

The Air Force Alternative Dispute Resolution Program



Report to the Secretary of the Air Force on the Air Force Alternative Dispute Resolution Program

*Prepared by
The Air Force ADR Program, SAF/GCD
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MEMORANDUM FOR SAF/OS

FROM: SAF/GC

SUBJECT: Alternative Dispute Resolution Report for Fiscal Year 2002

1. Last year we announced the creation of a new division in the Office of the General Counsel headed by a Deputy General Counsel for Dispute Resolution (SAF/GCD). Air Force Policy Directive (AFPD) 51-12 outlines the role and responsibilities of SAF/GCD that include providing the policy, guidance and funding necessary to implement the Air Force ADR Program. AFPD 51-12 also requires us to submit an ADR Program Report each year, and I am forwarding our ADR Program Report for Fiscal Year 2002.

2. As you know, Air Force policy is to promote the voluntary use of ADR to the maximum extent practicable and appropriate to resolve disputes at the earliest stage possible, by the fastest and least expensive method possible, and at the lowest possible organizational level. I am pleased to report that the Air Force's ADR Program had a good year in FY 02. Here are some of the more significant accomplishments:

- The Air Force ADR Program won awards for excellence from the Office of Federal Procurement Policy (OFPP), the Office of Personnel Management (OPM) and the Society of Federal Labor and Employee Relations Professionals (SFLERP).
- Use of ADR helped the Air Force avoid \$94 million in liability in contract disputes much more quickly than if we had litigated these matters.
- Air Force Materiel Command (AFMC) adopted a sophisticated command-wide ADR Program Plan for workplace disputes that was negotiated with and has the full support of the American Federation of Government Employees (AFGE), Council 214.
- The Air Force resolved 1,738 civilian workplace disputes using ADR.
- The successful use of ADR in Equal Employment Opportunity (EEO) complaints resolved the complaint in just 37 days on average, as compared to the 466 days required, on average, to resolve formal EEO complaints.
- The Air Force ADR Program website processed more than 400,000 requests for pages and was visited by an average of 2,700 users each month.

Perhaps most significant of all, between FY 97 and FY 02, informal EEO complaints declined by 72% (on a normalized complaints per thousand basis) and formal

complaints declined by 46%. While there are several reasons for this decline, our clients and my office believe that Air Force conflict-management training combined with ADR training and usage were the primary reasons for this improvement.

3. We have a number of significant ADR initiatives underway. First, we are promulgating regulations designed to implement AFPD 51-12. Second, we are working with the General Counsel's Office in the Office of the Secretary of Defense to make the use of ADR in contract disputes a Business Initiative Council proposal. Third, we have a number of negotiation training initiatives underway that, among other things, include an effort to make negotiation training a core part of Air Force contracting officer training. We are partnering on this project with the Defense Acquisition University (DAU) and are hopeful that our negotiation training will be adopted by DAU. Last, but not least, we have completely redesigned our website and should have it posted on the web by the end of the month. We believe our redesigned site will not only be more user friendly but will serve as an ADR knowledge-management tool for the Air Force.

4. In short, some talk about making ADR a corporate capability. In my opinion, by the end of FY 03 will have done just that in contracts, equal employment opportunity complaints, and selected labor-management disputes.

MARY L. WALKER
General Counsel

Attachment:
ADR Report

*Report to the Secretary of the Air Force on the
Air Force Alternative Dispute Resolution Program*

	<i>PAGE</i>
A. Three National Awards for Excellence	1
B. Acquisition ADR Program: We Continue to Resolve Large and Small Contract Disputes in Months Rather than Years	1
1. Directorate of Contract Dispute Resolution	1
2. FY 2002 Air Force Contract ADR	1
3. Value of Disputes Resolved Through ADR	3
4. Importance of Early Involvement	4
C. Labor-Management ADR Program: Air Force Materiel Command Leads the Way for the Rest of the Air Force	4
D. Workplace ADR Program: The Air Force Continues to Benefit from the Large-Scale Use of ADR	5
1. Tinker and Charleston AFBs Win OPM Awards	5
2. Air Force ADR Results FY 2002	6
3. Return-on-Investment in Workplace Disputes When Using ADR	7
E. Website: Ensuring that Air Force Personnel are “One Click Away” From Air Force ADR Information and Resources	8
F. ADR Program Funding: The Program’s Funding Profile is Healthy	8
G. ADR Program Training: Providing Different Levels of Training as our Target Audience or Circumstances Warrant	9

