

## ACQUISITION ADVISORY PANEL

Meeting Minutes

June 14, 2006

Small Business Administration – Eisenhower Conference Room  
Washington, D.C.

The Acquisition Advisory Panel (AAP) convened its twenty-second public meeting on June 14, 2006 in the Eisenhower Conference Room of the Small Business Administration, Washington D.C. Ms. Marcia Madsen, Chair of the AAP, opened the meeting at approximately 9:11 AM. She reminded the Panel that much was left to be completed in the remaining scheduled meetings.

The guest speakers and their affiliations were as follows:

Mr. Shay Assad	Director, Defense Procurement and Acquisition Policy	No Attachment
Ms. Katherine Morse	Program Manager, Beacon Associates	Attachment 1

The Working Group updates were presented as follows:

Professor Joshua Schwartz	Acquisition Workforce	Attachment 2
Mr. Ty Hughes	Commercial Practices	No Attachment
Mr. Emile Monette Mr. Jerry Edmonds	Appropriate Role of Contractors Supporting the Government	No Attachment

Representatives of the Gulf Coast Commission on Reconstruction Equity requested and were provided time to present oral public comments at the end of the meeting.

The Designated Federal Officer, Laura Auletta, called the roll. The following Panel members were present:

Mr. Louis M. Addeo  
Dr. Allan V. Burman  
Mr. Carl DeMaio  
Mr. Marshall J. Doke, Jr.  
Mr. David Drabkin  
Mr. Jonathan Lewis Etherton  
Mr. James A. (Ty) Hughes  
Ms. Deidre A. Lee  
Ms. Marcia G. Madsen  
Mr. Joshua I. Schwartz  
Mr. Roger D. Waldron

The following Panel members were not in attendance:

Mr. Frank J. Anderson, Jr.

Mr. Thomas Luedtke

Chair Marcia Madsen commended Ms. Laura Auletta for her data review efforts which have consumed significant personal time.

Ms. Auletta reported that the Federal Procurement Data System-Next Generation (FPDS-NG) program office now has an interagency report committee, which will be developing standard reports that will be accessible through the FPDS-NG website. The most recent report she received regarded interagency contracts: Government-wide acquisition contracts (GWACs), schedules, and other multi-agency vehicles. The FY04 data received indicates that of the total \$139 billion obligated on interagency contracts, \$62.5 billion was comprised of individual transactions over \$10 million. She advised that these dollar figures do not represent total dollar value of the orders (base period plus options), but rather just transactions in FY 04. Ms. Auletta provided the percentages of competitive to non-competitive dollars awarded within the \$62.5 billion, but cautioned that her initial review appeared to reveal anomalies in the data; she will continue to dissect the information and provide observations and recommendations when completed [Note: the statistics on competitive vs. non-competitive dollars under interagency contracts discussed during this meeting were, in fact, later determined by Ms. Auletta to be unreliable. See findings and recommendations from August 10<sup>th</sup> meeting for details]. Ms. Auletta informed the Panel that additional reports had been requested to address “one offer” competitive awards among others. Panel members were interested in more information on orders not available for competition, the extent to which they are competed, unique source and the granularity of data overall.

Ms. Auletta advised the Panel that data reports had been received for performance-based acquisition (PBA) data, FY 2004 and 2005 interagency contract obligations, and had been requested for the Commercial Practices Working Group (CPWG). The analysis of all the data was still in process, she said.

Ms. Madsen introduced Mr. Shay Assad who recently became the Director of Defense Procurement and Acquisition Policy (DPAP). She provided an overview of his experience with the Marine Corps as the Assistant Deputy Commandant for Installations and Logistics, and in the private sector as a Senior Executive with Raytheon.

Mr. Assad began his presentation by explaining that he was spending significant time in the Department of Defense (DoD) evaluating the acquisition of services. He stated that the use of interagency contracts such as with the General Services Administration (GSA) and Department of Interior, are being examined to determine the most efficient way to buy a particular commodity or service and to draw from these agencies' centers of excellence. Additionally, he said, DoD was reviewing contracting methodologies based on type of service required and trying to fit it with the appropriate vehicle, whether it is performance-based, T&M, or other.

Performance-based measurements should be very objective and tie payments to levels of performance, Mr. Assad stated. He said that one contributor to not optimizing PBAs was the inability to define requirements well. He explained that people may not be adequately trained in articulating the requirement and the measurement, at both the initiation and receiving ends. DoD is evaluating whether establishing centers of excellence by commodity to generate these requirements, and/or using other established tools such as Navy Seaport-E, would improve the process. Mr. Assad also reported that 54-55 percent of DoD money is spent on services, and unlike major systems acquisitions, where tools and processes are established and understood, the same was not true for services. There were many organizations that were doing an excellent job, he interjected, but it was not consistent across the Department.

Mr. Assad articulated his belief that DoD needed to look at its relationships with its federal partners, improve the training mechanisms and available tools, and recognize that buying services is as important as buying major systems, whether it be in the field for a single camp, to support a major weapon system worldwide, or to provide relief in emergency situations in the United States or overseas.

Panel member Jonathan Etherton commented that the Interagency Contracting Working Group struggled with how to create balance between various agency-wide vehicles since there was an overhead associated in creating them. His interest was in any business mechanism that would prevent overlap, duplication and unnecessary overhead. Mr. Assad responded that DoD's approach was in the formative stages in evaluating capabilities and competencies within the agencies, as well as partners who may be able to address DoD's needs. He said that they are looking at services in the A-76 world, performance-based logistics, support to engineering, maintenance, and various information technology (IT) areas, evaluating what has been purchased and how effective the mechanism has been. This will not occur overnight, he pronounced.

Panel member Carl DeMaio referenced a Government Accountability Office (GAO) report which cited DoD for not monitoring performance and inappropriately paying incentives where performance targets were not achieved. He asked Mr. Assad for his views and an explanation of the steps DoD was taking to improve logistics contracting. Mr. Assad stated that his interpretation of the findings were different in that GAO suggested that DoD had not done a good job at verifying the savings that should have been achieved through a performance-based logistics contract versus a different approach. Mr. Assad believed GAO had a legitimate concern, and that DoD would review carefully. He believed the contracts were good documents - they were performance-based and paid accordingly, but some programs could not justify that PBA was a better mechanism. Cost savings could have been realized, but not verified, Mr. DeMaio hypothesized; or, perhaps DoD was not motivated by cost savings, but rather accountability for getting the mission done with the right impact. Mr. Assad partially agreed and also articulated that cost savings, effective methodology and accountability were the motivation for the shift to PBAs.

Panel member Ty Hughes commented that it appeared some contracts did not lend themselves to performance-based efforts and were moving into the area of personal services. He raised concerns whether these were inherently governmental, should be treated differently, or created organizational conflicts. Mr. Assad agreed with the concerns regarding these program support

efforts, and stated that the Government needed to be ever vigilant. He spoke of his sensitivity to the issue of inherently governmental, and suggested that the Panel look at the length of service contracts, believing 3-5 years was adequate and competition healthy. He said, "If we have contracted folks working in one office for seven years, they probably ought to be Government employees."

Panel member David Drabkin raised a multi-faceted query regarding how the Department viewed commercial items and services in the overall acquisition strategy. Mr. Assad addressed DoD's approach which involves evaluating the competencies of organizations that do commercial contracting very well, citing GSA. He mentioned that he has a concern that some services termed commercial are not, and spoke of providing additional tools to contracting officers to assist in effective market research and determinations. He pointed out that FAR Part 12 is an excellent tool if used correctly, but agencies should discontinue funneling efforts through it inappropriately. DoD intends to provide a decision matrix with logic trees which, coupled with market research, will lead contracting officers to the right contracting mechanism. Post-award administration is equally important, and GSA and Defense Contract Management Agency (DCMA) will be challenged to coordinate those tools and techniques. Mr. Assad also shared his personal opinion regarding the "commerciality" of an item or service, clearly stating that it should be demonstrated that a marketplace exists. In defining "marketplace," Mr. Assad said, "I mean, having demonstrated in a commercial environment that this service or product is sold to commercial customers other than the Government."

In a discussion with several Panel Members regarding performance-based contracting, Mr. Assad explained that the current challenge within the Government is to improve the linkage between payment and performance. He cautioned that there are some environments where objective measures cannot be obtained and the use of a PBA is not appropriate. Mr. Assad stated that there is a huge opportunity for improvement in the area of requirements definition, methodologies used, and efficient execution. He stated that, currently, more focus is placed on the contracting vehicle than on defining the requirements. Although he agreed with the testimony previously received, wherein the commercial sector seems to do better in its upfront planning and development of requirements, he suggested that industry could marshal resources more easily within organizations and/or locations. He added that in industry, individual accountability for the bottom line ensures an intensive active role in the generation and management of requirements. Mr. Assad strongly suggested that the Government needed to change how it trained for PBA so that those generating requirements also considered the outcome measured and how and by whom performance would be monitored. Mr. Assad disagreed with a simplification that industry had one measurable outcome - savings, indicating that outcomes should be defined, monitored, and measured on an individual contract basis, with payments linked accordingly.

Dr. Burman solicited Mr. Assad's views on the size and capabilities of the current Government workforce. Mr. Assad voiced his belief that the workforce is stressed to its limit, and that using a 'center of excellence' concept, along with training and rotating individuals in defining requirements adequately, would improve efficiency, save money, and drive competition. Responding to Professor Schwartz, Mr. Assad stated that he could not, at this point, explicitly state that DoD needed more people, but reiterated that the workforce was stretched. Additionally, he said, there is a "bathtub" effect and a gap of experience in the workforce that

follows those eligible to retire in the next five years. He explained that he also believed his primary responsibility was to develop, manage, and nurture the workforce. He said the leadership must understand the capabilities and competencies of that workforce. He commented that no company training remotely competes with the Government program - the challenge for the Government is to retain its talent. Mr. Assad articulated his pride in Government service and suggested that service and sense of patriotism should be marketed. He also offered that although many employees are eligible to retire, a large number remain longer. He added that the new personnel system will provide some flexibility with pay incentives and, in some cases, the Government will have to take a risk and promote some very young employees. DoD has strategies in place, Mr. Assad stated, and he personally presses his leadership to actively mentor.

Mr. Assad replied to Ms. Madsen's comments regarding competition at the task order level, conveying his support for increasing effective competition. He pointed out, however, that continuously submitting proposals is a costly effort to industry, and the Government should provide a streamlined mechanism for bids and proposals if considering expanding the competition rules for "major dollar" task orders. He also tied this competition back to requirements, and stated that he was not a supporter of awards without discussion. He informed the Panel that fair, open communication would improve the understanding of the requirements yielding the best deal for the taxpayers.

