

DRAFT
Final Panel Working DRAFT
December 2006

CHAPTER 5

THE FEDERAL ACQUISITION WORKFORCE

REPORT OF THE
ACQUISITION ADVISORY PANEL

December 2006

TABLE OF CONTENTS

I. Background.....

 A. Why Focus on the Acquisition Workforce?.....

 B. The Problem of Counting the Workforce

 C. The Beacon Report

II. Issues to Consider

III. Acquisition Workforce-Related Findings

IV. Acquisition Workforce Recommendations.....

DRAFT
Final Panel Working DRAFT
December 2006

I. Background

A. Why Focus on the Acquisition Workforce?

At the outset, we should explain briefly how the federal acquisition workforce came to be a focus of the work of the Acquisition Advisory Panel. Unlike most of the other topics addressed by the Panel, the state of, and the problems of, the federal acquisition workforce was not one of the topics specifically identified by Congress in the legislation directing the establishment of the AAP. Although some might view the condition of the federal acquisition workforce as an odd issue for this Panel to consider, there was a clear understanding from the beginning that we could not provide the insight and assistance that Congress sought without addressing the problems presented by the federal acquisition workforce.

Based on our experience, we recognized a significant mismatch between the demands placed on the acquisition workforce and the personnel and skills available within that workforce to meet those demands. Accordingly, we believed that there was a serious risk that problems stemming from the shortcomings of the acquisition workforce would be misunderstood as problems with the procurement system. More specifically, because of workforce shortcomings, techniques that constitute important parts of the acquisition tool kit of the federal government, such as performance-based service contracting, commercial item contracting, and interagency and government-wide contracts might be viewed as unworkable without recognition that some issues affecting the use of these techniques are workforce related.

The Panel's findings and recommendations in the areas of Performance-Based Service Contracting, Commercial Practices, Interagency Contracting, Small Business and Data, make clear how essential the acquisition workforce is to the effectiveness of these elements of the federal acquisition system. Because workforce issues cut across the Panel's findings and recommendations, it is no accident that the Panel has determined that recommendations for improvement in these aspects of the federal acquisition system result in additional demands on the federal acquisition workforce.

Of course, any change in the status quo will have an effect on the workforce. Some of the Panel's recommendations in each of these areas inevitably have workforce implications. Consider the following recommendations:

- In the area of Interagency Contracting, the Panel has adopted recommendations that include: a survey and establishment of a database of all interagency contracts (#1-3); review and revision of current procedures for the creation and continuation of GWACs and Franchise Funds, and the GSA Schedule, as well as establishing a formal process for creation or expansion of multi-agency contracts, enterprise-wide vehicles, and assisting entities (#4-5); and requiring each agency to authorize/reauthorize the use of such contracts pursuant to detailed OMB guidance (#6-8).

DRAFT
Final Panel Working DRAFT
December 2006

- With respect to Commercial Practices, the Panel has adopted recommendations that include: requiring agencies to devote more resources to requirements definition (#2); increasing competition under multiple award IDIQs, as well as under the GSA Schedule by applying Section 803 government-wide and to services and supplies; providing enhanced competition for large orders under such contracts (# 3a,b); providing a debriefing for large orders (#5b); creation of a new competitive services Schedule (#4); requiring a post-award synopsis of sole source orders under IDIQ contracts; and allowing for protests of large orders under multiple award IDIQs (#7).
- The Panel's recommendations regarding Small Business would, among other things: eliminate cascading procurements (#4); authorize small business reservations of prime contract awards in full and open procurements for multiple award IDIQ contracts; authorize agencies to limit competition for orders under multiple award IDIQs to small business.
- In the area of Performance-Based Acquisition, the Panel's recommendations call for more detailed guidance on the use of performance-based acquisition (#2); improvement of post-award contract performance monitoring and contract specific "Performance Improvement Plans" (#5); establishment of a "Contracting Officer's Performance Representative (COPR) with specialized training for performance-based contracts (#8); obtaining improved data through use of A-PART (#9).
- Even the Workforce recommendations will result in additional burdens. As discussed below, these recommendations include: a call for collection of data government-wide and establishment of a new database using a consistent definition of the acquisition workforce (#1-4); a requirement for an improved human capital planning process (#2-3); more training and additional training requirements (#3).
- In a series of recommendations regarding the Appropriate Role of Contractors Supporting the Government, the Panel's recommendations include: new principles for determining functions that must be performed by government personnel (#1-2); new rules regarding use of personal services contracts (#3-4); new rules with additional procedures for identifying and addressing organizational conflicts of interest (#5); potentially new guidance regarding personal conflicts of interest (#6); and new rules regarding protection of contractor data (#5).
- The Panel also recommended that additional procedures be adopted for accurate data collection and improvements to FPDS-NG, including; specifically imposing responsibility for accurate data on the Head of the

DRAFT
Final Panel Working DRAFT
December 2006

Agency (#4); requiring training to improve data accuracy (#5); an Independent Verification and Validation to test the data validation rules (#3); audits that include agency compliance in providing accurate data (#9); collection of data specifically on orders placed under interagency and enterprise-wide contracts and reporting such data, including the level of competition in such orders; and developing reports that show the dollar transactions by type of interagency vehicle (#11).

These recommendations will necessarily place additional demands on the acquisition workforce. That is part of the price of improving the acquisition system. Ultimately, whether one focuses on the problem areas of the federal acquisition system, or on solutions designed to alleviate these problems for the future, the close link between the acquisition workforce and effective strategies for acquisition reform, is inescapable.

The importance of recognizing this point is that the bolstering of the acquisition workforce that we recommend is not undertaken for the sake of the acquisition workforce, but because of the importance of the acquisition mission. Although strengthening of the acquisition workforce will by no means be cost-free, continuing failure to invest in an appropriate sized and skilled acquisition workforce will be far more expensive than making the required investment.

B. The Problem of Counting the Workforce

In order to draw meaningful conclusions about the size of the federal government's acquisition workforce several conditions must be fulfilled:

- 1) We have to agree on what we are trying to measure.
- 2) We have to develop means for accurately measuring the panels that we are trying to measure.
- 3) We have to implement those measures consistently in different agencies across the face of the federal government.
- 4) We have to implement those measures consistently from year to year.

Looking backward, we are forced to conclude that these conditions have not been met

What should we be measuring?

We are far from the first to recognize the need to gauge and improve the state of the federal acquisition workforce. In the early 1970's, the Commission on Government Procurement emphasized the importance of timely and adequate information regarding the procurement workforce.¹ In a discussion reminiscent of our own efforts, the Commission noted that with the increasing emphasis on improving the quality, efficiency, economy, and performance of the procurement system, it was imperative that there be a focal point and a "comprehensive Federal

¹ Report of the Comm'n on Gov't Procurement, Summary 17 (Dec. 1972).

DRAFT
Final Panel Working DRAFT
December 2006

procurement Personnel Information system” for overseeing the development and maintenance of a competent acquisition workforce.² In fact, the 1972 Commission had to resort to its own survey in order to obtain information on the federal acquisition workforce sufficient to perform its analysis.³ A recurring theme has been the need to re-conceptualize and reorganize the procurement function in a manner that helps to make procurement an effective and efficient tool for achieving agency missions. Indeed, the Office of Federal Procurement Policy was created to address this very concern. The 1972 Commission specifically recommended that OFPP be tasked with determining the overall acquisition workforce needs of the government and seeing that they were met.⁴

The National Performance Review in the 1990’s echoed these sentiments, leading with the statement that “No matter how good a policy may be on paper, it will not be effective without well-motivated, competent people to implement it.”⁵ The NPR, while reducing the federal workforce,⁶ made recommendations for changes in the management of the procurement system that emphasized a broader role for line managers, encouraged the creation of competitive enterprises within government; expanded the use of the GSA Schedules, and emphasized acquisition of commercial items (as did the Section 800 Panel Report). Many of these proposals were subsequently enacted as part of FASA, FARA and the Government Management Reform Act of 1994. As a consequence of implementation of many of these proposals, and the increased use of interagency contracts, there are more people whose responsibilities touch on the acquisition function. In addition, a consensus has emerged that a functional definition of the acquisition workforce should not be limited to persons engaged in entering contracts. Rather, the acquisition function and workforce should be understood to include, as well:

- Agency personnel responsible for determining and defining agency requirements for goods and services
- Agency personnel responsible for intimate familiarity with the markets in which the agency will seek goods and services to meet agency needs
- Agency personnel responsible for monitoring and measuring contract performance, including testing of goods, auditing, contract administration, and evaluation of contractor performance

² *Id.*

³ *Id.*

⁴ *Id.* ch. 5..

⁵ National Performance Review, *Reinventing Federal Procurement*, PROC02 (Sept. 14, 1993); compare the statement of the 1972 Commission “People are the most critical part of any effective procurement process. We have good people throughout all levels of procurement organizations today, but nowhere is it more apparent that concerted management attention is needed than in the area of organizing and planning for the procurement workforce of the future.” Comm’n Report, ch.5 at 46.

⁶ During the 1990s, the overall federal workforce was reduced by about half a million people. See Jacques S. Gansler, *A Vision of the Government as a World-Class Buyer: Major Procurement Issues for the Coming Decade* 19 (Univ. of Md. 2002).

DRAFT
Final Panel Working DRAFT
December 2006

- Agency personnel responsible for managing the programs in which the goods and services acquired are employed.

This broad conception of the acquisition function has gradually been under discussion for decades, particularly with respect to the importance of requirements definition, but has not been implemented to a consistent degree across the face of the federal government. Quite recently, in April 2005, this approach has been formally extended to the workforce of civilian agencies by the promulgation of Office of Federal Procurement Policy Letter 05-01.⁷ But the results of that instruction have yet to become visible across the face of the agency acquisition workforce.