1. Civilian Workplace Mediation Training	9
a. Basic Mediation Skills Training	9
b. Intermediate Mediation Training: The Mediation Training Mentor Program	10
c. Mediation Refresher Training	10
2. ADR Training for Attorneys	10
a. Negotiation and Appropriate Dispute Resolution Course	10
3. Other ADR Training	10
a. ADR Awareness Training	10
b. Community ADR Training	11
c. Academy Negotiations Training	11
d. ADR Program Managers Course	11
e. ADR Program Training for Contract Professionals and Attorneys	11
H. Challenges: Ensuring Continued Senior Leadership Support	11
1. Challenges in the Workplace ADR Program	11
2. Challenges in the Acquisition ADR Program	12
I. Current Initiatives: Institutionalizing the ADR Program	12
J. Conclusion: The ADR Program Had a Great Year	13

List of Figures

	PAGE
<u>Figure 1</u>: The ASBSCA: Litigation v. ADR	2
<u>Figure 2</u>: Case Resolution Time Comparison FYs 2000-2002 Docket to Resolution	2
<u>Figure 3</u>: ADR Agreement in Principle to Conclusion	3
<u>Figure 4</u>: FY 02 ADR Total Spending	9

List of Tables

		PAGE
<u>Table 1</u>: Workplace ADR Results for FY 02	6	
<u>Table 2</u>: Current Funding Profile for the Air Force ADR Program (Figures in Millions of Dollars)	8	

Attachments

		TAB
<u>Attachment 1</u>: FY 2001-2002 ADR Summary Report by MAJCOM	1	

A. Three National Awards for Excellence

In FY 02, the Air Force ADR Program won three national awards for excellence:

- OPM Award (workplace ADR programs for Air Force, Tinker, and Charleston Air Force Bases recognized by OPM as outstanding ADR Programs in the Federal Government) (October 2001)
- OFPP Award (best new acquisition ADR program in the Federal Government)(April 2002)
- SFLERP Award (AFMC recognized as the best example of labor-management cooperation in the Federal Government)(September 2002)

Other federal agencies have award-winning programs in specific areas (workplace, contracts, etc.), but none has an award-winning program in multiple areas. As a result, the Air Force ADR Program is now widely recognized as an exemplar for the entire Federal Government on how to make ADR a corporate capability.

B. Acquisition ADR Program: We Continue to Resolve Large and Small Contract Disputes in Months Rather Than Years

1. Directorate of Contract Dispute Resolution

The Directorate of Contract Dispute Resolution within the Air Force Materiel Command Law Office (AFMCLO/JAB) handles individual Air Force contract disputes. JAB conducts both ADR proceedings and formal litigation of contract disputes at the Armed Services Board of Contract Appeals (ASBCA). JAB has expanded its ADR workload to include “early involvements”– ADRs initiated before formal appeal to the ASBCA. Although attorneys throughout JAB use ADR, JAB created a separate ADR Division with ten attorneys whose practice emphasizes ADR. This special ADR Division provides an important ability to focus on ADR and can provide extremely efficient resolution of disputes.

2. FY 2002 Air Force Contract ADR

Air Force ADR use for contract disputes has continued at a high rate – 45 ADR resolutions in FY 02 – as the following chart shows. The cumulative effect of the increase in ADR for the Air Force and DoD over the past few years has significantly reduced the number of pending cases at the ASBCA. We expect that this decreased caseload will help reduce the time it takes to resolve disputes.

The ABSCA: LITIGATION v. ADR

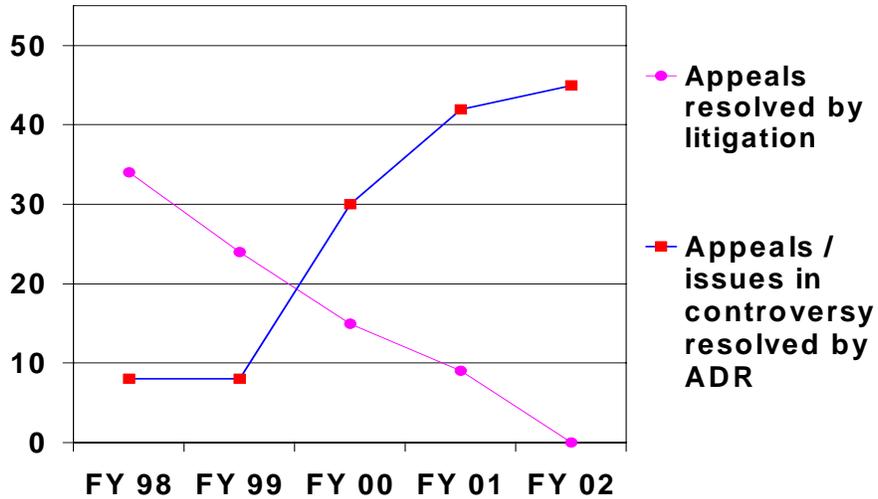


Figure 1

The difference between the time it takes to resolve a dispute by ADR and the time it takes to resolve a dispute by formal trial is dramatic. The FY 00 to FY 02 data demonstrate that ADR resolves matters in less than half the time, on average.