Mr. Waldron addressed GAO's suggestion to add protest authority for task orders under multiple award contracts over a certain, undetermined dollar value. Mr. Assad said he would consider the idea, and also suggested an effective omnibus in the business area with a non-biased streamlined review and response process, would help with transparency and fairness.

Ms. Madsen thanked Mr. Assad for his lengthy presentation and enlightening comments, and he, in turn, complimented the efforts of the Panel.

After a brief recess, Ms Madsen introduced Ms. Katherine Morse of Beacon Associates; and explained that Beacon is a contractor to the Panel. Professor Schwartz reminded the Panel that Beacon was contracted to gather and analyze acquisition workforce data available from the DoD and the Federal Acquisition Institute (FAI), among others. He provided an overview of the research and reports completed by Beacon, which involved a study of Federal workforce data and an analysis of trends. The efforts of Ms. Morse and her team were the foundation of many findings and recommendations of the Acquisition Workforce Working Group (AWWG), Professor Schwartz advised.

Ms. Morse, an industrial organizational psychologist, introduced other Beacon Associates: Ms. Carol Koffinke, company President; Ms. Anne Marie Bryant, Vice President; and Ms. Kristin Van Der Bush. Ms. Morse briefed the approach used to meet the three major contract objectives, explaining that she and her team completed a meta-analysis (comprehensive qualitative review and quantitative trend analysis) on the information researched. The team gathered all available reports pertaining to the acquisition workforce, she reported, including the FAI Annual Report; DoD Acquisition, Technology & Logistics (AT&L) reports; Inspector General (IG) and GAO reports. Beacon Associates summarized all the categories; size, composition, competency, and effectiveness, qualitatively; and quantitatively, summarized size and composition since they were

the only numerical values found associated with the workforce, she said. Ms. Morse went on to say that the team focused largely on discrepancies. She informed the Panel that three overarching themes were found: lack of standardization in definitions and measurement, the impact of a shrinking workforce, and the changing role of the acquisition professional.

Ms. Morse detailed the findings illustrated in her presentation. (See Attachment 1). She explained that the first issue in determining size of the acquisition workforce was the disagreement over who should be counted. The civilian agency definition, largely defined by the Federal Acquisition Institute (FAI), uses a six job classification series, and began collecting data and issuing reports in 1977, Ms. Morse reported. The DoD Refined Packard Methodology, she explained, describes a life cycle perspective of acquisition and includes many more occupations and categories of work. It was instituted in 1999, she continued, and a recent Office of Federal Procurement (OFPP) policy letter has expanded the civilian definition to more closely align with this methodology. Ms. Morse attributed the significant reductions in size of the DoD acquisition workforce to acquisition reforms, base realignments and closures, and congressional direction. The civilian workforce, she stated, also declined steadily from 1996. Ms. Morse displayed yet another count of the acquisition workforce, illustrating 27 occupations, which were collected by FAI, beginning in 1985 (with several years of missing data), she reported. Ms. Morse explained that these reports show the most consistent information over a period of time, and are broader than the original FAI data.

Analysis of the composition of the workforce shows that it is aging, Ms. Morse reported. She commented that although large numbers of employees are eligible to retire in 2007, actual predictions cannot be determined. One observation that can be made from this data, she stated, is that the greatest fluctuations have been in the 1101 and 1102 job series, for both retirements and hiring efforts, and since the hiring is not compensating for the losses, the overall result is a decrease over time.

On the topic of education, she continued, the trends indicate that, since 1983, there are more college graduates in the acquisition workforce. She explained that in the review of workforce competencies, agencies historically approached procurement from a process-based perspective. More recently, she added, acquisition professionals are responsible for the entire business cycle. This has some implication for the skills and competencies required to do the job, she advised. In trying to address those competencies, she reported, both FAI and DoD developed validated lists, and in 2005, the Defense Acquisition University (DAU) list of competencies was accepted as the Government's standard. There is no way, she continued, to compare the acquisition functions across the Government, resulting in the inability to analyze proficiency level changes across the acquisition workforce.

In addressing workforce effectiveness, to include budget issues, ethical concerns and human capital planning, Ms. Morse referenced a 2005 GAO report which suggested a framework to assess the strengths and weaknesses of the acquisition function. She cited the four cornerstones: organizational alignment and leadership, policies and processes, human capital planning, and knowledge and information management, indicating that overall no data had been collected. It is evident, she continued, that training will remain an important issue, not only for the younger,

inexperienced workforce, but also to update and refresh the aging workforce on new technologies.

A short discussion followed regarding the source of data regarding the “stretched” workforce. Ms. Morse recalled that most of that analysis was derived from GAO reports. Panel Members Jonathan Etherton and Joshua Schwartz also discussed the two positions on whether procurement reforms and innovative business process engineering simplified acquisition sufficiently to be able to manage with a smaller workforce; or if other procurement changes, such as performance-based contracting and best value, have increased the complexity, and, regardless of efficiencies, require an increase in staffing and the sophistication of the workforce. Panel Member Carl DeMaio remarked that because Beacon is attempting to provide a summary of their very comprehensive study, many of the summary charts presented herein did not reflect the depth of the findings previously briefed by Beacon at the Working Group meeting, and suggested that Professor Schwartz include those in the supporting documentation. Panel Member Lou Addeo also noted that the data did not capture the shadow workforce, and since there has been a significant increase in outsourcing, there was another dimension to the supplemental assistance provided to the acquisition workforce.

The meeting resumed at 1:33 PM after a short recess for lunch, at which time Professor Schwartz, Chair of the AWWG, presented an overview of the findings.

**Finding #1:** *The federal acquisition workforce is an essential key to success in procurement. Without a workforce that is qualitatively and quantitatively adequate and adapted to its mission the procurement reforms of the last decade cannot achieve their potential, and successful federal procurement cannot be achieved.* A suggestion to change the language from “success in procurement” to “success in achieving the Government’s missions” was elected.

**Finding #2:** *There is an increasing level of demands on the federal acquisition workforce:*

**Finding #2-1:** *The dollar volume of federal Government procurement has increased dramatically since 9/11/2001. Procurement obligations have increased 60% in the last five years.*

**Finding #2-2:** *In the last ten years the qualitative nature of the procurement activity has changed, placing markedly greater demands on the acquisition workforce for capability, training, time, and sophistication.* Professor Schwartz changed the ten to twelve as a more accurate reflection of the beginning of reform efforts.

**Finding #2-2-1:** *There has been a pronounced shift from acquisition of goods to acquisition of services. Service contracting places additional demands on the acquisition workforce, both in the contract formation process, particularly in the realm of performance-based service acquisition, but also on the contract management side.* A suggestion to add “requirements definition” along with “contract formation” was made and accepted.

**Finding #2-2-2:** *There has been a dramatic shift of federal procurement dollars to the federal supply schedules and other forms of interagency contracting. Although this is often perceived, correctly, as part of the solution to the Government's procurement problems and its acquisition workforce shortcomings, it also opens the door to certain problems: heavy reliance on the schedules and other forms of interagency contracting can alleviate the burdens on understaffed agencies insofar as "getting to the initial award," but too often contributes to subsequent problems that arise when ordering agencies fail to use these vehicles appropriately, fail to secure competition in using these vehicles, or fail to manage contract performance under these vehicles.*

An issue regarding the nuances of interagency contracting and schedule ordering, such as direct ordering versus assisting entities, and whether it involves supplies or services, was raised, and agreement was reached to add a distinction in the narrative. A concern regarding proliferation of duplicative vehicles and the workforce implications was also discussed. In light of not having clear evidence and the fact that the Interagency Contracting Working Group has correlating findings, Professor Schwartz opted to address the point in the narrative.

**Finding #2-3:** *Many transactions have been simplified by the federal acquisition reforms of the last decade. This is particularly true of the purchase card and the simplified acquisition threshold. These simplified transactions represent the overwhelming bulk of procurement transactions if we simply count transactions. Even the ultra simple purchase card transactions have a more complex impact on the acquisition workforce than was initially appreciated, because of the need to institute appropriate purchase card management and controls.*

**Finding #2-4:** *But the remaining share of procurement – outside the ambit of simplified procedures - is the portion that actually requires most of our attention going forward. For this critical share of the Government's procurement activity, the demands of procurement on the acquisition workforce have grown dramatically.*

**Finding #2-4-1:** *Procurement outside the simplified regimes is characterized by use of best value procurement procedures, which substantially increase the complexity of procurement and the demands on the acquisition workforce as compared with procurement on the basis of lowest price.*

**Finding #2-4-2:** *Procurement outside the simplified regimes is subject to requirements of past performance evaluation which substantially increase the burdens of procurement on the acquisition workforce.*

**Finding #2-4-3:** *A substantial share of procurement outside the simplified regimes is performance-based services acquisition, which dramatically increases the complexity and demands imposed on the federal acquisition workforce.*

**Finding #2-4-4:** *Heightened requirements for use of commercial goods and services have increased the demand for a sophisticated acquisition workforce that has mastery over the commercial markets in which goods and services are to be secured.*

Based on suggestions for clarification, Finding 2-4-4 was amended to “Heightened requirements for use of commercial goods and services have increased the demand for a sophisticated acquisition workforce that has business skills appropriate to the rapidly changing commercial markets in which goods and services are to be secured.”

A discussion followed regarding the initiatives listed in the sub-elements of Finding 2-4, to ensure that the message was, in fact, that these are benefits to the taxpayer and the acquisition process, but also carry a cost in the form of demands on the workforce.

**Finding #3:** *Even though there are now available a variety of simplified acquisition techniques, the complexity of the federal acquisition system as a whole has markedly increased since the 1980s.*

- *While some procurement functions can be performed satisfactorily by personnel with mastery only over the simplified techniques, more complex federal acquisitions demand procurement personnel with mastery of the range of procurement techniques. Thus, the complexity of the acquisition system, taken as a whole, has become a major challenge to the acquisition workforce.*

Several Panel Members requested clarification on this finding. Variations of the premise that the creation of more options for contracting personnel to accomplish their jobs also created more complexity, were discussed at length. An ethics question was also introduced into the discussion from the perspective that with a reduction in guidance, and an increase in complex decisions requiring a greater understanding of the environment, the risk and concern to “do it right” has multiplied. A Panel Member summarized it as a concern with a balance between oversight versus insight, and not necessarily ethics. Professor Schwartz agreed to rework the language.