Although this broadened conception of the acquisition workforce is in many respects a desirable development, in some respects the broadened conception could actually confound the task of accurately and consistently measuring the acquisition workforce. It is important to emphasize that this is not meant as a criticism of this broader conception of the acquisition function, but only to point out that redefining the acquisition workforce at this relatively late date could have an important unintended consequence. By changing the way we define and count the acquisition workforce, we have made it very difficult to generate meaningful longitudinal studies of the acquisition workforce because the Acquisition Workforce has been defined and counted in significantly different ways at different times.

There is also a concern that the evolution of workforce definitions is not just random static that obscures trends affecting the Acquisition Workforce. Instead, some critics of the workforce-related policies of recent administrations have suggested that broadening the definition of the Acquisition Workforce has served to hide the increased inadequacy of the workforce.⁸ But one need not accept that charge as to the intent behind this shift in conceptualizing the acquisition workforce to understand that an accurate understanding of the key *trends* about the size and composition of the federal workforce cannot be had without using a consistent benchmark. Moreover, because the program managers and others who are “customers” and users of the goods and services being acquired have important responsibilities outside the realm of acquisition, we would overstate the resources available for the acquisition function if we regard all of these members of the broadly conceived acquisition workforce as full-time members of the population available for acquisition functions.

In order to understand where we stand in the enterprise of counting the federal acquisition workforce, it is useful to understand the different approaches taken in recent years to counting the workforce. As we shall see, significantly different approaches have been used by different agencies. Moreover, there has been significant inconsistency over time.

⁷ Available at http://www.whitehouse.gov/omb/procurement/policy_letters/05-01_041505.html.

⁸ Steven L. Schooner, *Feature Comment: Empty Promise for the Acquisition Workforce* 47 *Government Contractor* No. 18, ¶ 203 (2005).

DRAFT
Final Panel Working DRAFT
December 2006

The FAI Count; Its Limitations and Alternatives

Since the late 1970s, the Federal Acquisition Institute has collected and reported data on the federal acquisition workforce. At least since the report covering Fiscal Year 1982, this data has been identified as the Federal Acquisition Personnel Information System (“FAPIS”) Report. Although the FAPIS Report has been generated reasonably consistently since 1982, the coverage of the report has not been entirely consistent over that time. The basis for the FAI/FAPIS count of the acquisition workforce has been various General Schedule “occupational series” in the 1100 series that form the core of the traditional procurement workforce, including 1102s (“Contract Specialists”) and 1105s (“Purchasing”). However, the exact coverage of the report has varied from year to year. For instance, for 1977-1980, most of the data collected covered 1102s and 1105s, plus 1101s (“General Business and Industry”) and 1150s (“Industrial Specialist”).⁹ No comprehensive definition of the Acquisition Workforce was attempted in these years, nor was data reported concerning the numbers of personnel working for the federal government encompassed by any such definition.

In the report for FY 1982, by contrast, statistics are provided for a broad “Acquisition Workforce” and for a narrower category labeled the “Procurement Workforce.” The Acquisition Workforce data presented includes subcategories for Logistics Management, Procurement, Equipment Specialists, Quality, Supply and Transportation, but the specific occupational series included are not identified. The “Procurement Workforce” data includes 1101s, 1102s, 1103s, 1104s, 1105s and 1150s.¹⁰ The overall Procurement Workforce, so defined, was 51,968 for FY 1982, a number that had grown significantly from the number that had been reported for 1978, 40,775. The broader Acquisition Workforce, as reported in the FY 1982 report, had grown from 133,615 to 136,971 in the same time period.¹¹ The count of 1102s for FY 1982 was: 22,165. The count of 1105s was 5023.

Skipping forward to some of the most recent data available from FAI, the report for FY 2004 discloses:

- The aggregate number of 1102s across the government was 26,936
- The total number of 1105s across the government was 3,186
- An overall “acquisition workforce” consisting of 1101s, 1102s, 1104s, 1105s, 1106s, and 1150s consisted of 58,161¹²
- A broader count of “logistics occupations populations” measured 122,454.¹³

⁹ FAI, *Procurement Workforce Demographics 1980 and Four Year Profile (FY 1977–1980)*. **Some data was also presented on other occupational series, but not in all categories.**

¹⁰ FAI, *Report on the Acquisition Work Force Through Fiscal Year 1982*.

¹¹ See below note (14).

¹² FAI, *Report on the Federal Acquisition Workforce, Fiscal Years 2003 and 2004*, 39, tbl 4-2. Note that this is not strictly comparable to the data for FY 1982 mentioned above, which includes 1103s, but does not include 1106s.

DRAFT
Final Panel Working DRAFT
December 2006

Note that if we want to employ consistent measures over the course of the last quarter century, we are compelled to employ the narrowest definitions of the acquisition workforce, looking only at data on 1102s and 1105s. But even this approach may offer a distorted benchmark, as the proportion of contracting officers, for instance that are designated as 1102s, may not be consistent over time, and across agencies.

Undoubtedly, the traditional FAI count of the acquisition workforce casts too narrow a net in gauging the resources available to do the government's acquisition work. For instance, the Panel is aware that there are today some agencies, such as GSA, in which there are more non-1102 contracting officers than there are 1102 contracting officers. In such agencies the FAI data (which counts only 1102s) is extremely misleading. On the other hand, broader measures of the acquisition workforce such as those used in the DoD counting methods (discussed below) may overstate the resources of the acquisition workforce because they include many people doing non-Acquisition-related work in Acquisition organizations. This is particularly true of the "Acquisition Organization" definition of the acquisition workforce described below, but it has some relevance even to the more carefully constructed AT&L workforce definition that is also described below. Specifically, as explained below, the AT&L definition includes personnel in acquisition-related organizations who perform technology-related functions. There is no denying that these personnel play an important role in the acquisition process; yet many of these personnel have other responsibilities besides acquisition and their inclusion in a count of the acquisition workforce may therefore result in overstating the resources available for the performance of acquisition functions, and may thus disguise the extent of the sharp decline in personnel trained for core acquisition functions.

Definitions Make a Difference

Parsing different definitions of the Acquisition Workforce is a highly technical matter that some might doubt will yield information of policy importance. In fact, however, discrepancies in definition and measurement of the workforce are so large in magnitude as to drown out the evidence of the changes that we are trying to measure and understand, unless we properly take account of these differences in definition and measurement. This is visible if we examine the widely differing approaches that have been used in recent years to count the Department of Defense acquisition workforce.

Counting the Defense Acquisition Workforce

There are at least three different ways of counting the Defense Department portion of the acquisition workforce that have been used over the last 15 years. The measures employed by the Department of Defense itself, moreover, historically have not been

¹³ *Id.* at 38, tbl. 4-1. Because the 1982 count for what was then labeled the "Acquisition Workforce" did not list the occupational series comprised therein, a rigorous comparison between this 2004 "logistics occupations populations" count and the 1982 count for the "Acquisition Workforce" is not possible.

DRAFT
Final Panel Working DRAFT
December 2006

commensurable with those used to measure the Acquisition Workforce of civilian agencies. The three approaches to counting the DoD acquisition workforce are as follows:

FAI Count for DoD

The Federal Acquisition Institute has counted the DoD component of the federal acquisition workforce using the same categories as it uses to count that workforce across the face of the federal government. Thus data has been collected and reported on the number of 1102s and 1105s, and the numbers in some of the other 1100 occupational series within the Defense Department. By summing up the data FAI has reported for the Army, Air Force, Navy and Other DoD we can generate an FAI count for the DoD acquisition workforce. This is the narrowest measure of the acquisition workforce for DoD.

Acquisition Organization Count (for DoD)

By contrast, Section 912(a) of the National Defense Authorization Act for Fiscal Year 1988, defines the term “defense acquisition personnel” to include all personnel employed in any of 22 listed “acquisition organizations,” regardless of the employee’s own occupation, but excluding civilian DoD employees employed at maintenance depots. This version of the Acquisition Workforce count is usually known as the “Acquisition Organization” Count. The House Armed Services Committee historically has requested that DoD use this count in reporting acquisition workforce levels to the Committee.¹⁴ Moreover, the series of reductions in the Acquisition Workforce mandated by Congress in the 1990s was gauged with reference to this Acquisition Organization count.

The overbreadth of this Acquisition Organization approach is apparent if one examines the list of Acquisition Organizations. Any organization whose mission includes significant acquisition programs is included in this list, even though many, and in some cases most, of its employees are primarily engaged in other functions. For instance, the Missile Defense Agency is included in this list even though many of its personnel undoubtedly are primarily engaged in other functions. The DoD Inspector General has noted that the Acquisition Organization workforce count includes “non-acquisition personnel performing support functions” including “firefighting, police, human resources, administration, accounting, legal, engineering technicians, supply, transportation and trades (such as equipment and facilities operations and maintenance).”¹⁵ On the other hand, in a different respect, the Acquisition Organization count is too narrow as well, because it excludes any personnel engaged in acquisition functions outside of the listed “acquisition organizations.” Clearly, there are some such personnel.

The ATL Count (for DoD)

¹⁴ U.S. DOD IG, *Human Capital: Report on the DoD Acquisition Workforce Count*, D-2006-073, 7 (2006).