Case Resolution Time Comparison FYs 2000-2002 Docket to Resolution (Months)

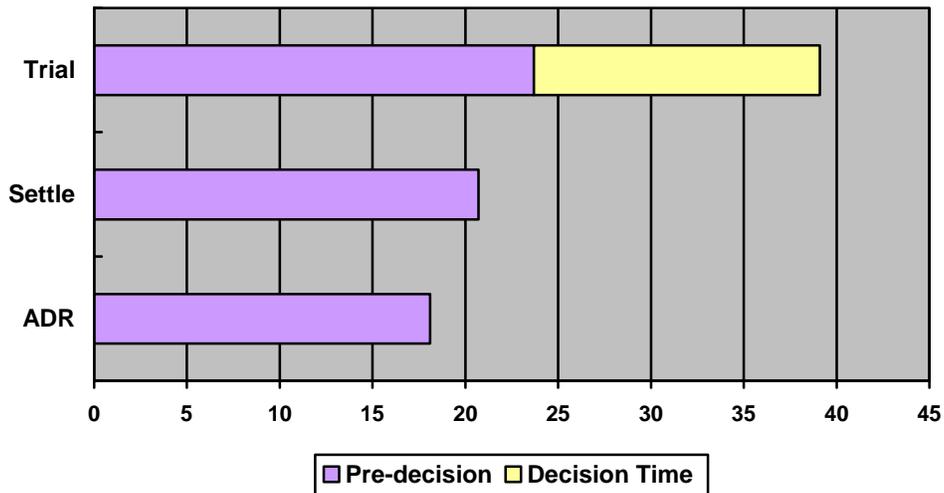


Figure 2

We believe that the resolution time for ADR procedures can be even lower in the future. The historical average resolution time for ADR includes many old cases that were on a litigation track for a long time before ADR resolved the case. As the following graph shows, once the parties agree to use ADR, resolution time averages less than seven months. We believe that early agreement to use ADR in future cases will reduce the overall ADR resolution time.

ADR Agreement in Principle to Conclusion

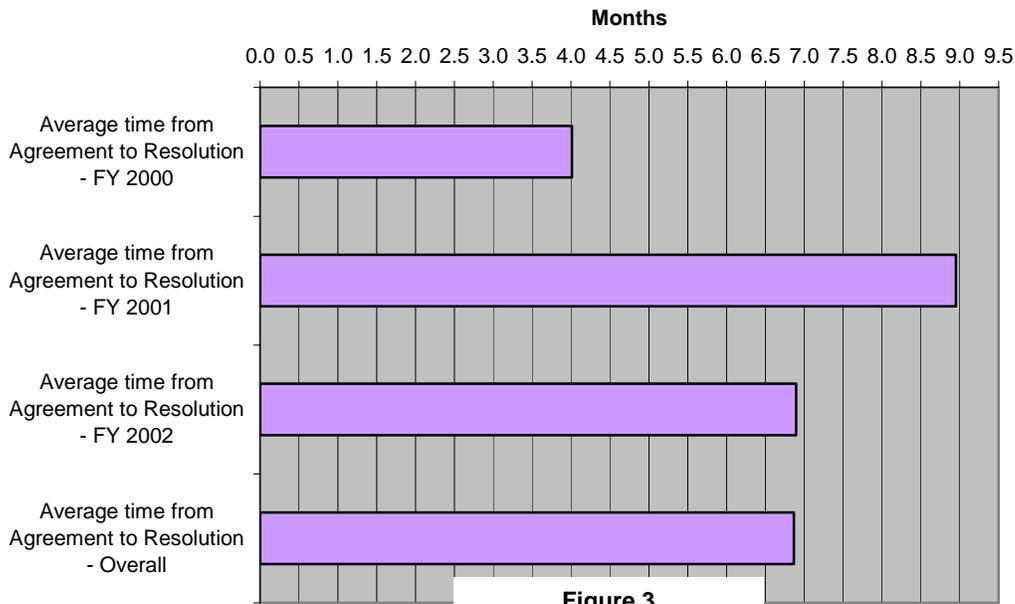


Figure 3

3. Value of Disputes Resolved Through ADR

The total amount claimed and paid in the contract disputes resolved through ADR for FY 02 are:

Contractor Claims	Contractor Recovery	Government Claims	Government Recoveries
\$139,264,576	\$44,742,640	\$24,122,583	\$12,081,806

Use of ADR helped the Air Force avoid paying \$94,521,936 in claims submitted by contractors. Perhaps more importantly, the amounts paid by the Air Force were all well within our litigation risk-adjusted valuations. In short, we achieved results similar to those we anticipated if the matter had been fully litigated, but did so in months rather than years.