**Finding #4:** *There are substantial problems with the data that we have available on the federal acquisition workforce.* A suggestion to change “we have available” to “that are available” was accepted.

**Finding #4-1:** *Data has not been collected in a consistent fashion from year to year or across agencies.*

**Finding #4-2:** *The acquisition workforce has been defined differently for DoD and for civilian agencies over the period of the acquisition reforms and the acquisition workforce cutbacks that we need to examine.*

**Finding #4-3:** *A significant policy issue is presented as to how broadly to define the composition of the acquisition workforce—whether to include all of the functions that complement or support the acquisition function? A broad definition is more consistent with*

*modern understanding and commercial practices regarding the acquisition function, but risks overstating acquisition workforce resources.*

**Finding #5:** *Despite the substantial problems with the data that has been collected over the past 25 years to keep track of the composition of the federal acquisition workforce, it is perfectly clear that the acquisition workforce has not received the attention, resources, and qualitative and quantitative reinforcement necessary to keep pace with the demands that have been placed on it.*

- *There were substantial reductions in the acquisition workforce during the decade of the 1990s.*
- *One result of this is that hiring of new acquisition professionals virtually ceased during this time period.*
- *There were also cuts in agency training budgets that meant the existing workforce was not trained to adapt to the increasingly complex and demanding environment in which they were called upon to function.*

A vigorous debate ensued regarding the “strength” of this finding. Several Panel Members were in favor of stating that there is a crisis in the acquisition workforce and others were reluctant to cry “fire” at this point, but still felt strongly that the testimony supported that there was a serious problem in the current workforce, regardless of the causes. Additionally, it was suggested that training be separated from recruitment and retention because it encompasses another series of issues. Professor Schwartz indicated that he would consider all comments and modify the language.

**Finding #5-1:** *The drought in hiring and the inadequacy of training has created a situation in which there is not, in the pipeline, a sufficient cadre of mature acquisition professionals who have the skills and the training to assume responsibility for procurement in today’s demanding environment.*

- *There is strong competition for a limited and shrinking pool of trained and skilled procurement professionals within the federal Government.*
- *This imbalance between supply and demand is exacerbated by the strong competition that the private sector offers the Government in trying to recruit the shrinking pool of talented procurement professionals. The Government is losing this competition.*
- *On the other hand, the Government has not been able to compete very successfully for the services of talented procurement professionals who have been working within the private sector. The Government does not have a salary structure and career ladders that are likely to attract experienced procurement professionals from the private sectors.*

**Finding #5-2:** *A widely noted result of the inadequacy of acquisition workforce personnel resources to meet the demands of procurement Government-wide is that scarce resources have been skewed toward contract formation and away from contract management.*

**Finding #5-3:** *The impact of starving the acquisition workforce is, ultimately, “penny wise and pound foolish,” as it seriously undermines the pursuit of good value for the expenditure of public resources.*

Panel Members discussed additional topics relating to the elements of Finding 5, to include the lengthy federal hiring practices, inadequate salary structures and quality of life issues to recruit and retain personnel in certain metropolitan areas, and managing and training the workforce. A suggestion to use a word other than “starving” was made for Finding 5-3. Also deliberated herein was the lack of data to analyze the impact of the increasing shadow workforce and whether it merely filled gaps in the workforce for fluctuations in workload or whether it was a constant that was simply out-sourced. Although also cited in Finding 7, the AWWG will confer with the Appropriate Role Working Group to determine where to address.

**Finding #6:** *Most federal agencies have not engaged systematically in human capital planning for the federal acquisition workforce. Few agencies have systematically assessed their acquisition workforce in the present or for the future.*

**Finding #7:** *Despite the variations in the way the acquisition workforce has been defined and counted over time and among agencies, no one is counting contractor personnel that are used to assist, support and augment the acquisition workforce. Thus we lack accurate information about the extent to which acquisition functions have been and are being carried out with the assistance of contractor personnel.*

Several Panel Members commented that assessing the acquisition workforce has been a problem for many years as was evidenced by the Beacon Report, and that “counting” support personnel would also be difficult given the fact that acquisition personnel are defined differently across organizations. Attempts to collect this data in the past were unsuccessful, stated Dr. Burman. Mr. Hughes offered that some program offices could provide a number of support personnel, and Mr. Drabkin added that the budget process could provide the dollars as well as the allocation of spaces, but it would be costly to collect.

**Finding #8:** *If contractor personnel are to be used to augment the federal acquisition workforce, careful attention must be paid to the potential for organizational conflicts of interest that may be engendered by this practice.* Panel Member Ty Hughes cited an emerging area of concern at GAO regarding impairment of judgment. Suggestions to coordinate with the Appropriate Role Working Group on this cross-cutting subject and to add “ethical and” before “organizational conflicts” were accepted.

**Finding #9-1:** *Testimony before the Acquisition Advisory Panel by leaders of private sector organizations indicates that sophisticated private sector organizations employ a corps of highly sophisticated, highly credentialed and highly trained business managers to carry out the sourcing, procurement and contract management functions that they undertake.*

**Finding #9-2:** *The Government lacks comparable staffing for these functions. If we expect the Government to take advantage of the practices of successful commercial organizations, we need*

*to close this gap by recruiting, training and retaining procurement professionals with appropriate capability.*

**Finding # 10:** *The pace of acquisition reform initiatives has outstripped the ability of the federal acquisition workforce to assimilate and master their requirements so as to implement these initiatives in an optimal fashion. An important objective of acquisition workforce initiatives should be to allow the workforce to catch up with the last twelve years of acquisition reform, as well as to meet additional demands that will be imposed by the recommendations of this Panel on non-workforce topics.*

- *Insisting that the acquisition workforce be enabled to catch up with the demands of the procurement workload and the transformed demands of procurement reform is not hostile to the cause of procurement reform. Rather, it is an essential step in attempting to optimize the complex procurement process that we have created in order to consistently achieve good value for the expenditure of public resources.*

Professor Schwartz committed to modifying some of the preliminary findings as discussed and distribute to the Panel for review and discussion at the next public meeting.

After a short recess, Panel Chair Madsen introduced Mr. Jerry Edmonds and Mr. Emile Monette, to present the status of the Appropriate Role Working Group's progress on behalf of the Working Group Chair, Tom Luedtke.

Mr. Edmonds indicated that June 29<sup>th</sup> was targeted to present findings and recommendations. The Working Group was focusing on three areas: inherently governmental, ethics, and personal services, he reported. The draft report documents, he said, were in various stages of completion. The preliminary findings included that the definition of inherently governmental was not applied consistently across the Government, Mr. Edmonds reported, and the need to intertwine human capital management and procurement to strategically achieve succession planning is necessary to enable agencies to meet their missions.

Mr. Monette reported that there has been an increase in service contracts across the Government over the last two decades, that there are fewer employees to manage those contracts, and that the contracted services increasingly require the exercise of discretion and judgment. Mr. Monette provided the results of research on the issue of personal services and cited the FAR 37.2 definition, the Polursi-Moudello standards, and the 5 U.S.C. definition of a federal employee: appointment in the civil service, performance of a federal function, and supervision by a federal employee. Mr. Drabkin pointed out that appointment was not key, referencing time frames which enable a person to become a de facto employee and seek appointment afterwards.

Since there were no further questions or comments, Ms. Madsen requested an update on the CPWG from Mr. Ty Hughes. Mr. Hughes reported that the Group was diligently working to provide a work product for the Panel Members to review before the June 29<sup>th</sup> meeting.

Ms. Madsen introduced two speakers, Professor William Quigley and Ms. Bunny Greenhouse, from the Gulf Coast Commission on Reconstruction Equity, who had requested this opportunity to present oral commentary on behalf of the Interfaith Worker Justice Group. Professor Quigley

presented the Hurricane Katrina-related problem as one where low-wage workers, predominantly African-American and Latino, were unable to determine who their employers were. He reported that the Department of Labor had a similar problem. These workers were performing hazardous tasks with no safety equipment, not getting paid, were requested to sign several waivers, and did not speak English, Professor Quigley stated, and the problem of responsibility becomes murky due to the multitude of subcontractor layers. Professor Quigley asked the Panel to consider recommendations that federal agencies be required to disclose subcontractors at all tiers on a monthly basis, provide for better intergovernmental monitoring and compliance between the Department of Labor and others, and put emphasis on employing the local worker, particularly in situations such as Hurricane Katrina. Professor Quigley advised that he had not made these recommendations elsewhere.

Ms. Greenhouse advised that she was speaking in a personal capacity and did not represent her employer, the Army Corps of Engineers, in this matter. She referenced eleven criteria for improving contract formation and management. Due to time constraints, she mentioned competition, advance contracting, particularly with local companies, compliance with wage and hour regulations, multi-tier subcontractor transparency, right-size contracts – non-severability analysis, liquidated damages, and oversight.

Panel Members raised several questions and made several comments regarding the availability of local workers after a disaster. Mr. Drabkin pointed out that ambulance service, dump trucks and other heavy equipment and operators, as well as ice vendors were not available from the local area and the need was immediate. Ms. Greenhouse offered that advanced planning and contracts awarded regionally, would be beneficial. Mr. Hughes wondered whether the labor law abuses were for federal, state, or private entity contracts, and Professor Quigley responded that they included across the board contracts. A discussion that transparency carried a cost ensued and Professor Quigley offered that there currently is a cost for having neither transparency nor accountability and the trade-off would be worth it. Ms. Greenhouse also commented that although more effective competition would cost more money and additional time, leadership, current contract structure, and perhaps applying Six Sigma analysis, could focus resources where they would be most valuable.

Ms. Madsen thanked Professor Quigley and Ms. Greenhouse for their presentation and explained that the AAP's charge under statute was to evaluate commercial practices, interagency and performance-based contracts, and acquisition workforce issues. She stated frankly that some of the issues presented did not fall under that purview, but where appropriate, the Panel would consider.

The twenty-second AAP public meeting was adjourned at 4:46 PM.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.