¹⁵ *Id.*

DRAFT
Final Panel Working DRAFT
December 2006

In contrast to the approach taken in Section 912(a), Section 912(b) of the National Defense Authorization Act for Fiscal Year 1988 required DoD to develop for itself a definition of the Defense Acquisition Workforce, and to use that definition uniformly within DoD. After study, the Secretary of Defense informed Congress that DoD would henceforth employ a method, known as the “Refined Packard Model” to produce a workforce count known as the “Acquisition, Technology and Logistics” (ATL) count. The Senate Armed Services Committee relies on data for the ATL produced through this Refined Packard Model, whereas their House counterpart now receives both data on this ATL count and data on the Acquisition Organizations workforce count described above.¹⁶

The ATL count is produced by combining three categories of employees:

- First, the count includes all civilians in what is called Category I --- the contracting-related occupational series, such as GS 1102s and 1105s, no matter where in DoD they serve.
- Second, in Category II the ATL count includes civilian DoD employees in acquisition or technology-related occupations (such as electronics engineering, budget analysis or computer engineering), but only if they are serving in organizations that perform primarily acquisition-related missions; it also includes military officers in these same organizations
- Finally, in category III, the ATL definition of the acquisition workforce allows for additions to this count, as well as for deletions from the count, by particular military services and other DoD organizations in order to more accurately reflect the predominant nature of particular employees’ functions and responsibilities.

Several observations about the Refined Packard Model/ATL count seem appropriate:

- First, this approach seeks to cast a broader net than the traditional FAI count, which includes only the contracting occupational series.
- It is, in a different respect, broader than the Acquisition Organization count, because, unlike that count, it includes acquisition personnel in traditional contracting specialties outside acquisition organizations.
- Like the Acquisition Organization count, the formulation of the ATL count recognizes that the acquisition function is broader than the task of contracting. It does so by inclusion of category II and III personnel. On the other hand, it recognizes that the Acquisition Organization count is

¹⁶ *Id.* at 8.

DRAFT
Final Panel Working DRAFT
December 2006

overstated in important respects because it includes almost *all personnel* in such organizations, no matter how remote their function is from the acquisition process.

- In this respect, the ATL count seeks to strike a compromise between the narrow occupational categories-based definition of the Acquisition Workforce employed by FAI and the overbroad approach of the Acquisition Organization count.
- But this compromise is necessarily imperfect if the AT & L count is to be employed as a gauge of the resources available for acquisition functions. Although every member of the category II grouping included in the AT&L count may have some degree of involvement in acquisition functions, many of these category II personnel spend most of their time on non-acquisition functions.

(It is theoretically conceivable that the concerns raised by the last bullet point might be addressed by having Category II positions rated according to the percentage of their normal workload that is devoted to acquisition-related activities. We could thus translate the gross number of Category II personnel into a smaller number of full time equivalent positions devoted purely to acquisition. But the drawbacks of any such alternative approach are also evident. First, it might well prove unmanageable in practice. Second, this suggestion may founder on the fact that a significant portion of the time of many category II employees will be devoted to activities that inextricably intertwine acquisition and program functions. At most this kind of approach might warrant a pilot study to see if it is readily operationalizable and whether it yields useful information for human capital managers.)

A different response to the concern noted in the last bullet point above can be found in the provision for inclusion or exclusion of individual employees from the Acquisition Workforce count under the rubric of category III. Indeed, Category III provides the AT&L workforce definition with flexibility that both the FAI and Acquisition Organization approaches lack. This feature provides some ability to adjust the workforce definition and count to respond to the concern stated above—that category II may have the effect of overstating the resources that are available for acquisition functions. On the other hand, this same flexibility is also the source of a potential weakness in the Refined Packard Model. That is, by allowing organizations to make individualized determinations as to inclusions and exclusions from the Acquisition Workforce, this provision could potentially open the door to nonuniformity and inconsistency in the definition and counting of the federal acquisition workforce. This could particularly be a problem if this approach were extended to agencies beyond the Department of Defense. A consistent, detailed and uniform methodology for making these category III determinations would have to be applied uniformly by all agencies for this to yield comparable results across the face of different federal agencies.

DRAFT
Final Panel Working DRAFT
December 2006

At all events, at least in the past, the DoD definitions and counting methods do not match up with the FAI counts for the civilian agencies. So uniformity and consistency on a federal government-wide basis certainly have yet to be achieved.

Just to give a sense of the dramatic impact of these varying methods for counting the DoD component of the acquisition workforce, note the following:

- For Fiscal Year 2004 the DoD Acquisition Organization Workforce count was 206,653¹⁷
- For the same fiscal year, the DoD Refined Packard methodology count was 134,602¹⁸
- And the total of personnel in the FY 2004 FAI count for DoD organizations -- covering the five major 1100 occupational series tracked by FAI -- was: 25,918.¹⁹

Equally significantly, although the trends reflected in the differing counts go in the same direction, they are sharply different in magnitude:

- Between 1999 and 2004 the Acquisition Organization Count for DoD declined from 230,556 to 206,653,²⁰ a drop of more than 10%.
- In the same time period, the ATL count declined much less, from 138,851 to 134,602,²¹ a decline of just slightly more than 3%.
- As for the FAI count for DoD, in the same time period the total of the five major occupational series tracked by FAI, dropped from 31,131²² to 25,918, a decline of almost 27%, reflecting the sharpest decline.

¹⁷ *Id.* at 7.

¹⁸ *Id.* at 9

¹⁹ FAI, *Report on the Federal Acquisition Work Force: Fiscal Years 2003 and 2004*. This number actually appears nowhere in the cited report. For reasons that are not apparent, the report nowhere sums the acquisition workforce for DoD or any of its components. But it does break out each of the following occupational series (1101, 1102, 1105, 1106, 1150) by agency in a table ostensibly designed to show breakout by grade level. By summing the total across grade levels, and summing totals across for the Army, Air Force, Navy and other-DoD, and then summing these occupational series, we have derived this total. Note that although this report includes data on 1104s elsewhere, it does not include this data on 1104s, so they have been omitted from this count. These details are noted here mostly to provide an example of the frustrating inconsistency in the way the workforce related data has been collected and reported.

²⁰ DODIG D-2006-073, at 7.

²¹ *Id.* at 9.

²² This number was derived from the Federal Acquisition Institute, *Report on the Federal Acquisition Workforce-1100 Series Fiscal Year 1999*, using the technique described in footnote 20 with respect to the FY 2004 data.

DRAFT
Final Panel Working DRAFT
December 2006

Thus although all of these statistics show a declining work force, there are major differences as to the extent of that decline. A comparison of the trends suggests that reductions were sharpest in the core contracting competencies and functions. Focusing on the ATL definition alone tends to obscure the extent of this reduction. We ultimately conclude that no single definition of the acquisition workforce would secure the information necessary for successful human capital planning to meet our acquisition needs for the future, and recommend that a dual approach be taken to defining and counting the workforce.²³

When an effort is made to track the Acquisition Workforce over longer periods of time, the data uncertainties loom even larger.

- This is partly because there is no data equivalent to the ATL/Refined Packard methodology count for years prior to 1999. Yet these are the years in which the most dramatic reductions occurred in the acquisition workforce as measured by the acquisition organization count.²⁴
- This is partly because there is simply no data for the past that was computed on a basis equivalent to the ATL count for non-DoD organizations.
- Thus, in order to track changes over the longest period of time using reasonably consistent measures, we are obliged to employ the narrowest definition of the acquisition workforce, focusing on the 1100 series of occupational categories, tracked by FAI (with some omissions) since 1982. For DoD, but not for civilian agencies, we have the additional option of focusing on the Acquisition Organization count, which has been available since 1990.

C. The Beacon Report

Much of the work of the panel with respect to the acquisition workforce was focused on the documentary record as to the size and capability of the federal acquisition workforce, as well as the demands that the changing acquisition function places upon the acquisition workforce. In some of these areas there is a voluminous literature collecting data and other information relevant to our inquiries. In other areas—such as systematic human capital planning—we were unaware of much of a literature. In order to master and assemble this literature, and to put some of the available data into usable form, the Panel was fortunate to be able to avail itself of the services of a contractor, Beacon Associates.

Beacon undertook several tasks for the Panel with respect to our inquiry into the state of the federal acquisition workforce:

²³ See Recommendations #1-1 and # 1-2 and accompanying discussion.

²⁴ See footnote _53___(in Finding #5)

DRAFT
Final Panel Working DRAFT
December 2006

- First, Beacon prepared a transcript matrix which indexed the hearing testimony and the documents submitted to the panel for references to the state of the acquisition workforce.
- Second, Beacon assembled a comprehensive catalogue of government reports on the size, composition, effectiveness and competencies of the federal acquisition workforce that had been issued over the last three decades, prepared executive summaries. Most importantly, these materials were scanned and assembled on a CD-ROM making them accessible for use by Panel members, and preserving them for future use.
- Third, Beacon assembled a “Data Workbook” assembling the numerical data available about the federal acquisition workforce. This, too, was placed on a CD-ROM to make it accessible to Panel members, and preserving this information for future use.
- Finally, Beacon prepared for the Panel’s use, a report analyzing the available information about the size, composition, competencies and effectiveness of the federal acquisition workforce, and equally importantly, identifying shortcomings, gaps, and inconsistencies in the available data. This Beacon Report presents an extensive array of the available statistical information about the federal acquisition workforce, usually in graphical form. The Report also contains pointers, in the form of footnotes, to the original documents where the information cited can be found, which are now contained with the catalogue mentioned above. The Executive Summary section of that Report is included in our Panel Report as an Appendix. The entire Beacon Report is available on CD-ROM.

Because of the voluminous literature involved, as well as because of the frustrating inconsistencies and gaps in the data collected and reported previously, the services and products provided by Beacon were invaluable in the work of the Panel on the federal acquisition workforce.

II. Issues to Consider

1. Which government personnel should be understood to constitute the federal acquisition workforce (taking into account both the actual operation of the procurement process today and the ideal operation of the process in the future)?
2. Is the existing federal government acquisition workforce sufficient in numerical strength to perform the missions that it has been assigned in a manner that assures -- to the extent reasonably practicable -- the effective, efficient and lawful operation of the federal acquisition system?