4. Importance of Early Involvement

Early use of ADR procedures is especially effective in reducing costs. Foremost among the savings is the interest liability that the Air Force avoids when JAB becomes involved in a dispute before interest liability starts under the Contract Disputes Act (CDA). The CDA gives contractors the right to interest on a claim beginning on the date that the claim is submitted to the Contracting Officer. This interest liability mounts daily until any amounts owed are paid. Getting involved in a dispute early and resolving it before a formal claim avoids the interest liability altogether. Frequently, however, contractors proceed with a formal claim even if they intend to use ADR or negotiations to resolve the matter so that the interest clock begins to run. Early involvement in the dispute can greatly reduce our interest exposure even in cases where the contractor submits a formal claim.

Although CDA-interest savings is only part of the benefit of ADR's shorter resolution time, the reduced interest alone weighs heavily in favor of ADR. For the last five years, CDA-interest rates averaged over 6% annually. Over the life of a dispute from formal claim through final ASBCA judgment, over three years on average, the interest liability becomes a large part of the total liability and commonly exceeds 20% of the original claim. Large, complex litigation over \$1,000,000 frequently lasts much longer, with an average historical resolution time of about 60 months. And interest in those cases can exceed 30% of the original claim.

In addition to the interest savings, ADR also saves litigation costs. Less formal discovery and proceedings mean lower costs. Moreover, if the parties begin the ADR process before the contractor's request for payment goes through more formal claim-preparation, the contractor's demand may be lower. Manpower costs of dealing with the burdensome litigation discovery process are also reduced. And finally, early involvement in the dispute, while the matter is still a business negotiation, provides the parties with more options to resolve the dispute than formal litigation, where the dispute usually boils down to a fight over the amount of payment.

C. Labor-Management ADR Program: Air Force Materiel Command Leads the Way for the Rest of the Air Force

AFMC employs approximately 80,000 military and civilian personnel. AFMC's civilian workforce is by far the largest of any Air Force Major Command. Consequently, AFMC accounts for most of the Air Force's workplace disputes (60% in 2002) and most of its workplace dispute ADR activity (65% in FY 02). Therefore, AFMC is the focus of our workplace ADR initiatives.

AFGE Council 214 is a consolidated collective-bargaining representative made up of the local AFGE unions at nine of the ten AFMC installations. Collectively, it represents approximately 40,000 AFMC civilian employees. The Council 214 bargaining unit is the largest in the Air Force and one of the largest in the Department of Defense and the entire

Federal Government. Council 214 represents a diverse workforce, from aircraft mechanics to white-collar employees from California to Florida.

To improve labor-management cooperation, AFMC Management and Council 214 formed a Partnership Council, which determined that using ADR in labor-management disputes should be an AFMC priority. On 20 March 2002, the Partnership Council approved the AFMC ADR Plan, and Headquarters AFMC approved it the next month. AFMC Commander General Lester Lyles and Council 214 President Scott Blanch then issued a new set of letters to commanders and local union presidents urging them to make success of the ADR Plan and Program a matter of their personal responsibility.

The AFMC ADR Plan's significance cannot be overstated. It is the first comprehensive plan of its kind to be adopted and implemented by a major Air Force command. Given AFMC's preeminent role in Air Force workplace disputes, the groundbreaking AFMC ADR Plan serves as the guidepost for other Air Force major commands to follow as ADR is institutionalized in workplace disputes throughout the Air Force.

D. Workplace ADR Program: The Air Force Continues to Benefit from the Large- Scale Use of ADR

The Air Force ADR Program covers all types of workplace disputes. Specifically, the Air Force employs ADR to help resolve Equal Employment Opportunity (EEO) complaints, Unfair Labor Practice (ULP) disputes, Merit Systems Protection Board (MSPB) complaints, Negotiated Grievances (NGP), Administrative Grievances (AGS), and, on occasion, other types of disputes that the foregoing workplace dispute-resolution systems may not address. Several Air Force Base-level ADR Programs have achieved national recognition using ADR in some or all of these types of workplace disputes. Below we summarize the achievements of several individual bases and provide a summary of the return-on-investment in using ADR in workplace disputes.

