contract

1. The Economic Forecast Data contract is six months old. This contract, awarded to WEFA, Inc., has a period of performance from 1 April 2000 to 31 March 2001, with four renewable option periods. As issues have come up, several actions have been accomplished to ease the transition. A user guide with regional price/labor cost indicators and data variable lists were provided by e-mail to the focal points and pricing chiefs for dissemination to all employees. This user guide is also available on-line. The web address is www.wefa.com. Also, information feedback and a tutorial were sent to the focal points and pricing chiefs with instructions for accessing it.
2. We believe the WEFA web-based tool offers significant advantages over its predecessor. However, there is a learning curve on how to use the tool. We collected the following user comments and share them in the interest of helping to solve problems you may be encountering.

"I was not able to achieve what I went in seeking until the 3rd time. I did learn something each time, and it has accrued to the point I was able to create a "basket" yesterday (to demonstrate to a few of our folks here), but I still need a whole lot more learning of it.

I think it is by far a better product than DRI, in that it has phenomenal possibilities--but DRI was more "simplistic" for the buyers and PCOs (they knew DRI--the few that used it). It was easier for them to maneuver through to get their data.

So, they see it as more complex when it just has much greater opportunities. Once they create their baskets for their areas, they will see it as much easier. It is simply the "learning" phase that they are balking at.

While I have sent out extensive, thorough messages, I still get people who have no idea there is a username and password. This morning I ran into that--that was why their search was not working...they were doing a search from the input page.... (Yes, you can click on search from the main page without having to input your username/password.)

They have the information at hand--it is just meaningless to them until they use it. The same is for me, since I do not use this system on any regular basis, I won't really have it down pat until I have numerous opportunities to go through it."

3. The web-based product does provide real-time data to meet your acquisition needs. It will be helpful to new employees if they know this tool will help them develop current cost and pricing analysis numbers. In some isolated cases, we have discovered all of the information, such as list of mnemonics, passwords, tutorials, had not been given to the end user by the focal point. There is a search engine with access to national and international cost/price indicators and forecasts provided on a quarterly basis. However, one needs to be mindful how to conduct a search. For example, you want to know "Where are the inflation factors?" If you search for escalation factors instead of inflation you may get no results because the database search wants the right words. This is true of many databases. Many standard historical indicators are updated monthly as well as forecasted over a five-year interval. On-line training/help screens will allow individuals to tailor a set of time series data and reflect their day-to-day requirements in personal data "baskets".

4. WEFA, DRI, or any other proprietary company, clauses should not be named in escalation or other contract clauses. The referenced indexes should be generic ones, such as those used by the Bureau of Labor Statistics. This ensures applying standard rates no matter who provides the economic forecast information. The WEFA information is very current by virtue of its monthly updating.

5. Please share this memo with your contracting staff. The focal points, which were identified to us in April, are attached for your information. Some of the names include pricing chiefs. We will continue to keep you updated and provide answers to any concerns you may have. If you have any questions, please call my action officer, Ms. Benford, HQ AFMC/PKPC, DSN 986-0343, or send e-mail to cecelia.benford@wpafb.af.mil.

/s/

AVERY P. SLEDGE, Col, USAF
Chief, Contracting Policy Division
Directorate of Contracting

Attachment:
Economic Forecast Data Focal Points

ECONOMIC FORECAST DATA FOCAL POINTS

Name	Organization	DSN
Daniel Beck	ASC/PKFB	785-2552 X4223
Gene Brackett	SA-ALC	945-7621
Greg Burgos	SMC/PKX	833-6994
Sandra Cantrell	OC-ALC/PKCB	884-6225
Sam Cochran	38 th EIG/PK	884-9395
Max Cromer	AEDC/PKM	340-7802
Timothy Dowling	SSG/PKX	596-5560
John Havrilla	WR-ALC/PKPF	468-7511
Ron Littman	311 th HSW	240-4615
Joy Lloyd	WR-ALC/PKPF	468-1735
Marvell Lavy	AFFTC/PKC	527-7955
Sherrol Major	OO-ALC	777-6549
Michael Montgomery	SM-ALC/PKXA	633-3557
Shirley Norton	Bolling AFB	297-1235
Shirley Pickens	AAC	872-5135 X 4619
Bill Sain	AFRL/PKAF	246-2724
Wilma Scott	AAC/PKX	872-5135 X 4619
Bill Teeple	SM-ALC/PKX	633-3557
George Walters	AFRL/IFKPB	587-1971
Denise Youngs	AFRL/IFKPA	587-7298
Nicholas Zindorf	Det 1	986-9077