DRAFT
Final Panel Working DRAFT
December 2006

3. Is the existing workforce sufficiently qualified by background, aptitude, credentials, skills and training to perform the missions that it has been assigned in a manner that assures the effective, efficient and lawful operation of the federal procurement system?
4. Are additional data collection, workforce assessment and human capital planning measures necessary so that the federal government can assure that it can match the workforce “supply” to the functional demand for acquisition management today and in the future?

III. Acquisition Workforce-Related Findings

Finding #1:

The federal acquisition workforce is an essential key to success in achieving the government’s missions. Procurement is an increasingly central part of the government’s activities. 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.

Discussion

The experience of Acquisition Advisory Panel members, the testimony received by the panel, and the data collected and surveyed by the Panel all make clear the centrality of the acquisition workforce to the accomplishment of the government’s missions. Both the increased dollar volume of procurement and the qualitative evidence confirm that we have entered what GAO has labeled a “new environment in which there is heavy reliance on contractors to perform functions previously performed by the government.”²⁵ The importance of this trend, already evident, was magnified in the response to the events of September 11, 2001, and the conflicts in Afghanistan and Iraq. As the Comptroller General has noted, expenditures on federal acquisition have increased over 65% since 2001, reaching the level of \$388 billion in fiscal year 2005.²⁶

We have also witnessed a constant stream of reports that document qualitative shortfalls in the performance of the acquisition system -- shortfalls that have been attributed in significant part to inadequate human resources in the acquisition workforce.²⁷ Significantly, among these

²⁵ U.S. GAO, *Highlights of a GAO Forum: Federal Acquisition Challenges and Opportunities in the 21st Century*, GAO-07-45SP, 11-12 (2006).

²⁶ *Id.* at 4.

²⁷ A selective listing of a much larger body of reports includes: U.S. GAO, *High-Risk Series: An Update*, GAO-05-207 (2005); U.S. GAO, *DoD Acquisitions: Contracting for Better Outcomes*, GAO-06-800T (2006); U.S. GAO, *Contract Management: DoD Vulnerabilities to Contracting Fraud, Waste and Abuse*, GAO-06-838R (2006); U.S. GAO, *Defense Acquisitions: Assessments of Selected Major Weapon Programs*, GAO-06-391 (2006); U.S. GAO,

(cont...)

DRAFT
Final Panel Working DRAFT
December 2006

are reports addressing procurement difficulties and shortcomings both in the response to Hurricane Katrina,²⁸ and in Iraq reconstruction efforts.²⁹

Workforce issues have surfaced repeatedly, as well, in the work of the Panel directed at substantive features of the procurement systems. Indeed, it is safe to say that all of the working groups of the Acquisition Advisory Panel encountered these issues.³⁰ Some of the reasons for this phenomenon are worth noting. The working groups initially established in the Acquisition Advisory Panel correspond to the specific mandates established for our Panel by Congress, including focus on the use of commercial practices, interagency and government-wide contracts, and performance-based services acquisition. These topics correspond to areas in Congress believed that the performance of the acquisition system could benefit from closer examination, and, if possible, substantive improvement. It is not mere coincidence that, in the course of examining these trouble spots in the operation of the federal procurement system, there was frequently evidence that the federal acquisition workforce had difficulty implementing the procurement system as designed. For these are all areas in which increased demands have been placed on the acquisition workforce, to handle an increased number of transactions and to acquire increasingly sophisticated goods and services.

As explained in more detail below, the skills and knowledge base that are required to successfully perform these procurement functions go well beyond the capabilities that were required of the federal acquisition workforce in an earlier era. Thus, each of the Panel's working groups took into account what role shortcomings in the federal acquisition *workforce* were playing in what appeared to be suboptimal performance of the acquisition *system*. At the same time, in devising recommendations for substantive improvements in these facets of the procurement system, it was necessary for each working group to keep in view a realistic estimate of the capabilities of the existing workforce and the future acquisition workforce, so as to make sure that reforms suggested by the panel were realistically capable of implementation. Thus, any carefully framed program of recommendations in the areas that Congress asked the Panel to address would have to pay close attention to the federal acquisition workforce issues that we have addressed.

Finding #2:

- **Demands on the federal acquisition workforce have grown substantially:**

Defense Acquisitions: DoD Has Paid Billions in Award and Incentive Fees Regardless of Acquisition Outcomes, GAO-06-66 (2005); U.S. GAO, *Defense Management: DoD Needs to Demonstrate that Performance-Based Logistics Contracts are Achieving Expected Benefits*, GAO-05-966 (2005).

²⁸ U.S. GAO, *Hurricane Katrina: Planning for and Management of Federal Disaster Recovery Contracts*, GAO-06-622T (2006).

²⁹ Special Inspector General for Iraq Reconstruction, DoD, *Iraq Reconstruction: Lessons in Contracting and Procurement 107-09, App. B* (2006).

³⁰ See for instance, the recommendations regarding Performance-Based Service Contracting, for the establishment of Contracting Officer Performance Representatives, at page _____, of this Report.

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. [update data]**

Finding #2-2:

- **In the last twelve years the qualitative nature of the procurement activity has also 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 requirements definition and 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:**
 - **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 define their requirements adequately, fail to use these vehicles appropriately, fail to secure competition in using these vehicles, or fail to manage contract performance under these vehicles. Some of these problems are more acute with respect to assisting entities as opposed to direct ordering 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. However, even the simplified purchase card transactions have a more complex impact on the acquisition workforce than was initially appreciated, because of the need to institute and maintain 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. The changes in our procurement system that produce these demands may be desirable, but they are not cost-free.**

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 burden of 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 business skills appropriate to the rapidly changing commercial markets in which goods and services are to be secured.**

DRAFT
Final Panel Working DRAFT
December 2006

An important element of our findings is to emphasize that the demands on the federal acquisition workforce have grown *both quantitatively and qualitatively* in the period associated with the last round of procurement reform in the United States—from the mid 1990s until the present. Although the trends respecting the dollar volume of procurement are well known, the subtler impacts of the development of new procurement techniques and other changes in the procurement system are not widely enough understood or appreciated. They thus bear particular emphasis in our findings here. Moreover, while it is widely understood that some elements of the procurement reform program of the 1990s—such as the institution of the government purchase card—can reduce demands on the federal acquisition workforce (for lower dollar transactions), too little attention has been given to other aspects of the last decade of procurement reform that have had the opposite effect. Again, we seek here to portray the fuller picture.

Moreover, some of the new procurement techniques and vehicles are susceptible to implementation in ways that temporarily disguise acquisition workforce shortcomings, but which ultimately result in seriously disappointing performance of the acquisition system. Examples noted below include the shifting of procurement to the Federal Supply Schedules and other forms of interagency contracts. As noted in our Panel’s findings and recommendations on interagency contracts and on commercial practices, these procurement techniques divide responsibility for securing competition and best value for the federal government between the agency (GSA or other interagency contract sponsor) that establishes the vehicle, and the ordering agency. Unfortunately, it has too often been the case that agencies accept the acquisition workforce savings that come from use of interagency contracts, but fail to live up to the responsibility of using these vehicles in a competitive manner. They too often fail to invest the acquisition workforce resources that would be necessary to secure real competition when using these interagency contract vehicles.

Another phenomenon noted here is that a series of reform initiatives, each of which had its own policy justification, had a cumulative impact that was not fully appreciated when these were adopted in increments. The cumulative impact was dramatically to increase the aggregate complexity of the acquisition system. The ultimate result that we have witnessed is that the knowledge and skill base necessary successfully to operate the acquisition system and to secure good value for the government and taxpayers through the operation of the system, has outstripped the resources available to operate the system.

Key aspects of the foregoing findings are discussed below:

The sharp growth in procurement expenditures by the federal government, particularly since the attacks of September 11, 2001 is well known and has been noted elsewhere.³¹ But the changing qualitative nature of acquisition has been less well noted. More importantly, the ways

³¹ GAO asserts that the growth in acquisition expenditures between FY 2001 and FY 2005 is actually 65%. GAO-07-45SP, at 4.

DRAFT
Final Panel Working DRAFT
December 2006

in which these qualitative changes have increased the burdens on the acquisition workforce have been too little noticed, and too little understood.

Acquisition workforce burdens frequently resulted from changes in the acquisition system adopted in the last fifteen years. The proponents of these reform initiatives may not have recognized the acquisition workforce demands that they would create, especially when the impact of all of these changes is aggregated. Our point is that the potential for successful mission achievement through acquisition of goods and services, and the pursuit of best value for the government in that process, are both undermined when the acquisition workforce lacks the resources to implement these newer procurement techniques and methods properly.

It is well known that service contracting continues to represent an increasing share of the federal acquisition pie.³² Less well known are the additional demands that service contracting places on the acquisition workforce. Service contracts require additional attention to a variety of steps in the contract formation process, especially in the stage of requirements definition. They also demand additional attention to contract management in order to enable the government to ensure that it is receiving the services for which it has contracted.

All of these phenomena are highlighted within the realm of performance-based services acquisition. As the Panel's findings and recommendations indicate, the proper use of performance-based service acquisition has yet to be mastered by most agencies.³³ In particular, agencies need help in learning to develop and deploy measurable performance standards for such contracts. To some extent, of course, this entails a learning curve, as agencies gain experience with, and adapt to, the proper use of a novel technique for procurement. But the fact remains that the proper use of performance-based services acquisition is –and will remain-- labor intensive for the acquisition workforce, even though it may ultimately save resources for the government as a whole. For instance, as the Panel has recommended, proper use of PBSA should include the development of a “Baseline Performance Case” as part of the associated Performance Work Statement or Statement of Work.³⁴ The findings and recommendations of the Panel on PBSA also emphasize the need for improved contract performance monitoring through the development of contract-specific “Performance Improvement Plans.”³⁵ The acquisition workforce impact of our Panel's PBSA recommendations are specifically addressed in PBSA recommendation 9 which proposes that the expanded role of contracting officer technical representatives (COTRs) in monitoring and managing performance under PBSA contracts be recognized with enhanced training in PBSA and redesignation of such COTRs as Contracting Officer Performance Representatives.³⁶

³² *Id.*

³³ See Report at _____. (PBSA Ch.)