1. Tinker and Charleston AFBs Win OPM Awards

In addition to the agency ADR award that OPM presented to the Air Force ADR Program on October 25, 2001, OPM recognized Tinker and Charleston AFBs for their outstanding local ADR programs. Tinker's program, dubbed the "Hub and Spoke," centralizes all dispute-resolution activities into a central ADR Program Office, staffed by full-time mediators and support personnel. As a result, Tinker attempts ADR in over 70% of its workplace disputes, by far the highest percentage of any Air Force installation. Tinker also created the "Tinker Toolkit," a CD-ROM-based collection of documents, templates, sample agreements, and other tools to build an ADR program from the ground up. The Toolkit is also available via the Air Force ADR website at http://www.adr.af.mil/tinker_toolkit/index.htm. During the past year, the Tinker ADR Program Office expanded its services, successfully resolving three organizational disputes using ADR techniques.

The Charleston program charted a different path, establishing peer-review panels to resolve employee grievances and ULP charges. Not only did the peer-review process drop Charleston’s ULP count to zero after its first year of operation, it also reconciled the union and management to work together to solve major labor-management problems that had plagued the base for years. Finally, peer-review panels resolved every employee grievance without resort to an external third-party decisionmaker, saving the base thousands of dollars and manhours in arbitration and hearing costs.

2. Air Force Workplace ADR Results for FY 2002

The Workplace Disputes ADR Program tracks ADR activity in six categories: EEO complaints, negotiated grievances (NGP), ULPs, MSPB appeals, administrative grievances (AGS), and “other.” Attachment 1 shows the number of workplace disputes, ADR attempts, and ADR resolutions reported to GCD by each MAJCOM, and the Air Force totals, in FY 02. Overall results are summarized below:

Workplace ADR Results for FY 02

	FY 2002	FY 2001 ¹	Change
Total Disputes	5976	5978	0%
ADR Attempts	2620	3089	-15%
ADR Resolutions	1738	2259	-23%
Attempt Rate	44%	52%	-15%
Resolution Rate	66%	75%	-9%

Table 1

As these figures indicate, total dispute activity in FY 02 remained virtually unchanged from FY 01. However, ADR attempts were off by 15%, and ADR resolutions were off by 23%. The overall Air Force ADR attempt rate of 44% exceeded the goal of 40% and is consistent with average attempt rates over the past six years. The overall ADR resolution rate of 66% is below the Air Force goal of 70%. The 23% decline in ADR attempts, coupled with a 66% ADR resolution rate, gives us some cause for concern and we are investigating the causes of these results.

¹ The decline in our FY 02 ADR attempt and resolution rates caused us to review our FY 01 data. In doing so we realized that our computation of FY 01 data employed a conservative methodology that led to an under-reporting of formal EEO complaints. The revisions were necessary to ensure that we made a fair and accurate comparison of FY 01 and FY 02 data and ultimately resulted in an even more unfavorable comparison of FY 01 and FY 02 ADR attempt and resolution rates.

It is, however, too early to conclude that this is the beginning of a trend. FY 01 was an unusually good year for ADR, with over half of all workplace disputes going through some type of ADR process. This rate of ADR use is the highest ever and is well above the historical norms. Over the previous two years, ADR resolution rates averaged a phenomenal 77%, which is also well above historical norms. As implementation of ADR policies matures, becoming more and more a part of the dispute resolution landscape, we can expect to see the numbers fade from stratospheric heights to more sustainable, yet still impressive, levels. We think FY 02 was such a year and will wait until the end of FY 03 to determine if FY 02 was the start of a negative trend.

3. Return-on-Investment in Workplace Disputes When Using ADR

According to the Air Force FY 02 EEO report submitted to the EEOC (EEOC Form 462), three-quarters of EEO ADR efforts occurred during the informal stage of EEO complaint processing. As a result, the average time it took to resolve an EEO complaint (both formal and informal) using ADR in FY 02 was about 37 days, compared to an overall average of 466 days (about 15 months) to close an EEO case. This difference is significant because an Air Force Audit Agency study of EEO processing costs found that the transaction costs of processing an informal EEO complaint to conclusion average approximately \$1,800 per case, while processing a formal EEO complaint to conclusion averages over \$16,000 per case. There are also significant intangible costs associated with resolving an EEO complaint: e.g., decreased productivity, diversion of resources from mission accomplishment, loss of teamwork and esprit de corps, and poor employee morale. Using ADR to resolve EEO disputes at the earliest possible time and at the lowest organizational level helps keep tangible and intangible costs at the lower end of the range. ADR use also helps explain why the average time required to settle Air Force EEO complaints in FY 02 (using both ADR and non-ADR methods) was 246 days, a figure that is substantially below the Federal Government average of 523 days.² Perhaps most significant of all, as our use of ADR has increased between FY 97 – FY 02, the percentage of the Air Force civilian workforce filing formal EEO complaints has declined by 46%, and the percentage making informal EEO complaints has declined by 72%.³