SEP - 7 2006

Ms. Marcia Madsen  
Chair  
Acquisition Advisory Panel

# **Presentation to the Acquisition Advisory Panel Workforce Working Group on the Federal Acquisition Workforce Study**



**Presented by: Katherine Morse, Beacon Associates**

# Presentation Overview

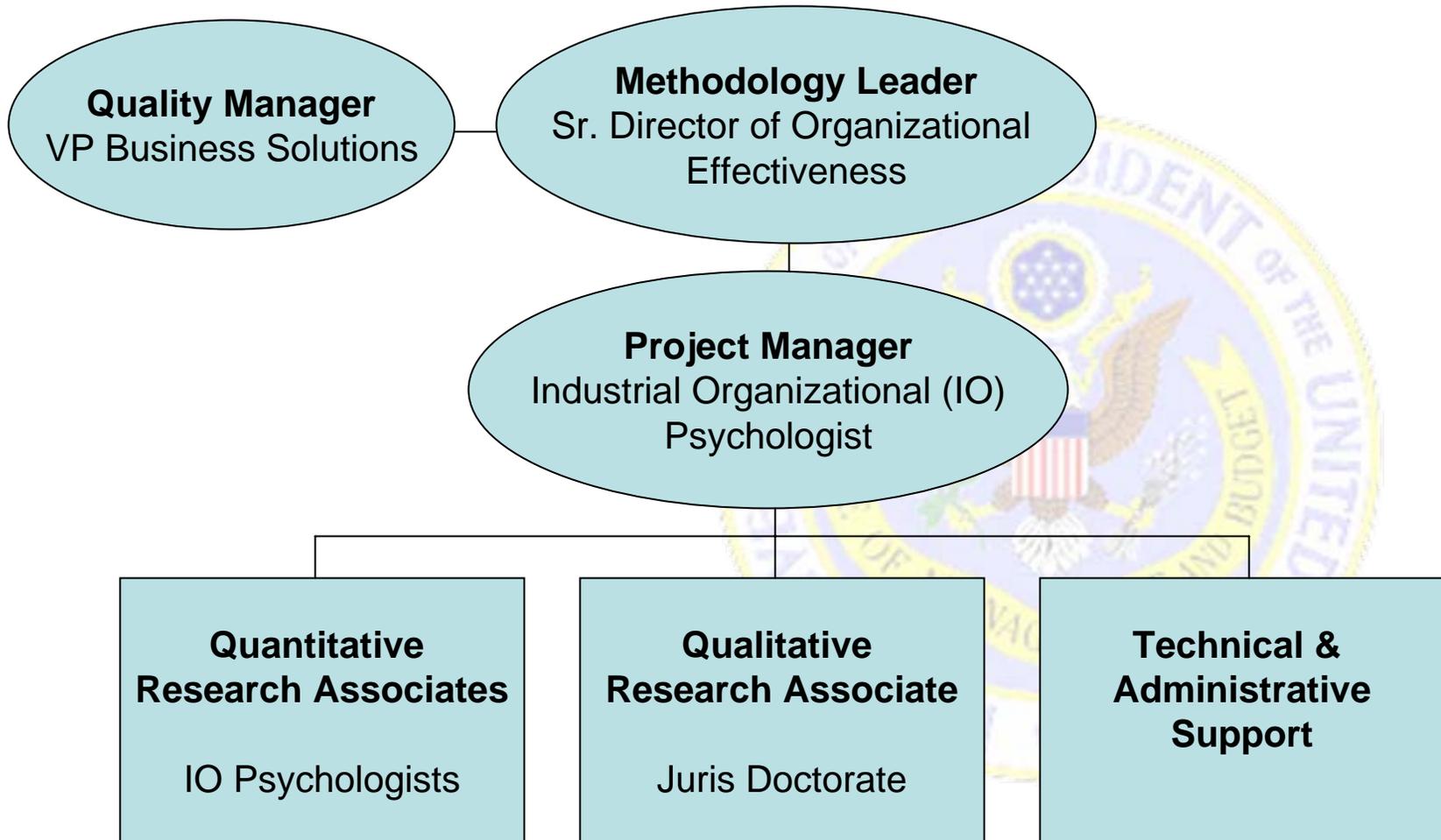
1. Review of contract requirements and project personnel
2. Organization of Report
3. Summary of acquisition workforce trends according to:
  - Size
  - Composition
  - Competency
  - Effectiveness
4. Review of the catalogue of workforce reports



# Contract Requirements

- Create a catalogue containing all publicly available studies and reports (quantitative and qualitative) concerning the size, composition, competency, and effectiveness of the federal acquisition workforce dating back to 1977
- Conduct a qualitative and quantitative trend analysis, describing the workforce in terms of size, composition, competency, and effectiveness
- Create a searchable matrix using transcripts from public meetings of the AAP and all written public statements officially submitted to the AAP

# Key Personnel



# Report Overview

- Both qualitative (meta-analytic summaries of information) and quantitative (trend analyses) descriptions of the workforce
- Qualitative categories are: workforce size, composition, competency, and effectiveness/quality
- All longitudinal quantitative data entered into graphical and statistical database
- Each section of report contains:
  - Overview and qualitative meta-analysis
  - Qualitative summary of the data, year-by-year
  - Discrepancies in definition, measurement, or assumptions
  - Quantitative trend analyses (for Size and Composition ONLY)
  - Conclusions

# Overarching Themes

- Lack of standardization of definitions and measurement
  - Changing definitions of acquisition workforce (AWF)
  - Difficulty counting, measuring changes in AWF
- Shrinking Workforce
  - Workforce cuts
  - Aging workforce is retiring
- Changing role of the acquisition professional
  - From contract specialist to contract cycle
  - Knowledge of various contract types (e.g., performance-based)

# Acquisition Workforce Size

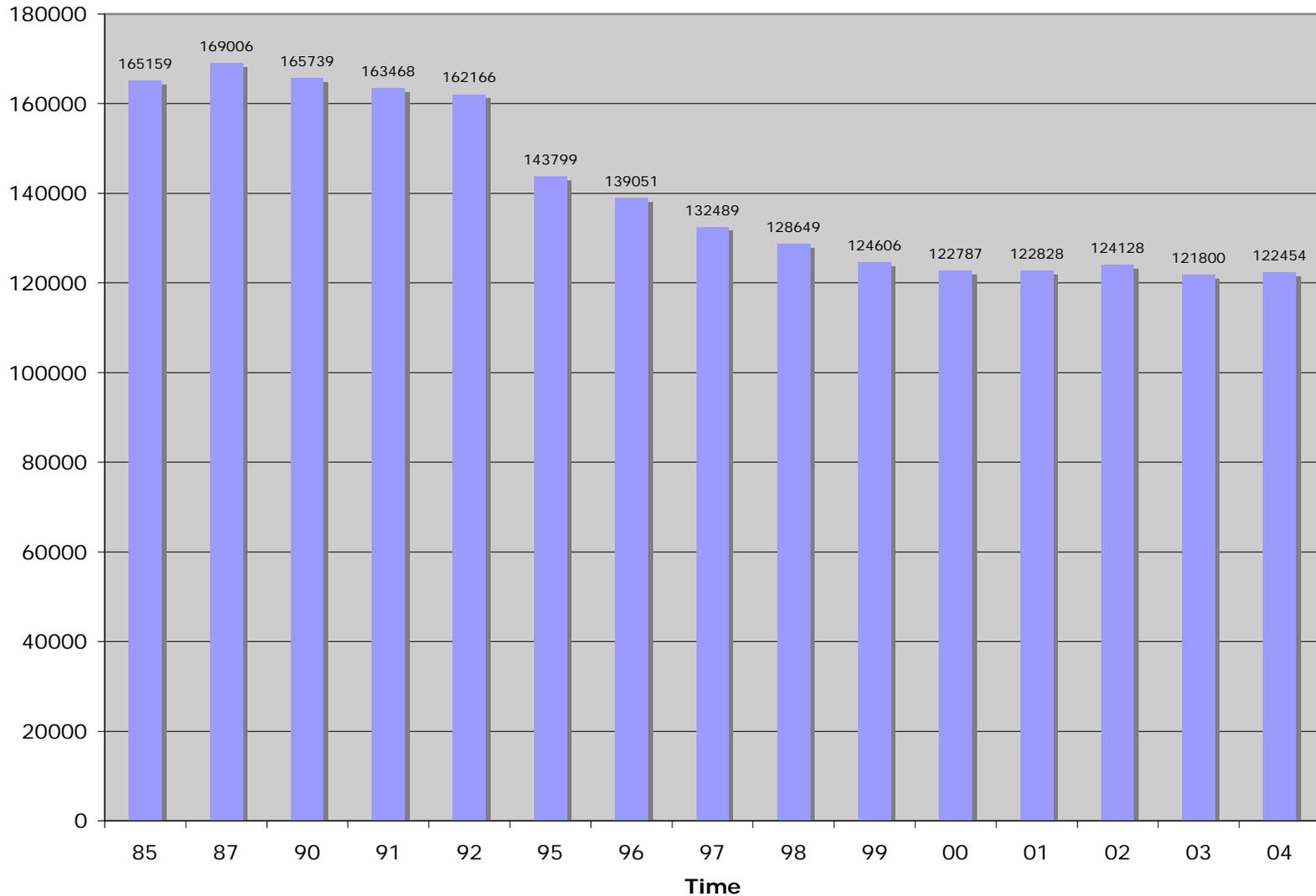
- Lack of consistent definition makes it difficult to assess the size of the AWF workforce longitudinally
- Civilian and DoD AWF measurement methodologies differ
  - Civilian has been narrow focused on traditional occupational categories (FAI: 1101, 1102, 1104, 1105, 1106, 1150)
  - DoD Refined Packard Methodology is broad and seeks to describe the DoD acquisition mission from a life-cycle perspective
  - Policy Letter 05-01 expanded the civilian definition to include personnel involved in requirements definition, performance measurement, and technical and management direction.