³⁴ See Report at _____ (PBSA Rec. 5)

³⁵ See Report at _____ (PBSA Rec. 6)

³⁶ See Report at _____ (PBSA Rec. 9). This recognition also underlies the recommendation of the Panel that for more far-reaching performance-based acquisitions (“transformational” PBSA) the COPR be required to be project management certified. Test. of _____, AAP Pub. Meeting (Mar. 17, 2006) Tr. at 24-25.

DRAFT
Final Panel Working DRAFT
December 2006

The Panel's findings regarding Interagency Contracting reflect the mushrooming growth of the federal supply schedules and other forms of interagency contracts.³⁷ As we have noted, usage of interagency contracts is often perceived, correctly, as a solution to problems of inadequate acquisition workforce and skill sets in the agencies that rely on such interagency contracts.³⁸ But heavy reliance on interagency contracts can also contribute to problems as well.³⁹ Specifically, 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 where the ordering agencies' acquisition functions are understaffed or the acquisition workforce lacks appropriate skills and training, inappropriate use of such vehicles leads to characteristic kinds of problems. Such problems include failure to use these vehicles appropriately, including out of scope task orders, failure to secure competition in using these vehicles, and failure to manage contract performance under these vehicles. Again we emphasize that this is not to say that the shift to interagency contracting vehicles is undesirable or inappropriate. This trend has enabled many agencies to meet basic needs in a timely fashion. But too often this has been done while sweeping under the rug problems of securing competition, out-of-scope use of contract vehicles, and contract management.

A key objective of procurement reform in the last decade has been to simplify the process of acquisition. Certainly, a number of the new techniques introduced and expanded in this time period have had the effect of simplifying the transactions to which they apply. As we have noted, this is particularly true of the purchase card, the micro-purchase threshold and the simplified acquisition threshold. As we explain below, both here and in connection with Finding #3, however, the aggregate effect of the procurement reforms and other procurement system changes over the last fifteen years has been to complicate other kinds of transactions, and to make the overall system of procurement more complex.

The simplified transactions, such as the purchase card, micropurchases, and transactions below the simplified acquisition threshold represent the overwhelming bulk of procurement transactions if we simply count transactions. But even the simplified 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.⁴⁰

But it is the remaining share of procurement –outside the ambit of simplified procedures- that actually requires most of our attention going forward. This remaining share has been estimated to represent only 1% of the transactions, but involves 85% of the procurement

³⁷ See Report at _____ (Interagency \$ share for most recent FY available)

³⁸ Test. of Geraldine Watson, GSA, AAP Pub. Meeting (Aug. 18, 2005) Tr. at 37.

³⁹ *Id.* at 38.

⁴⁰ See OMB, *Improving the Management of Government Charge Card Programs* (August 9, 2005) App. B to OMB Circular A-123. The current version of this document is found at http://www.whitehouse.gov/omb/circulars/a123/a123_appendix_b.pdf.

DRAFT
Final Panel Working DRAFT
December 2006

dollars.⁴¹ For this critical share of the government's procurement activity, the demands of procurement on the acquisition workforce have grown dramatically. Among the relevant trends and influences affecting the demands placed on the acquisition workforce are the following.

- Procurement outside the simplified regimes is characterized by use of negotiated procurements using best value selection 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.

Here, as so often, our point is that quality acquisition is not cost-free. The best value or competitive negotiation procurement technique was adopted in order to try to achieve open, competitive, transparent procurement for sophisticated or complex goods and services. For these goods and services it would be inappropriate to force the government to use the sealed bidding acquisition technique where the source selection criterion must be the lowest price associated with a responsive offer. But to achieve transparency and competition, while affording the government flexibility to define the best value source selection criterion that is appropriate for the particular acquisition, is a labor intensive process for the acquisition workforce. For instance, a source selection plan must be devised, defining in advance of the receipt offers the factors to be weighed in source selection and the relative weight to be assigned to these factors. If awards are not made on initial proposals there will be two or more rounds of offers, and winnowing to be done between the rounds. After source selection and award, unsuccessful offerors are entitled to debriefing. Each of these procedures contributes to a competitive and transparent process, but each makes demands on the acquisition workforce.

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

A major criticism of federal acquisition practice prior to the 1990s was that in source selection contractors were neither rewarded for excellence of past performance, nor down-rated for substandard performance on earlier contracts.⁴² Accordingly, a major thrust of procurement reform in the 1990s was to institute uniform practices and policies to guide the evaluation of past performance as a source selection factor in best value procurements.⁴³ Agencies are required to routinely prepare an evaluation of contractor performance at the completion of each contract that exceeds the simplified acquisition threshold. The process requires that input be secured from the

⁴¹ The Procurement Roundtable concludes that transactions outside the area of simplified transactions and order account for 15% of the transaction, but 98% of the procurement dollars, and 99% of the complexity. Procurement Roundtable, *Attracting and Retaining the Right Talent for the Federal 1102 Contracting Workforce* 1-2 (April 2006).

⁴² Steven Kelman, *Procurement and Public Management: The Fear of Discretion and the Quality of Government Performance* (AEI Press, 1990).

⁴³ See FAR 15.304(c)(3); FAR 15.305(a)(2); FAR 42.15.

DRAFT
Final Panel Working DRAFT
December 2006

appropriate COTR as well as the interested end user, and also requires that the contractor being evaluated be afforded an opportunity to comment on its tentative evaluation, with review of any disagreement above the contracting officer level.⁴⁴ Obviously, a lot is at stake for contractors being evaluated. The Office of Federal Procurement Policy has created, and periodically updated an elaborate guide to Best Practices for Collecting and Using Current and Past Performance Information.⁴⁵

This guide quite appropriately seeks to make performance evaluation a routine part of federal contract management so that the data necessary to use past performance as an evaluation factor in future best value acquisitions will be routinely available. But examination of the Best Practices guide will confirm that this transformation of federal acquisition practice requires a substantial investment of acquisition workforce time and effort.

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

Another major initiative that formed part of the procurement reform agenda adopted in the 1990s was to create a preference for government acquisition of items that exist in the commercial marketplace. Ultimately, this should save the government the need for research and development costs, reduce the need to develop government-unique specifications and for product testing and reduce the time required to complete acquisitions, and engender savings. But like other reforms that were instituted in the last generation, this initiative places significant demands on the acquisition workforce. The process of commercial item acquisition and the predicate process of determining *when* commercial item acquisition techniques are appropriate require contracting officers to develop and deploy substantial expertise about the markets in which they make purchases.⁴⁶

To sum up, recognizing the workforce impacts of these developments in the procurement system is not to criticize the procurement reforms that engendered these impacts. While the reforms can advance the government's ability to secure necessary goods and services in a cost-effective manner, achieving that potential requires that the government invest substantially in the acquisition workforce.

Finding #3:

⁴⁴ FAR 42.1502; 42.1503.

⁴⁵ The current version is available at

http://www.whitehouse.gov/omb/procurement/contract_perf/best_practice_re_past_perf.html.

⁴⁶ See FAR 12.101(a). This is true, more generally, of federal acquisition practice. Test. of Robert C. Marshall, Penn. State Univ., AAP Pub. Meeting (Oct. 27, 2005) Tr. at 45, 49; Test. of Glenn Perry, DoE, AAP Pub. Meeting (Feb. 23, 2006) Tr. at 131.

DRAFT

Final Panel Working DRAFT

December 2006

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.

- **Procurement reforms designed to accelerate mission accomplishment nonetheless burden the acquisition workforce, which needs to choose among available techniques. There are difficult decisions to about when to use which approach.**
- **The acquisition workforce also needs to be equipped to exercise discretion in choosing the appropriate procedure for procurement.**
- **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.**

Discussion

This finding builds on the trends and developments noted in Findings #2 through #2-4-4. But we have stated it separately because it makes a distinctive point that we consider one of the most important findings that we have to make.

The critical distinction on which this finding rests is that between the overall complexity of the acquisition system and the speed of acquisition that can be achieved under particular streamlined acquisition techniques. These two phenomenon are not inconsistent. Indeed the proliferation of a variety of simplified acquisition methods is one of the trends that has made the procurement system as a whole more complex, along with the host of other demands now borne by the acquisition workforce. Whatever improvements the streamlined acquisition methodologies may need—the subject of much of the rest of our report -- we are not questioning here the general efficacy of regimes such as the purchase card, the micro purchase threshold, the simplified acquisition threshold or the commercial item acquisition rules. Instead we want to call attention to the aggregate impact of developments in acquisition over the last few decades on skills and training and mastery required to operate the acquisition system successfully. In addition to the techniques generally intended to streamline the particular acquisitions to which they apply, we must recognize the impact of the development and proliferation of a host of interagency contract mechanisms, the shift to performance-based service contracting, the demands of best value contracting, the burdens of routine performance evaluation, and the special requirements of successful use of commercial items and services. Both the testimony received by the Acquisition Advisory Panel and the experience of our members confirm that the

DRAFT
Final Panel Working DRAFT
December 2006

complexity of the acquisition system, taken as a whole, has become a major challenge to the acquisition workforce.⁴⁷

Finding #4:

There are substantial problems with the data that are 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 have occurred in the last 15 years.**

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.**

Discussion

The basis for these findings is contained in the discussion in the background section of this chapter, entitled “The Problem of Counting the Workforce.”⁴⁸ To recap only briefly the Federal Acquisition Institute has counted the federal procurement workforce using a narrow definition of that workforce limited to traditional procurement specialties. By contrast, the DoD has used two different approaches that recognize the close interrelationships between requirements setting and technical procurement activities and between program and technology management and the work of monitoring contractor performance and managing the legal and economic relationship between the government and the contractor. There is good reason for

⁴⁷ Test. of Eugene Waszily, GSA IG, AAP Pub. Meeting (May 17, 2005) Tr. at 247-48; Test. of Stan Soloway, Professional Services Council, AAP Pub. Meeting (Nov. 18, 2005), Tr. at 14.