To illustrate potential cost savings in non-EEO disputes such as negotiated grievances, we look at the experience of Hill AFB. As an Air Logistics Center, Hill has a large volume of workplace disputes. For FY 02, Hill AFB and the local union collaborated to estimate the total amount of time that Hill and the union spent processing an average grievance through the negotiated grievance procedure. This estimate ranges from a low of 63 hours for a grievance that proceeds to Step 2 of the procedure, to 143 hours for a grievance that goes to arbitration. Mediation of that grievance, on the other hand, averages about 10 hours. About 75% of Hill's grievances go to Step 2, or beyond, thus taking an average 63-143 hours per case. Using the Center's standard labor rate of \$56.42 per hour, this is a range of about \$3,550 for a grievance that ends at Step 2 (63 X \$56.42), to \$8,068 for a grievance that goes to arbitration (143 X \$56.42). By contrast,

² See FY 01 EEOC figures at http://www.eeoc.gov/federal/fsp2001/part_iii.html#a4).

³ See Air Force Report to the EEOC for FYs 97-02.

mediating a grievance costs about \$565.00 (10 X \$56.42). Last year, Hill successfully mediated 12 grievances at Step 1, for a total estimated cost of \$6,780. Had these grievances gone to Step 2, the estimated cost would have been \$42,600, and had they gone to arbitration, the estimated cost (excluding arbitrator’s fee) would have been \$96,816. These estimates represent the potential resolution costs that were avoided in these 12 grievances by resolving them at Step 1.

E. Website: Ensuring that Air Force Personnel are “One Click Away” From Air Force ADR Information and Resources

The Air Force ADR Program website is the centerpiece of our efforts to ensure Air Force personnel, contractors, union officials, and the public have timely access to ADR information. Located at <http://www.adr.af.mil>, this site provides information about Air Force efforts to use ADR techniques to resolve a wide range of disputes.

During the last 12 months, our site has processed 404,000 requests for pages of information and has, on average, 2,700 users each month. Another measure of the usefulness of the information provided by our site is its ranking on several popular search engines on the Internet. When using the search term “alternative dispute resolution,” the Air Force ADR Program website is ranked in the top 10 ADR sites on the Internet by search engines powered by Google. We believe our Google search engine ranking demonstrates the usefulness of the information that we provide to the Air Force and the public.

F. ADR Program Funding: The Program’s Funding Profile is Healthy

Air Force Policy Directive 51-12 makes GCD responsible for (1) submitting, managing, and executing the Air Force ADR Program budget; and (2) supporting the development and implementation of the Air Force’s ADR program. As the chart below demonstrates, GCD has secured sufficient funding in the Air Force POM to pay for ADR-related case support, training, travel, and neutral services.

***Current Funding Profile for the Air Force ADR Program
(Figures In Millions of Dollars)***

Functional Area	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Acquisition	1.53	1.56	1.6	1.63	1.66	1.69
Workplace & Environmental	.461	.467	.475	.485	.494	.504
Total	1.99	2.02	2.07	2.11	2.15	2.19

Table 2

Equally important, the vast majority of funding we received in FY 02 was spent directly on ADR case support, as illustrated in the chart below:

FY 02 ADR Program Total Spending

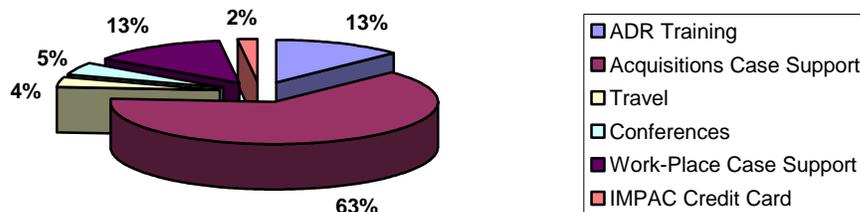


Figure 4

Fully 76% of the funding we received was spent directly on acquisition or workplace ADR case support. An additional 18%⁴ of our funding was spent on our other primary role, namely providing ADR training to Air Force employees. The remaining 6% of our budget was spent on ADR-related travel, training materials, or supplies necessary to implement the ADR Program.