# Acquisition Workforce Size

- Between 1989 and 1999 DoD cut its AWF by nearly 50%
- Civilian workforce also declined steadily since 1996 (with the exception of 1101s)
- Impact of civilian and DoD workforce cuts:
  - Insufficient staff to manage contract requirements
  - Increased backlog in closing out completed contracts
  - Retention difficulty with current staff
  - Reduced attention to detail and timeliness in reviewing acquisition actions

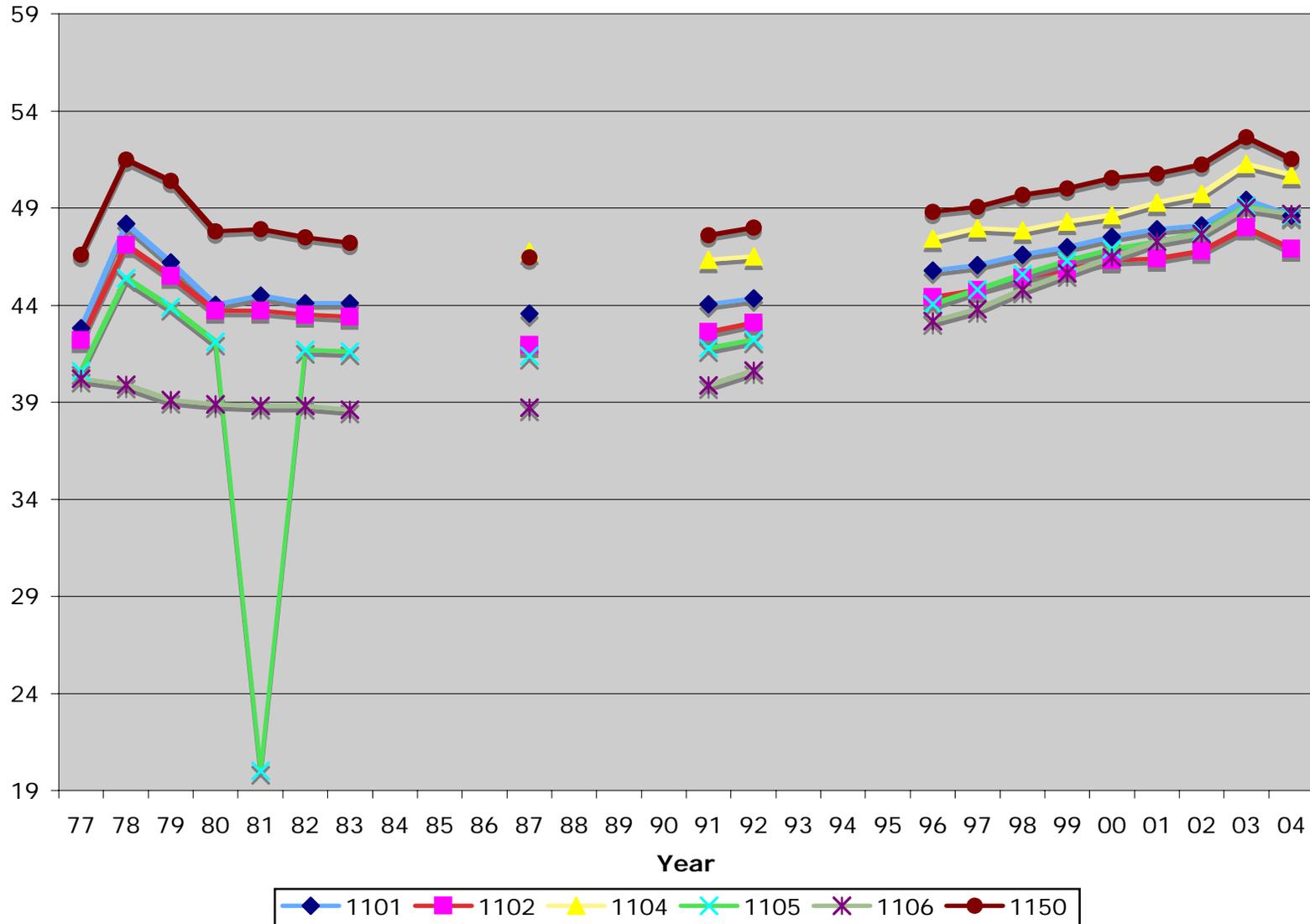
# Acquisition Workforce Size

- Civilian and partial DoD combined total



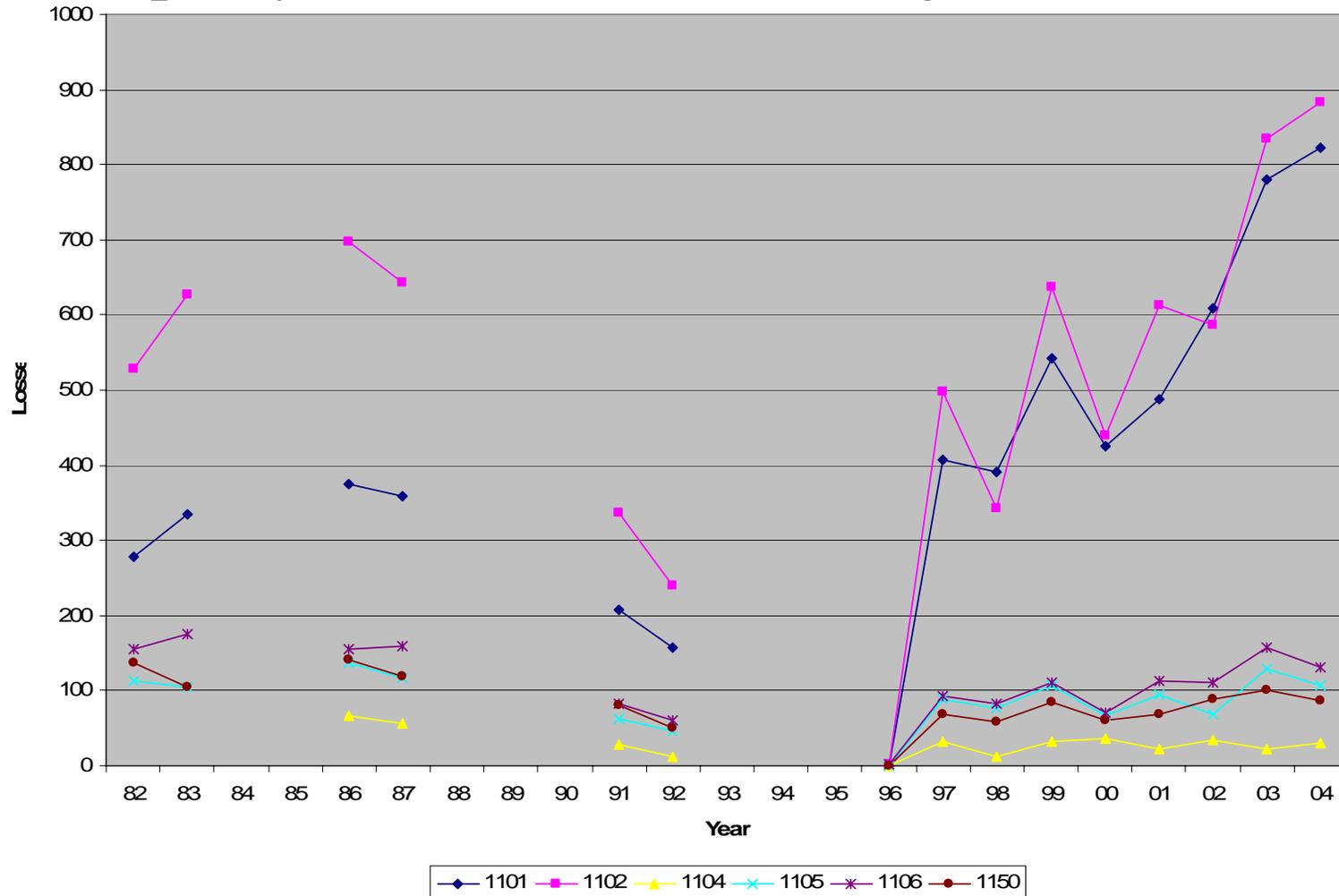
# Acquisition Workforce Composition

- Aging workforce



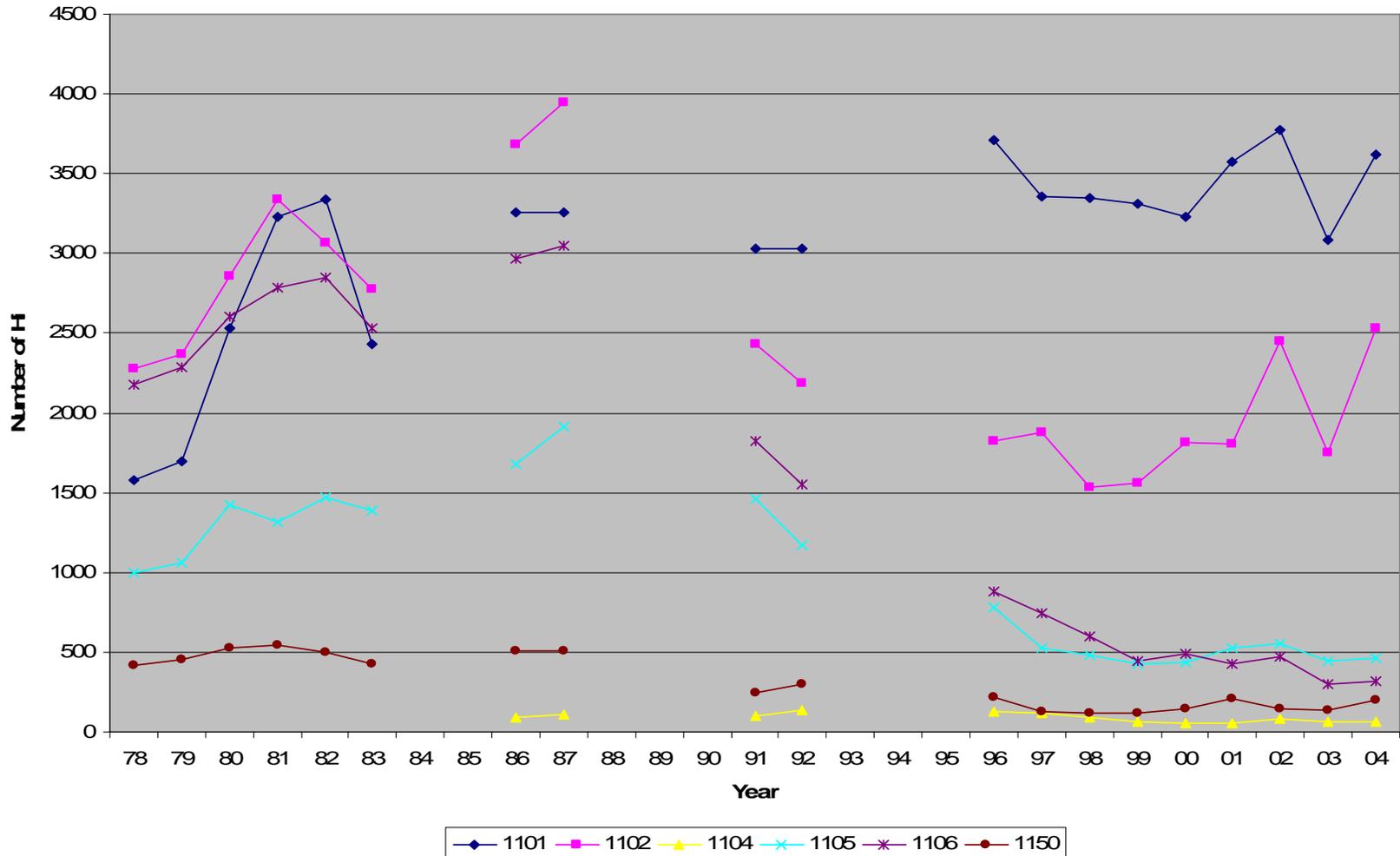
# Acquisition Workforce Composition

- Increasing losses due to retirement
- Disparity between actual and eligible for retirement