⁴⁸ See Report at ____-____.

DRAFT
Final Panel Working DRAFT
December 2006

recognizing these close relationships, and for rejecting the idea that there should be an adversary or arm's-length relationship between procurement personnel and their "customers." Nonetheless, as explained above, these approaches risk overstating the personnel resources available for acquisition by including personnel whose primary responsibilities lie elsewhere. Moreover, we have documented that the trends affecting the acquisition workforce are significantly different depending on which approach to defining and counting that workforce one employs.⁴⁹ Thus there is indeed a significant policy issue at stake in deciding how broadly to define the acquisition workforce

To see why this issue is complex, rather than one-sided, consider the case of agency personnel responsible for defining agency requirements for goods and services to be secured through the procurement process. Certainly the evidence we have received from commercial organizations supports the conclusion that the procurement function is a critical part of management and should not be isolated from organization components that "consume" or complement the goods and services being acquired.⁵⁰ Accordingly, there are good reasons why personnel with operational responsibility who are in a position to determine and define the government's requirements in contracting should be considered part of the broad acquisition workforce.

On the other hand, however, if we are trying to gauge the personnel available for carrying out the acquisition function, it is equally important to bear in mind that many of the personnel who should play a key role in requirements-definition are not, and should not be, engaged full time in the work of acquisition. This same point is at least equally true of project managers, who play a vital role in the acquisition cycle, but are not and should not be available full time for the work of acquisition. Nor are they interchangeable with those personnel who possess the necessary expertise to negotiate the legal requirements of the process of procurement.

The preference for broader definitions of the acquisition workforce that has developed over the last ten years appears to us to reflect a desirable effort to break down barriers between contracting personnel and those who will work with the goods and services to be acquired. At the same time, it would be a mistake to count the latter groups of personnel as though they are engaged full time in the acquisition process.

In short, both the broad and a narrow approach to defining the acquisition workforce add to an accurate understanding of the resources that are available to meet the different demands faced by the acquisition workforce. Therefore, in recommending that OFPP promulgate a uniform approach to data collection on the federal acquisition workforce, we have specified that that definition should employ a dual approach that tracks both narrow contracting specialties, and a broader conception of the interconnected acquisition workforce.⁵¹

⁴⁹ See Report at ___-___, above.

⁵⁰ Test. of Robert Miller, Procter & Gamble, AAP Pub. Meeting (March 30, 2005) Tr. at 99-100.

⁵¹ See Recommendations #1-1 and #1-2, and accompanying discussion at pages ___-___.

Finding #5:

The Federal Government does not have the capacity in its current acquisition workforce necessary to meet the demands that have been placed on it. Because of the absence of human capital planning to date, the Panel cannot definitively conclude whether this is the result of a numbers problem, but has received testimony raising serious concerns about the number, skill sets, deployment, and role in the acquisition process of the acquisition workforce.

- **There were substantial reductions in the acquisition workforce during the decade of the 1990s.⁵²**
- **One result of this is that hiring of new acquisition professionals virtually ceased during this time period.**

Finding #5.1:

- **There were cuts in some agency training budgets in the 1990's 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.**
- **Despite recent efforts to devote more attention and funding to workforce training, in many agencies these efforts do not appear to meet the existing and future needs for a trained acquisition workforce**

⁵² In addition to the statistics presented in the Background section of this Chapter, we note the following:

- As of September 30, 1990 the Federal Acquisition Institute reported a total census in 27 “logistics occupations” of 165,739. By September 2000 the comparable statistic had declined to 122,787. Fed. Acquisition Personnel Info. Sys., *Report on the Federal Acquisition Workforce Fiscal Year 1991 2* (September 1992); Fed. Acquisition Personnel Info. Sys., *Report on the Federal Acquisition Workforce—1100 Series Fiscal Year 2000 2* (DATE?). This represents a decline of 25.9%.
- As of September 30, 1991, the Federal Acquisition Institute reported a total “procurement workforce” consisting of 1101s, 1102s, 1104s, 1105s, 1106s, and 1150s numbering 67,546. By September 2000 the comparable figure had declined to 57,150, a decline of 15.4% In the same time period 1102s declined from 31,436 to 26,751, a decline of 14.9%. 1105s declined from 6,754 to 3,414, a drop of 50%. *Report on the Federal Acquisition Workforce Fiscal Year 1991 at 3; Report on the Federal Acquisition Workforce—1100 Series Fiscal Year 2000 at 3*. This represents a decline of
- Using the much more inclusive DoD Acquisition Organization counting methodology (described in the Background section of this chapter , the Dod Acquisition Workforce declined from 460,516 in FY 1990 to 230,556 in FY 1999, a decline of 50%. DOD IG, *DoD Acquisition Workforce Reduction Trends and Impacts*. D-2000-088, 5-6 (2000).

- **Since 1999 the size of the acquisition workforce has remained relatively stable, while the volume and complexity of federal contracting has mushroomed.⁵³**

Finding #5-2:

- **The drought in hiring, the inadequacy of training in some agencies, and the increased demand for contracting have together 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.**
 - **Frequently described as a "bathtub" situation, there appears to be an acute shortage of procurement personnel with between 5 and 15 years of experience.**
 - **Moreover, the relative sufficiency of the senior end of the acquisition workforce is seriously threatened by retirements.**
 - **A key challenge, accordingly, is to retain a high proportion of the senior workforce while development of the mid-level workforce goes forward.**
 - **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, at least in major metropolitan areas, 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.**
 - **The slowness of the government's hiring process has also been an obstacle to hiring talented people for the acquisition workforce.**

Finding #5-3:

⁵³ As noted above, in the text accompanying footnotes 20-23, the DoD acquisition workforce continued to decline in this time period, substantially so by some of the available measures. The overall FAI count for the "procurement workforce" government-wide (consisting of 1101s, 1102s, 1105s, 1106s, and 1150s) grew very modestly from 57,784 to 58,161—growth of .6 %. FAI, *Report on the Federal Acquisition Workforce—1100 Series Fiscal Year 1999 3* (DATE); *Report on the Federal Acquisition Workforce, Fiscal Years 2003 and 2004* at 39, tbl. 4-2.

DRAFT
Final Panel Working DRAFT
December 2006

- **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 #5-4:

- **The Panel concludes that one important way to improve retention of qualified personnel within the federal acquisition workforce is to expand opportunities for such personnel to secure advancement by moving to different organizations within the federal government.**

Finding #5-5:

- **Inadequacy in 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.**

Discussion

Witnesses before the panel have confirmed the inadequacy of the existing acquisition workforce. For instance, Shay Assad, Director of Defense Procurement and Acquisition Policy acknowledged that “We've got a crisis within DoD in terms of our people.”⁵⁴ More specifically, he recognized that the problem relates to the age and experience level structure of the existing workforce, with a “huge shortage” of personnel with between 5 and 15 years of experience in acquisition.⁵⁵ Although a much more adequate workforce exists at more senior levels of experience, in the view of Mr. Assad, retirements among this cohort are a major threat to the continuing adequacy of the workforce. As Assad noted, it is essential that retention of this senior cohort be improved because, “we don't have anyone to replace them.”⁵⁶

Other witnesses before the panel also portrayed a crisis as to the adequacy of the existing and future acquisition workforce.⁵⁷ A representative of the DoDIG confirmed: “I think they are understaffed. You know, we had that big cutback a few years ago, and I don't think we've ever

⁵⁴ Test. of Shay Assad, DPAP, AAP Pub. Meeting (June 14, 2006) Tr. at 57.

⁵⁵ *Id.* at 58; *see also* Test. of Ashley Lewis, DHS, AAP Public Meeting (June 14, 2005) Tr. at 327 (“Really, it's the youngsters and the middle people that there seems to be a void, you know. That part is, in my view, that's where we seem to have the deficit.”); Test. of David Sutfin, DoI GovWorks Division, AAP Pub. Meeting (June 14, 2005) Tr. at 336.

⁵⁶ Assad Test. at 58.

⁵⁷ Test. of Terry McKinney, DoD IG, AAP Pub. Meeting (May 17, 2005) Tr. at 177; Test. of Glenn Baer, CSA, AAP Pub. Meeting (May 5, 2005) Tr. at 68-69; Test. of Jan Menker, CSA, AAP Pub. Meeting (DATE) Tr. at 70.