G. ADR Program Training: Providing Different Levels of Training as our Target Audience or Circumstances Warrant

1. Civilian Workplace Mediation Training

a. Basic Mediation Skills Training

The Air Force Civilian Personnel School (AFCPS) has developed a four-day basic-mediation skills training course, to train Air Force personnel to be collateral-duty mediators. In addition to the in-residence course at Gunter Annex in Montgomery AL, AFCPS sends the course on the road periodically to conduct MAJCOM-specific mediation training. GCD provides one of the course's instructors (our Director Workplace Disputes ADR Programs), fully underwrites at least one "road show" course per year, and finances the instructor-support for others. This course received the highest student rating of any course delivered by the AFCPS in the last 50 years. See <http://www.au.af.mil/au/cpd/hrms/0014.htm>. In June 2002, GCD sponsored a course for

⁴ 13% of our funding was spent on ADR training and 5% was spent on ADR conferences.

new Space Command mediators in Long Beach CA, in conjunction with the Los Angeles AFB ADR Office.

b. Intermediate Mediation Training: The Mediation Mentor Program

The Air Force Mediation Mentor training initiative matches experienced mediators with trained, but inexperienced, Air Force mediators. The inexperienced Air Force mediator either co-mediate a case with an experienced mediator or simply observes an actual case. At the end of the mediation, the mentor then reviews each stage of the mediation to help the inexperienced mediator understand the techniques and strategies employed. From the Air Force's perspective, if the mediation resolves the matter, we receive the twin benefits of a successful resolution and apprenticeship training. In FY 02, GCD contracted to provide mediation mentoring in 41 disputes at over a dozen Air Force bases. For the future, we plan to emphasize mediation mentoring in our contracted mediation services to provide additional practical training opportunities for Air Force collateral-duty mediators.

c. Mediation Refresher Training

The Air Force periodically provides mediation refresher training to trained, but inexperienced, Air Force mediators to keep their mediator qualifications current. In September 2002, Tinker AFB hosted a two-day intermediate refresher course attended by 40 Air Force mediators. GCD funded the attendance of all students and contracted for the three-member instruction team of professional mediator/trainers.

2. ADR Training for Attorneys

a. Negotiations and Alternative Dispute Resolution Course (NADRC)

Every year GCD, in conjunction with the Air Force Legal Services Agency and the Air Force Judge Advocate General School at Maxwell AFB AL, funds and conducts the Negotiations and Alternative Dispute Resolution Course at the JAG School. The five-day course trains Air Force judge advocates and civilian attorneys in interest-based negotiation and ADR techniques. This year's course in May 2002 trained 64 Air Force and other services attorneys using extensive skills-building exercises, negotiation exercises, and mock mediations. A highlight of the course was the presentation, "ADR Goes to War" by Brigadier General Charles J. Dunlap, Staff Judge Advocate of Air Combat Command, examining the uses of interest-based negotiation and ADR skills for JAGs and others in support of contingency operations. Course evaluations were among the highest ever recorded at the JAG School.

3. Other ADR Training

a. ADR Awareness Training

The Air Force provides ADR awareness training to the field – commanders, supervisors and managers, union officials, and rank-and-file employees. In FY 02, we trained Dover AFB personnel to use ADR to repair a strained union-management relationship. As a result, Dover adopted a peer-review process for resolving employee grievances. We followed up with interest-based bargaining and consensus-building training for Dover peer-review panels.

b. Community ADR Training

The Air Force sponsored an innovative one-week course in community ADR at Aviano Air Base IT, focusing on the uses of mediation and other ADR processes to resolve disputes between military and dependent personnel on Air Force bases, particularly overseas. The course teaches interest-based negotiation skills to mediate disputes between barracks-mates, Military Family Housing residents, and domestic disputes, including divorce and separation. We hope to make similar training available to other bases, both overseas and CONUS.

c. Academy Negotiations Training

The Air Force supports undergraduate negotiations training at the U.S. Air Force Academy by furnishing instructors with instructional materials and sponsoring their attendance at ADR seminars and symposia.

d. ADR Program Managers Course

GCD sponsored and funded a two-day course at Tinker AFB, presented by the Tinker ADR Program Office, to train ADR Champions and others responsible for base-level ADR programs on effective ways to start, build, and maintain a successful ADR program.

e. ADR Program Training for Contract Professionals and Attorneys

In April, the Air Force ADR Program provided joint ADR training for AFMC's Acquisition ADR Champions and the attorneys in the Air Force's ADR Division. This course provides refresher training on the ADR Program's structure and procedures. In addition, this training helped us manage the transition of a large number of key personnel from both organizations by permitting veteran ADR experts to share their experiences and lessons-learned with new personnel.