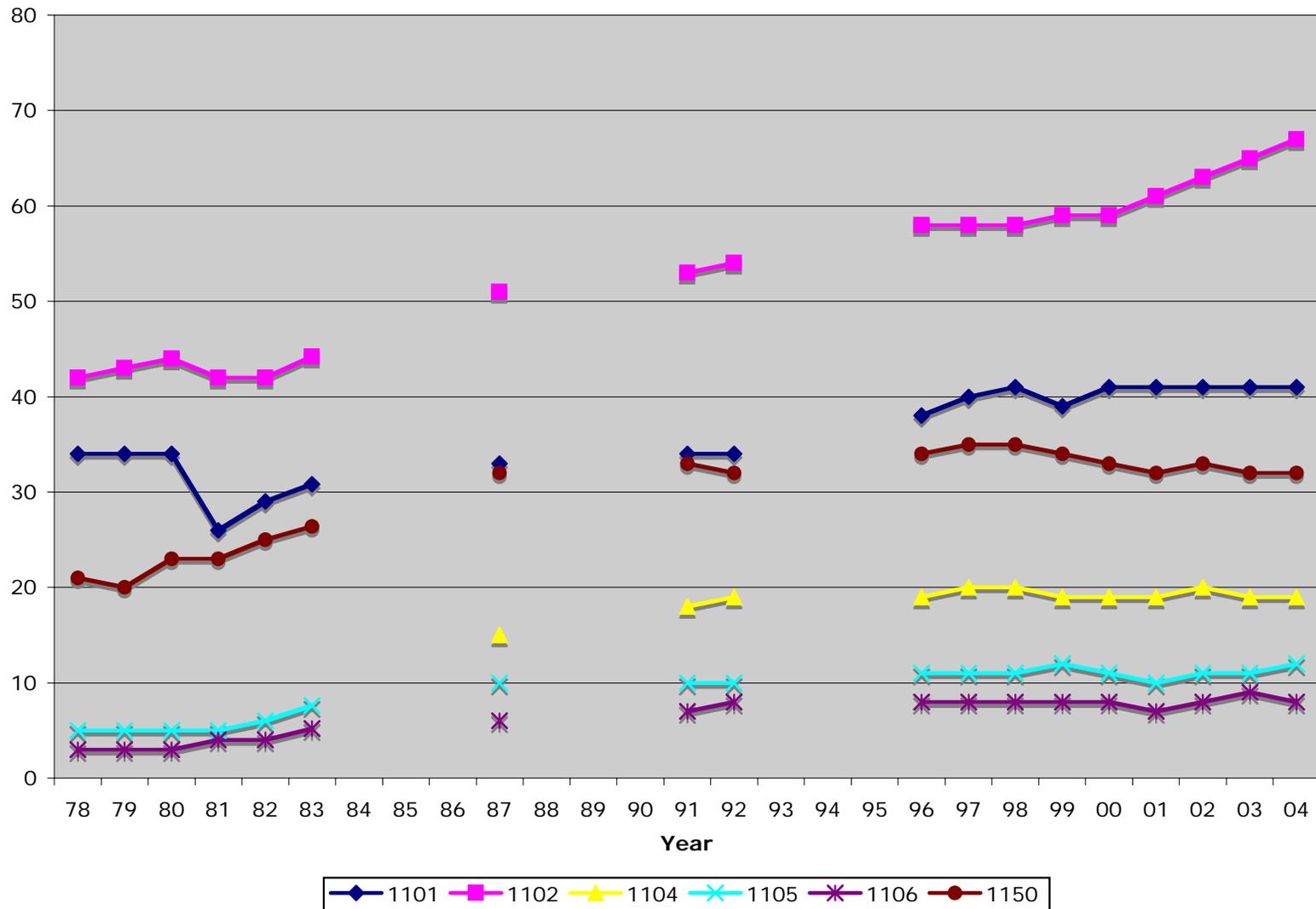
# Acquisition Workforce Composition

- Hiring efforts have not compensated for losses



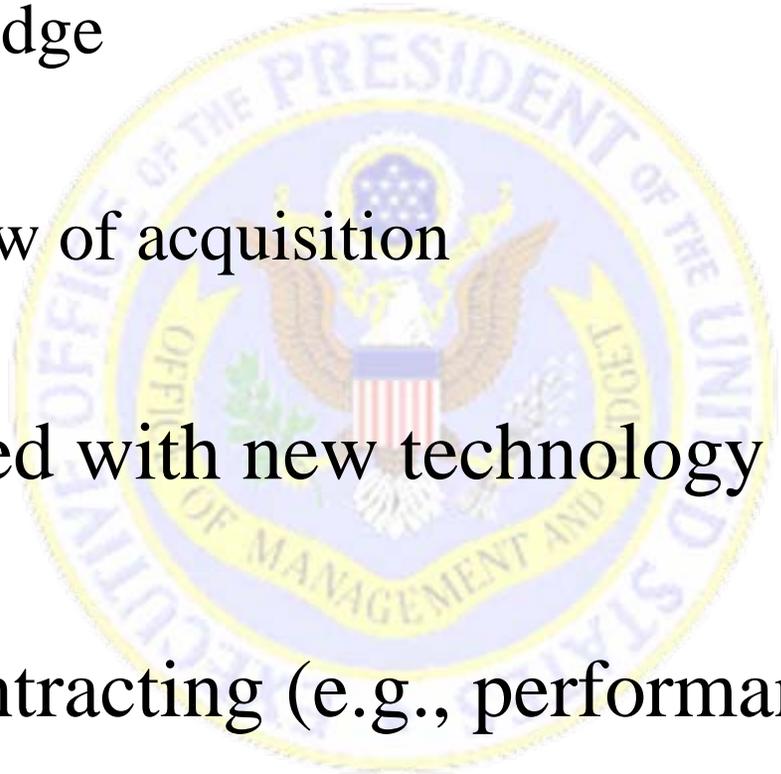
# Acquisition Workforce Composition

- Education level has been increasing



# Acquisition Workforce Competency

- Evolving role of the acquisition professional requires:
  - Marketplace knowledge
  - Strategic planning
  - Results-oriented view of acquisition
- Challenges associated with new technology
- New methods of contracting (e.g., performance-based, interagency)

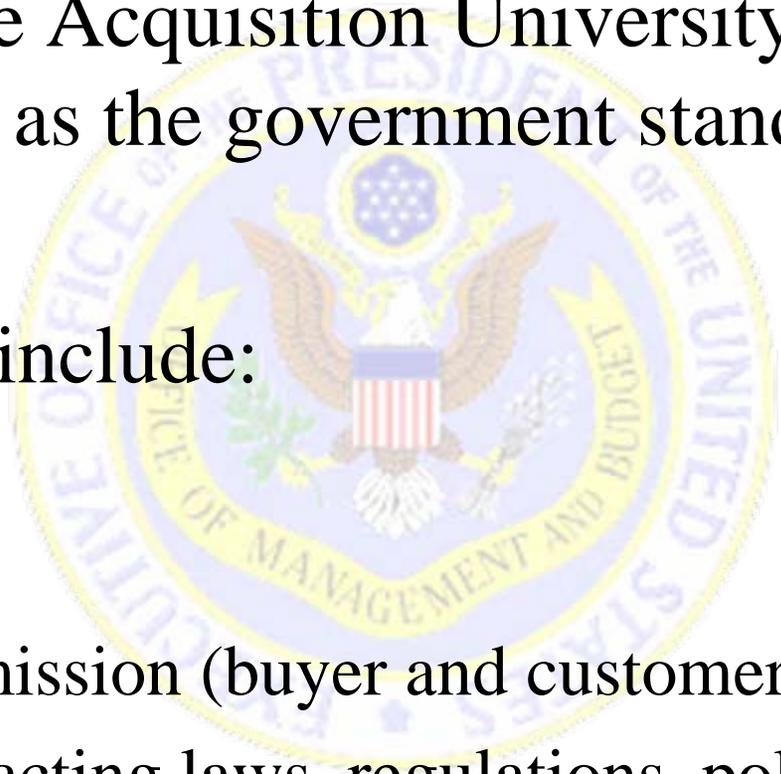


# Acquisition Workforce Competency

- In 2005, the list of competencies required for acquisition professionals developed and validated by Defense Acquisition University (DAU) was adopted as the government standard.

Sample competencies include:

- Communication
- Market research
- Understanding the mission (buyer and customer)
- Knowledge of contracting laws, regulations, policies
- Knowledge of acquisition methods and applications



# Acquisition Workforce Competency

- Many agencies do not assess competency of the workforce; others use varying methods and tools for assessment
- No longitudinal quantitative data to longitudinally assess AWF competency
- The recent standardization of AWF competencies provides a starting point for future assessment, trend identification, and benchmarking

# Acquisition Workforce Effectiveness

- GAO has provided a framework to assess the strength and weakness of the acquisition function, but no data has been collected

Sample factor:

<b>Cornerstones</b>	<b>Elements</b>	<b>Critical Success Factors</b>
Organizational Alignment and Leadership	Aligning acquisition with Agency's missions and needs	Assuring appropriate placement of the acquisition function
	Commitment from leadership	<ul style="list-style-type: none"><li>• Clear, strong, ethical executive leadership</li><li>• Effective communications and continuous improvement</li></ul>

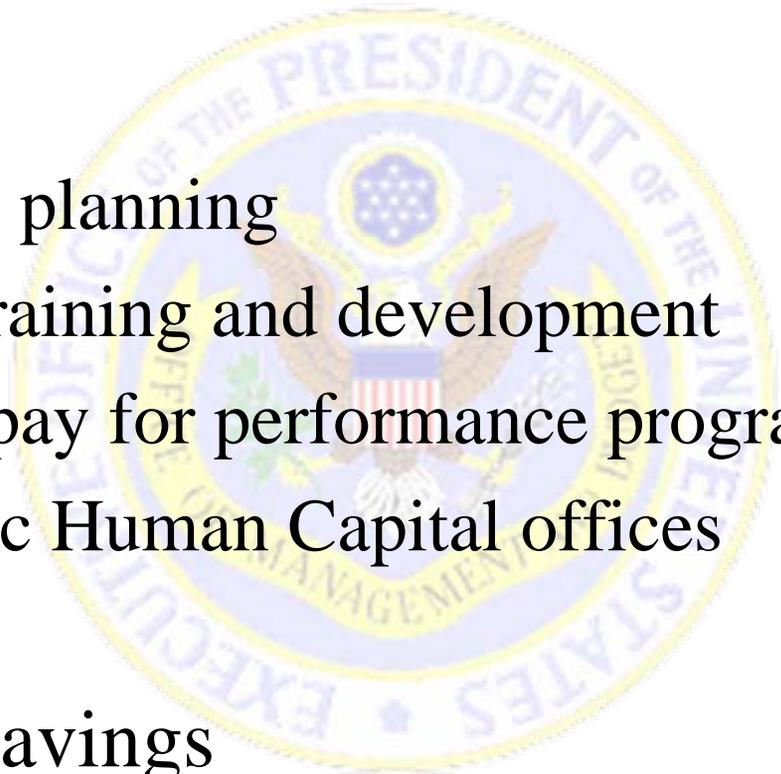
(reproduced from GAO-05-218G )

# Acquisition Workforce Effectiveness

- Agencies have recently begun Human Capital Planning efforts to increase effectiveness.