DRAFT
Final Panel Working DRAFT
December 2006

gotten back to the point where we can handle all the workload.”⁵⁸ The workforce shortcomings are both quantitative and qualitative. A representative of the GSA IG’s office explained: “You have a huge transition in the acquisition work force. . . . [T]here are certainly not as many contracting folks out there today as there were five or 10 years ago, and a lot of the folks who are in the procurement arena now really don’t have as much experience as the ones who have left. And the turnover in acquisition is exceedingly high right now.”⁵⁹

Greg Rothwell, who recently retired as Chief Procurement Officer for the Department of Homeland Security, described the situation confronted by DHS by saying that the acquisition workforce resources had been “guttled.”⁶⁰ He also gave specific examples of acquisition programs that lacked appropriate staffing, including a \$3 billion program that did not have a single full time equivalent employee.⁶¹ The result, described by Mr. Rothwell’s testimony, was that the agency was forced to pass every acquisition to another agency, whether or not that agency had special expertise in the area of the procurement.⁶² Needless to say, he did not believe that this was a sound acquisition practice.⁶³ Mr. Rothwell also reported that prior to Hurricane Katrina FEMA was staffed for acquisition at a level less than one sixth of what had been determined to be an appropriate level.⁶⁴ Mr. Rothwell, who had worked in procurement in ten different federal agencies across the span of a 34 year career in the federal government, summarized his conclusions about the state of the workforce as follows:

It is a huge challenge for our particular time. There are not enough people; they are not well enough trained, and they need to be valued and inspired when you get into the workforce, and again, if you’re in one of those agencies that already does that, that’s great. You know, because I do run into agencies where you do have, you know, sufficient staffing, well trained and things. I’m just suggesting that there are many agencies that are critical to this country where that is not the case.⁶⁵

Thus, although Mr. Rothwell did not paint a monolithic portrait of the state of the federal workforce, he recognized serious shortcomings in many important agencies.

Other basic factual conclusions stated in our findings on workforce adequacy issues are supported by documents that we have reviewed and the testimony that we received. Some key points are as follows:

⁵⁸ McKinney Test., at 177.

⁵⁹ Waszily Test. at 222.

⁶⁰ Test. of Greg Rothwell, DHS, AAP Pub. Meeting (Mar. 17, 2006) Tr. at 215.

⁶¹ *Id.* at 218.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.* at 224.

⁶⁵ *Id.* at 221.

DRAFT
Final Panel Working DRAFT
December 2006

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

For instance, the DoD Acquisition Workforce, as measured by the Acquisition Organization Count dropped from 460,516 at the end of FY 1990 to 230,566 at the end of FY 1999.⁶⁶

- 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.⁶⁷
- 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.⁶⁸
- On the other hand, at least in major metropolitan areas, 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.⁶⁹ The government does not have a salary structure and career ladders that are likely to attract experienced procurement professionals from the private sectors.⁷⁰
- 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.⁷¹

This finding is supported by a host of GAO reports that confirm, with depressing regularity, the insufficiency of resources devoted to contract management.⁷² And a number of respected

⁶⁶ U.S. DOD IG, *DoD Acquisition Workforce Reduction Trends and Impacts*, D-2000-088, 4 (2000).

⁶⁷ Test. of Neal Couture, NCMA, AAP Pub. Meeting (July 27, 2005) Tr. at 19, 23, 25.

⁶⁸ Marshall Test. at 48.

⁶⁹ Lewis Test. at 326.

⁷⁰ Test. of William Kovacic, George Washington Univ. Law School, AAP Pub. Meeting (Oct. 27, 2005) Tr. at 146.

⁷¹ Test. of Linda Dearing, U.S. Coast Guard, AAP Pub. Meeting (July 12, 2005) Tr. at 197.

⁷² See note 79, below.

DRAFT
Final Panel Working DRAFT
December 2006

observers of the federal government acquisition function agree that contract administration has been the most neglected aspect of the acquisition function.⁷³

- The impact of inadequacy in 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.

We cannot emphasize this point too much. As we note in findings #9-1 and #9-2, successful commercial organizations invest in highly credentialed and highly trained business managers to carry out their sourcing, procurement and contract management functions. As explained there, these businesses regard this as a critical investment that contributes significantly to their bottom line. For the federal government, which lacks the profit-making opportunities open to commercial organizations, cost-saving through the efficient management of acquisition should be an even more important priority. Moreover, there is abundant evidence that inadequacy in the acquisition workforce is a consistent cause of suboptimal acquisition outcomes, and waste of government resources.⁷⁴

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.

Discussion

Available information indicates that most agencies have a long way to go establish a reliable and comprehensive process for human capital planning for the acquisition workforce. Although the level of human capital planning activities has improved significantly in some agencies in recent years, much more remains to be done, and comprehensive human capital planning needs to become regularized at every agency.

Specifically, to date, both government-wide and agency-specific efforts to respond to the new challenges of today’s acquisition system have focused on the nature of the skills required for success in today’s contracting environment. They have not ascertained the number of number of personnel possessing those skills that are required given the level of present or future agency

⁷³ Steven Kelman, *Strategic Contracting Management*, in *Market-Based Governance: Supply Side, Demand Side, Upside and Downside* 89-90 (John D. Donahue & Joseph Nye, Jr., eds. 2002); Stephen L. Schooner, *Contractor Atrocities at Abu Ghraib: Compromised Accountability in a Streamlined, Outsourced Government*, 16 *Stan. L. & Policy Rev.* 54.9, 560 (2005); Shelley Roberts Econom, *Confronting the Looming Crisis in the Federal Acquisition Workforce*, 35 *Pub. Con. L.J.* 171, 196 (2006). [This is not a new problem. See Comm’n Report

⁷⁴ See, e.g. GAO-06-622T; U.S. GAO, *Defense Acquisitions: DoD Has Paid Billions in Award and Incentive Fees Regardless of Acquisition Outcomes*, GAO-06-66 (2005); U.S. DOD IG *DoD Acquisition Workforce Reduction Trends and Impacts*, D-2000-088 (2000) Tr. at 16 -19.

DRAFT
Final Panel Working DRAFT
December 2006

acquisition activity. Among these, for example, are two reports prepared by the Federal Acquisition Institute, a December 2003 report addressing competencies for the federal acquisition workforce generally, and a February 2004 report addressing competencies required in the acquisition workforce specifically for the competitive sourcing process.⁷⁵ These reports endeavor to identify the specific fundamental competencies required for procurement personnel. They *do not*, however, attempt to assess workload demands for these competencies for the future, nor do they attempt to assess the degree to which members of the existing federal procurement workforce possess these capabilities.

Similarly, a pathbreaking study of the Acquisition Workforce done for DoD in 1999, the Acquisition 2005 study,⁷⁶ deliberately excluded issues of appropriate workforce size from its purview,⁷⁷ focusing instead on the qualitative competencies needed for the future workforce. Subsequently, in an April 2002 report,⁷⁸ GAO examined DoD's plans to reshape its acquisition workforce to respond to the October 2000 recommendations of DoD's Acquisition 2005 Task Force. GAO reported that DoD was taking significant steps to address the human capital challenges that it had recognized in making its October 2000 recommendations. But a substantive evaluation of the effectiveness of those measures was not undertaken by GAO, and was viewed as premature.⁷⁹ A comprehensive independent review of the adequacy of human capital planning efforts for the acquisition workforce at DoD as yet has not been performed, it appears.

On the civilian agency side, GAO examined agency human capital planning efforts to meet future needs for the acquisition workforce in a December 2002 Report.⁸⁰ Although GAO concluded that the six particular civilian agencies examined in that December 2002 study were all progressing in human capital planning to address acquisition workforce needs, a wide variety of progress levels was observed. This ranged from the Department of Energy, which reported completion of an analysis of the existing workforce, projection of future needs, and the completion of the requisite gap analysis, to agencies that had only begun analysis of the current workforce, to those that not developed any formal acquisition workforce plan.⁸¹ Significantly, GAO also found that agencies lacked reliable, consistent and complete data on the composition

⁷⁵ FAI, *Report on Competencies for the Federal Acquisition Workforce* (December 2003); FAI, *Report on Competitive Sourcing Competencies* (Feb. 12, 2004).

⁷⁶ DoD Acquisition 2005 Task Force, *Shaping the Civilian Acquisition Workforce of the Future* (Oct. 2000).

⁷⁷ Test. of Joe Johnson, DAU, AAP Pub. Meeting (July 12, 2005) Tr. at 72. Mr. Johnson explained there: "We deliberately ruled out, in view of the short time period . . . [available to produce this study] –we ruled out issues of the size of the workforce. That's a very important thing that you need to know upfront. We felt that if we had to go there, there was no way we could deliver a product [on time] because we would be into some very contentious issues. We limited ourselves to saying, what should the workforce be able to do in 2005?"

⁷⁸ U.S. GAO, *Acquisition Workforce: Department of Defense's Plans to Address Workforce Size and Structure Challenges*, GAO-02-630 (2002).

⁷⁹ *Id.* at 2.

⁸⁰ U.S. GAO, *Acquisition Workforce: Status of Agency Efforts to Address Future Needs*, GAO-03-55 (2002).

⁸¹ *Id.* at 5-7.

DRAFT
Final Panel Working DRAFT
December 2006

of the current workforce, including data on the knowledge, skills and abilities of the existing workforce.⁸²

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.

- **Evidence before the panel and the experience of panel members nonetheless makes clear that many agencies make substantial use of contractor resources to carry out their acquisition functions.**
- **We also lack information with which to determine whether reliance on contractor personnel is saving money.**

Discussion

None of the acquisition workforce counts has included contractor personnel supporting the acquisition function.⁸³ This is true despite the fact that studies by the DoD Inspector General reveal that in the organizations that were sampled contractor personnel form a very large share of the combined employee/contractor acquisition workforce—ranging from 16 to 64% of the acquisition workforce.⁸⁴ Indeed the Inspector General concluded that “DoD should revise Instruction 5000.55 to estimate and track contractor equivalents that support the DoD acquisition workforce, and include the estimates as supplementary DoD reporting data to Congress.”⁸⁵ Moreover, while our own impressions of the practice in various agencies are consistent with the findings of the DoDIG, we lack accurate information about the extent to which acquisition functions have been and are being carried out with the assistance of contractor personnel.