H. Challenges: Ensuring Continued Senior Leadership Support

1. Challenges in the Workplace ADR Program

While we have achieved significant results for the Air Force, we have also learned that the program's continued success requires constant oversight, leadership, and support. In a time of diminishing manpower, some Commanders are seeking to shed their

responsibility for providing information we need to compile this report. In other cases, supervisors are hesitant to agree to spend the time to mediate workplace disputes. In still other cases we find that key figures leave their positions, and in some cases we find ourselves essentially starting our ADR efforts at that location all over again. These are the same problems that many other Air Force programs face, and we are confident we can overcome these challenges.

As a result of the decline in ADR resolution rates, we also plan to take a closer look at the quality of our mediator and facilitator workforce to see if we need additional refresher courses and/or more and better mentoring opportunities. In addition, we intend to redouble our efforts to provide high quality negotiation and facilitation training to our workplace dispute professionals.

2. Challenges in the Acquisition ADR Program

The key challenge for contract-dispute resolution is shifting from reactive use of ADR to early involvement in contract disputes. Although reactive use of ADR – which does not attempt to resolve the dispute through ADR until a claim has been denied and appealed to the ASBCA – is substantially better than formal litigation, it will not achieve the full potential of ADR to save time and money.

The reactive approach limits the benefits of ADR in several ways. When a claim is submitted and full litigation proceeds, the CDA-interest liability mounts daily. Litigation procedures, such as formal pleadings and discovery, plod along according to a set schedule that formalizes the delay and imposes a rigid dispute procedure.

The lynchpin of the successful ADR process is implementing the ADR agreement. Once the agreement is in place, resolution time is very low. To achieve ADR's full potential in contract disputes, future efforts must focus on identifying the disputes early, quickly involving the ADR specialists at AFMCLO/JAB, and implementing the ADR agreement early, before the dispute gets bogged down in the formal litigation process.

The central tools to achieve early-involvement goals are:

- Greater use of corporate-level ADR agreements.
- Continued monitoring of program-level agreements for ACAT I and II program and greater use in smaller programs.
- Recently promulgated AFFARS regulations that require the Contracting Officer to consider ADR first and to give GCD and JAB notice of disputes once they reach impasse but before a formal claim is filed.
- Extensive training of contracting personnel and attorneys on the AFFARS requirements and the benefits of ADR.
- Careful monitoring by GCD of compliance with the AFFARS requirements.

Through these efforts, with continued support from the SAF leadership, ADR has the potential to fundamentally change the way the Air Force resolves contract disputes.

I. Current Initiatives: Institutionalizing the ADR Program

We have several ADR Program objectives for FY 03. The first of our efforts for workplace disputes is promulgating a new Air Force Instruction (AFI) to implement the newly published AFPD 51-12. AFPD 51-12 reiterated the Air Force commitment to use ADR and made organization changes, among other things. The new AFI will detail the process for handling workplace disputes using ADR procedures.

Similarly, for contract disputes, we are refining our policies and regulations to institutionalize our ADR-First policy in contract disputes. This effort includes modifying Air Force FAR Supplement (AFFARS) regulations to promote the use of ADR procedures in contract disputes at the earliest point, after the matter reaches an impasse. In addition, we plan to provide a comprehensive update to contracting personnel and others to ensure implementation of AFPD 51-12 and the 2002 AFFARS regulations.

GCD is responsible for developing metrics to measure Air Force ADR performance. To make this task more accurate and timely with less effort by reporting offices, we plan to collect our data through our website. The data also will be reported quarterly, rather than annually, so that we can address changes in performance quickly. In addition to the increased role in ADR metrics, the Air Force ADR Program website will continue to be expanded and updated to provide the most current information on ADR.

Finally, achieving the full potential of the alternative methods of resolving disputes requires that all Air Force employees who negotiate issues be armed with the necessary tools. To this end, we are continuing to develop interest-based negotiation training and are working with the Defense Acquisition University to make this training available to all Air Force contracting officers, beginning in 2003.

J. Conclusion: The ADR Program Had a Great Year

FY 02 was the best year yet for the ADR Program. While the ADR Program still faces challenges in FY 03, we believe the program remains well-positioned to provide high quality dispute-resolution services and to maintain our reputation for excellence within the Air Force and, indeed, in the nation.

[Click here for the FY 2001-2002 ADR Summary Report by Command](#)