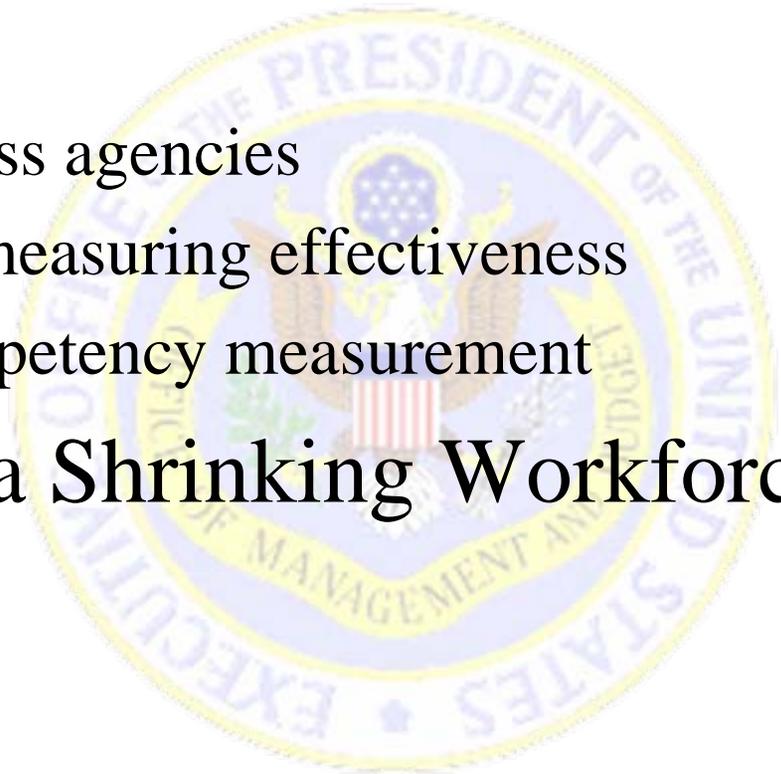
## Efforts include:

- Strategic workforce planning
  - Federal employee training and development
  - Implementation of pay for performance programs
  - Creation of Strategic Human Capital offices
- Realization of cost savings



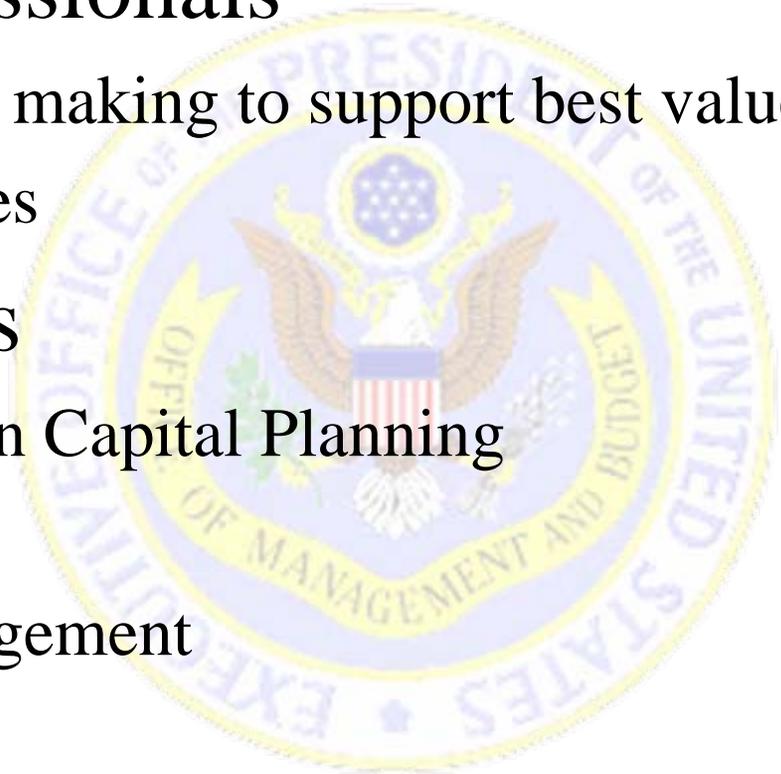
# Conclusions

- Need for Standardization of Definition and Assessment
  - AWF definition
  - Terminology across agencies
  - Assessment tool measuring effectiveness
  - Standardized competency measurement
- Consequences of a Shrinking Workforce
  - Workload
  - Retirement
  - Succession Planning



# Conclusions

- Increase in the Competencies Required for Acquisition Professionals
  - Focus on decision making to support best value
  - Technical advances
- Recommendations
  - Succession/Human Capital Planning
  - Training
  - Knowledge Management
  - Culture



# Catalogue Reference

- In addition to summarizing reports from the AAP for the report, Beacon searched an exhaustive list of websites, the Library of Congress, and the National Archives
- For each report, an annotated bibliography summarizes: report overview, categories of information provided in the report, key assumptions, key results, and limitations
- Contains a keyword index
- Organized by key topic areas: workforce size, composition, competency, and effectiveness

# Report Catalogue Screen Shots

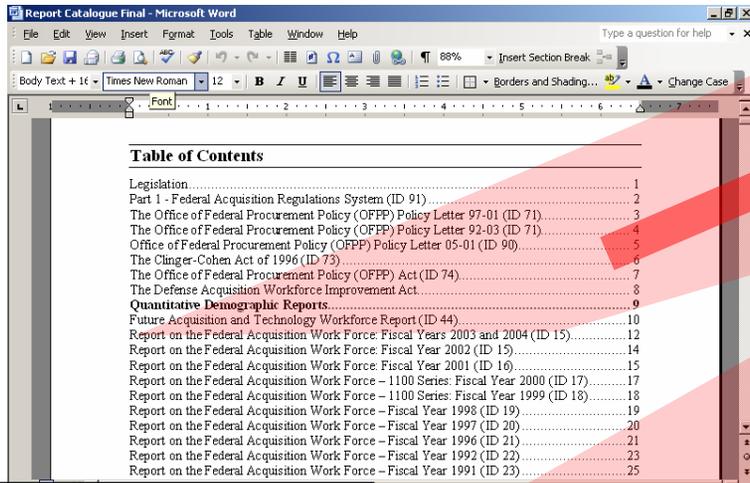
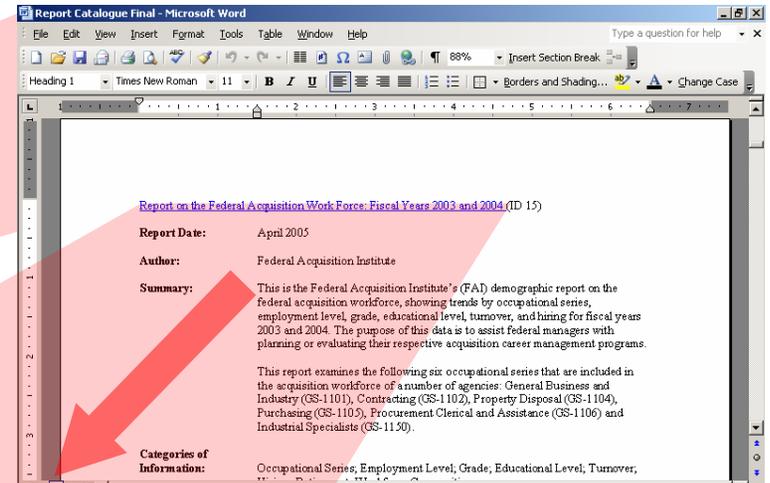


Table of Contents	
Legislation .....	1
Part 1 - Federal Acquisition Regulations System (ID 91) .....	2
The Office of Federal Procurement Policy (OFFPP) Policy Letter 97-01 (ID 71) .....	3
The Office of Federal Procurement Policy (OFFPP) Policy Letter 92-03 (ID 71) .....	4
Office of Federal Procurement Policy (OFFPP) Policy Letter 05-01 (ID 90) .....	5
The Clinger-Cohen Act of 1996 (ID 73) .....	5
The Office of Federal Procurement Policy (OFFPP) Act (ID 74) .....	7
The Defense Acquisition Workforce Improvement Act .....	8
<b>Quantitative Demographic Reports</b> .....	9
Future Acquisition and Technology Workforce Report (ID 44) .....	10
Report on the Federal Acquisition Work Force: Fiscal Years 2003 and 2004 (ID 15) .....	12
Report on the Federal Acquisition Work Force: Fiscal Year 2002 (ID 15) .....	14
Report on the Federal Acquisition Work Force: Fiscal Year 2001 (ID 16) .....	15
Report on the Federal Acquisition Work Force - 1100 Series: Fiscal Year 2000 (ID 17) .....	17
Report on the Federal Acquisition Work Force - 1100 Series: Fiscal Year 1999 (ID 18) .....	18
Report on the Federal Acquisition Work Force - Fiscal Year 1998 (ID 19) .....	19
Report on the Federal Acquisition Work Force - Fiscal Year 1997 (ID 20) .....	20
Report on the Federal Acquisition Work Force - Fiscal Year 1996 (ID 21) .....	21
Report on the Federal Acquisition Work Force - Fiscal Year 1992 (ID 22) .....	23
Report on the Federal Acquisition Work Force - Fiscal Year 1991 (ID 23) .....	25



[Report on the Federal Acquisition Work Force: Fiscal Years 2003 and 2004 \(ID 15\)](#)

**Report Date:** April 2005

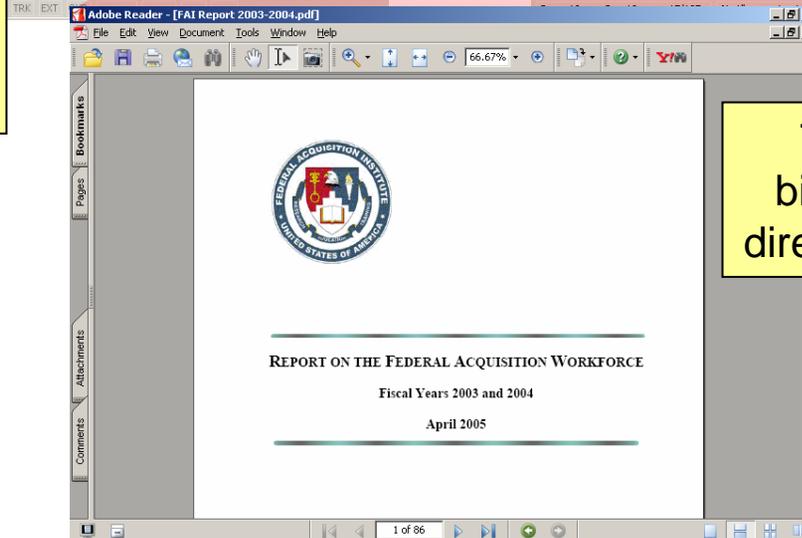
**Author:** Federal Acquisition Institute

**Summary:** This is the Federal Acquisition Institute's (FAI) demographic report on the federal acquisition workforce, showing trends by occupational series, employment level, grade, educational level, turnover, and hiring for fiscal years 2003 and 2004. The purpose of this data is to assist federal managers with planning or evaluating their respective acquisition career management programs.

This report examines the following six occupational series that are included in the acquisition workforce of a number of agencies: General Business and Industry (GS-1101), Contracting (GS-1102), Property Disposal (GS-1104), Purchasing (GS-1105), Procurement Clerical and Assistance (GS-1106) and Industrial Specialists (GS-1130).

**Categories of Information:** Occupational Series, Employment Level, Grade, Educational Level, Turnover, ...

The table of contents links to the annotated bibliography.



The annotated bibliography links directly to the report.

# Acquisition Workforce Working Group Findings

Public Meeting June 14, 2006

*These slides contain preliminary working group findings for discussion purposes only. They have not been approved by the Acquisition Advisory Panel.*



## **Finding #1:**

**The federal acquisition workforce is an essential key to success in procurement. Without a workforce that is qualitatively and quantitatively adequate and adapted to its mission the procurement reforms of the last decade cannot achieve their potential, and successful federal procurement cannot be achieved.**



## **Finding #2:**

- **There is an increasing level of demands on the federal acquisition workforce:**



## **Finding #2-1:**

- **The dollar volume of federal government procurement has increased dramatically since 9/11/2001. Procurement obligations have increased 60% in the last five years.**



## **Finding #2-2:**

- In the last ten years the qualitative nature of the procurement activity has changed, placing markedly greater demands on the Acquisition Workforce for capability, training, time, and sophistication.**



## **Finding #2-2-1:**

- There has been a pronounced shift from acquisition of goods to acquisition of services. Service contracting places additional demands on the acquisition workforce, both in the contract formation process, particularly in the realm of performance-based service acquisition, but also on the contract management side.**



## **Finding #2-2-2:**

- **There has been a dramatic shift of federal procurement dollars to the federal supply schedules and other forms of interagency contracting. Although this is often perceived, correctly, as part of the solution to the government's procurement problems and its acquisition workforce shortcomings, it also opens the door to certain problems:**
  - (continues on next slide)



## **Finding #2-2-2 (continued):**

**Heavy reliance on the schedules and other forms of interagency contracting can alleviate the burdens on understaffed agencies insofar as “getting to the initial award,” but too often contributes to subsequent problems that arise when ordering agencies fail to use these vehicles appropriately, fail to secure competition in using these vehicles, or fail to manage contract performance under these vehicles**



## Finding #2-3:

**Many transactions have been simplified by the federal acquisition reforms of the last decade. This is particularly true of the purchase card and the simplified acquisition threshold. These simplified transactions represent the overwhelming bulk of procurement transactions if we simply count transactions. (continues)**



## **Finding #2-3 (continued):**

**Even the ultra simple purchase card transactions have a more complex impact on the acquisition workforce than was initially appreciated, because of the need to institute appropriate purchase card management and controls.**



## **Finding #2-4:**

**But the remaining share of procurement – outside the ambit of simplified procedures-- is the portion that actually requires most of our attention going forward. For this critical share of the government's procurement activity, the demands of procurement on the acquisition workforce have grown dramatically.**



## **Finding #2-4-1:**

**Procurement outside the simplified regimes is characterized by use of best value procurement procedures, which substantially increase the complexity of procurement and the demands on the acquisition workforce as compared with procurement on the basis of lowest price.**



## **Finding #2-4-2:**

**Procurement outside the simplified regimes is subject to requirements of past performance evaluation which substantially increase the burdens of procurement on the acquisition workforce.**



## **Finding #2-4-3**

**A substantial share of procurement outside the simplified regimes is performance-based services acquisition, which dramatically increases the complexity and demands imposed on the federal acquisition workforce.**



## **Finding #2-4-4:**

**Heightened requirements for use of commercial goods and services has increased the demand for a sophisticated acquisition workforce that has mastery over the commercial markets in which goods and services are to be secured.**



## **Finding #3:**

**Even though there are now available a variety of simplified acquisition techniques, the complexity of the federal acquisition system as a whole has markedly increased since the 1980s.**



- **While some procurement functions can be performed satisfactorily by personnel with mastery only over the simplified techniques, more complex federal acquisitions demand procurement personnel with mastery of the range of procurement techniques. Thus the complexity of the acquisition system, taken as a whole, has become a major challenge to the acquisition workforce.**



## **Finding #4:**

**There are substantial problems with the data that we have available on the federal acquisition workforce.**



## **Finding #4-1:**

**Data has not been collected in a consistent fashion from year to year or across agencies.**



## **Finding #4-2:**

- **The acquisition workforce has been defined differently for DoD and for civilian agencies over the period of the acquisition reforms and the acquisition workforce cutbacks that we need to examine.**



## **Finding #4-3:**

**A significant policy issue is presented as to how broadly to define the composition of the acquisition workforce—whether to include all of the functions that complement or support the acquisition function? A broad definition is more consistent with modern understanding and commercial practices regarding the acquisition function, but risks overstating acquisition workforce resources.**



## **Finding #5:**

**Despite the substantial problems with the data that has been collected over the past 25 years to keep track of the composition of the federal Acquisition Workforce, it is perfectly clear that the Acquisition Workforce has not received the attention, resources, and qualitative and quantitative reinforcement necessary to keep pace with the demands that have been placed on it.**



- There were substantial reductions in the acquisition workforce during the decade of the 1990s.



- One result of this is that hiring of new acquisition professionals virtually ceased during this time period.



- There were also cuts in agency training budgets that meant the existing workforce was not trained to adapt to the increasingly complex and demanding environment in which they were called upon to function.



## **Finding #5-1:**

**The drought in hiring and the inadequacy of training has created a situation in which there is not, in the pipeline, a sufficient cadre of mature acquisition professionals who have the skills and the training to assume responsibility for procurement in today's demanding environment.**



- There is strong competition for a limited and shrinking pool of trained and skilled procurement professionals within the federal government.
- This imbalance between supply and demand is exacerbated by the strong competition that the private sector offers the government in trying to recruit the shrinking pool of talented procurement professionals. The government is losing this competition.



- On the other hand, the government has not been able to compete very successfully for the services of talented procurement professionals who have been working within the private sector. The government does not have a salary structure and career ladders that are likely to attract experienced procurement professionals from the private sectors.



## **Finding #5-2:**

**A widely noted result of the inadequacy of Acquisition Workforce personnel resources to meet the demands of procurement government-wide is that scarce resources have been skewed toward contract formation and away from contract management.**



## **Finding #5-3:**

- **The impact of starving the acquisition workforce is, ultimately, “penny wise and pound foolish,” as it seriously undermines the pursuit of good value for the expenditure of public resources.**



## **Finding #6:**

**Most federal agencies have not engaged systematically in human capital planning for the federal acquisition workforce. Few agencies have systematically assessed their acquisition workforce in the present or for the future.**



## **Finding #7:**

**Despite the variations in the way the acquisition workforce has been defined and counted over time and among agencies, no one is counting contractor personnel that are used to assist, support and augment the Acquisition Workforce. Thus we lack accurate information about the extent to which acquisition functions have been and are being carried out with the assistance of contractor personnel.**



## **Finding #8:**

**If contractor personnel are to be used to augment the federal acquisition workforce, careful attention must be paid to the potential for organizational conflicts of interest that may be engendered by this practice.**



## **Finding #9-1**

**Testimony before the Acquisition Advisory Panel by leaders of private sector organizations indicates that sophisticated private sector organizations employ a corps of highly sophisticated, highly credentialed and highly trained business managers to carry out the sourcing, procurement and contract management functions that they undertake.**



## **Finding #9-2:**

**The government lacks comparable staffing for these functions. If we expect the government to take advantage of the practices of successful commercial organizations, we need to close this gap by recruiting, training and retaining procurement professionals with appropriate capability.**



## **Finding # 10**

**The pace of acquisition reform initiatives has outstripped the ability of the federal acquisition workforce to assimilate and master their requirements so as to implement these initiatives in an optimal fashion. An important objective of Acquisition Workforce initiatives should be to allow the Workforce to catch up with the last twelve years of acquisition reform, as well as to meet additional demands that will be imposed by the recommendations of this panel on non-workforce topics.**



- Insisting that the acquisition workforce be enabled to catch up with the demands of the procurement workload and the transformed demands of procurement reform is not hostile to the cause of procurement reform. Rather, it is an essential step in attempting to optimize the complex procurement process that we have created in order to consistently achieve good value for the expenditure of public resources.