Because we lack information about the extent of the use of contractor support for the acquisition function, a fortiori, we lack information on whether this usage is cost-effective for the federal government. As we discuss further in the Appropriate Role portion of this Report, outside the context of the A-76 competitive sourcing process, there is no information on the extent to which agencies are contracting for services, what services are being outsourced, or whether acquiring services by contract is cost effective.

⁸² *Id.* at 5, 8.

⁸³ Roberts Econom at 194.

⁸⁴ U.S. DOD IG, *Human Capital: Report on the DoD Acquisition Workforce Count*, D-2006-073, 14 (2006).

⁸⁵ *Id.*

DRAFT
Final Panel Working DRAFT
December 2006

Discussion within our panel made it clear that there are real technical challenges in accurately counting contractor support for the acquisition workforce. In some instances contractor support for acquisition may take the form of personal service contracts under which counting contractor personnel should be relatively straightforward. In other cases, including any performance-based contracts, the linkage between a particular contract and full time equivalent personnel may be less readily ascertainable. For this reason, although our recommendation #2-4 requires that agency human capital strategic plans for the acquisition workforce include assessment of the role planned by contractor personnel in the acquisition workforce, we have not specified in Recommendations #1-1 and #1-2 a particular approach to taking account of the contribution of contractor personnel to the federal acquisition workforce. Nonetheless, we would expect that the OFPP to confront this question, and, if necessary, to establish a working group to arrive at a workable means of gauging the contractor contribution to the acquisition workforce.

Finding #8:

Use of contractor support for acquisition activities may be appropriate, but careful attention must be paid to the potential for organizational conflicts of interest that may be engendered by this practice.

Discussion

Our purpose here is simply to highlight the special potential for organizational conflicts of interest that can arise out of the use of contractor support for acquisition functions. This issue and accompanying recommendation are set forth in the chapter regarding the Appropriate Role of Contractors Supporting the Government.

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 resources 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 sufficient procurement professionals with appropriate capability.**

- **For successful modern businesses, the acquisition function is regarded as a key contributor to the bottom line. Investment in a state-of-the-art acquisition workforce is essential to profitability.**
- **Similarly, investment in a quality federal acquisition workforce is critical to mission success and obtaining best value for the expenditure of public resources.**

Discussion

As stated in our finding here, the 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.⁸⁶ The testimony of Professor Robert Marshall explains why the most successful private sector organizations have invested so substantially in human resources for acquisition: they have built their procurement workforce on the understanding that “buying best is a very important part of their profitability.”⁸⁷

The practices of the private sector certainly corroborate our conclusion (Finding #1) that investment in human capital for the acquisition workforce is likewise critical to the accomplishment of the government’s missions. However, the government lacks staffing for these functions comparable to that of the private sector. Professor (now Federal Trade Commissioner) William Kovacic explained that “the private sector pays its people better, has superior approaches to recruiting and retaining, and that’s the important part, retaining, the requisite human capital and treats procurement as an integral element of the profitability of the enterprise.”⁸⁸

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

⁸⁶ Test. of Ronald Casbon, Bayer Corporate Business Services, & Larry Trowel, General Electric Transportation, AAP Pub. Meeting (Aug. 18, 2005) Tr. at 252-53; Test. of Todd Furniss, The Everest Group, AAP Pub. Meeting (Mar. 30, 2005) Tr. at 114-15.

⁸⁷ Marshall Test. at 46.

⁸⁸ Kovacic Test. at 146.

DRAFT

Final Panel Working DRAFT

December 2006

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 consistently to achieve good value for the expenditure of public resources.**
- **Investment in the acquisition workforce should therefore yield an extremely rewarding return on that investment.**

Discussion

The last decade or so has been an unusually active era for changes in our procurement system. As noted in Finding #2 and its subfindings, and in Finding #3, a host of changes in the procurement system designed to improve that system, and particularly to make some kinds of procurement faster, have imposed an array of increased demands on the acquisition workforce and produced a significantly more complex system. At the same time, the resources of the acquisition workforce have been cut, while new kinds of skills have been demanded of the government's acquisition workforce in order to achieve success in operating that system.

The point of this last finding is to emphasize the lag that has resulted. The workforce simply needs time to assimilate and master the demands imposed by the last twelve years of changes in the acquisition laws and policies so as to implement these initiatives in a successful fashion.⁸⁹ Accordingly, an important objective of acquisition workforce initiatives recommended by the Panel is to allow the workforce to catch up with the last twelve years of acquisition reform, as well as to meet additional requirements that are imposed by the recommendations of this panel on non-workforce topics. Insisting that the acquisition workforce be allowed to catch up with the expanded demands of the procurement workload and the transformed demands produced by procurement reform is an essential step in attempting to optimize the procurement process in order to consistently achieve good value for the expenditure of public resources.

Acquisition Workforce Recommendations

Recommendation #1-1: Data Collection and Workforce Definition

- **OFPP needs to ensure, going forward, that consistent and sensible definitions of the acquisition workforce are in place, and that accurate data is consistently collected about all of the relevant categories, from year to year and across all agencies.**

⁸⁹ Test. of Kathleen Tighe, GSA IG, AAP Pub. Meeting (May 17, 2005) Tr. at 231.

DRAFT
Final Panel Working DRAFT
December 2006

- **Data should be collected both about the narrow contracting specialties (along the lines of the current FAI count) and about the broader acquisition-related workforce (along the lines of the current DoD AT&L workforce count methodology).**

Discussion

This recommendation follows directly from Finding #1 and Findings #4 through #4-3. Together these establish:

- first, that the role played by the acquisition workforce is critical to the success of federal acquisition programs and to the ultimate missions of the federal government, and,
- second, that accurate data that can be used as a baseline for human capital planning has not been collected and maintained.

Because of the importance of the federal acquisition workforce, it is essential that we promptly rectify the situation with regard to data collection.

The need for achieving consistency over time in the definition of the acquisition workforce and in associated data collection is readily apparent. Such consistency is essential to accurately depicting and understanding the trends that have affected the acquisition workforce. And it is equally essential to human capital planning for the acquisition workforce that will ensure that we have the capacity to meet the demands placed on the federal acquisition workforce in the future.

The importance of achieving consistency in counting methodology across agencies should also need little explanation. Meaningful comparisons between agencies are not possible without a consistent methodology. Even as we urge that additional human capital resources be made available for the federal acquisition workforce, we have to accept the reality that there will be, for the future, a problem of optimizing the allocation of scarce resources in managing our Nation's acquisition activities. Indeed, we owe it to the Nation's taxpayers to proceed with a strong assumption that acquisition workforce resources must be stretched to achieve optimal efficacy in their deployment. That makes it all the more essential that data about the acquisition workforce be collected using consistent and sensible definitions for all agencies.

Having said that much, we recognize that there are pros and cons to several of the different approaches to workforce definition and counting that have been employed by FAI and by the Defense Department as described in the background section of this chapter.⁹⁰ As noted in Finding # 4-3 and the accompanying discussion, a broad definition of the acquisition workforce accords with the modern understanding that the acquisition function should be divorced from the programs whose operation it is intended to support. To take just one example that arose

⁹⁰ See Pt. I of this Ch., ____-____.

DRAFT
Final Panel Working DRAFT
December 2006

regularly in our hearings, the task of requirements definition—formulating what it is that the government needs so as provide an operationalizable target for procurement—is a chronic weak spot in the federal acquisition system. Procurement experts cannot hope to accomplish this accurately or efficiently without active and completely engaged partnership with the program personnel the acquisition requirements are intended to support. Insights like this drive us toward a broad understanding of the acquisition workforce.

At the same time, a broad definition of the acquisition workforce should not be permitted to obscure two important countervailing considerations. First, the increased complexity of the procurement function and system (see Findings #2 and 3) makes it imperative that a portion of the acquisition workforce be highly skilled and trained in the technical, legal, and procedural aspects of procurement. This is necessary to enable procuring agencies to choose the optimal procurement vehicle for fulfilling their acquisition needs in every case, and to carry out each procurement as expeditiously as is reasonably possible, in accordance with the procedures required by law for the particular situation.

Second, the broadened conception of the acquisition workforce must not be allowed to obscure the facts that many members of the broadly conceived acquisition workforce --including program managers, etc. -- have substantial non-acquisition responsibilities that will require the overwhelming bulk of their time and energy. Thus if we *only* collect data using the broadened conception of the acquisition workforce, we will not get a realistic picture of the human resources that are available for the work of acquisition.

We ultimately concluded that OFPP, as the appropriate arm of the Office of Management and Budget, should be assigned the central role in prescribing the detailed terms for defining the acquisition workforce and collecting data thereon. In order to assure comparability of workforce data across the federal government, these requirements should be applicable to all federal agencies, both civilian and military. In order to force the pace of action on this recommendation we proposed that OFPP be required to complete this work within a one year deadline from the date of issuance of this report. Finally, in order to ensure consistency and manageability, while ensuring that we collect data that reflects the complexity of the acquisition function and workforce, we recommend that data should be collected pursuant to at least two different definitions of the acquisition workforce. One of these should retain the focus on contracting specialties that characterizes the current FAI methodology and one should employ the broader approach that underlies DoD's AT&L workforce count today. Use of these two benchmarks is not intended to tie the OFPP to the exact approach employed either by FAI or by DoD; these are simply illustrative of the kinds of definitions that OFPP must establish under our recommendation. Accordingly, our Recommendation #1-2 provides:

Recommendation #1-2: Data Collection and Workforce Definition

- **The Office of Federal Procurement Policy should prescribe a consistent definition and a method for measuring the Acquisition Workforce of both civilian and military agencies.**

DRAFT
Final Panel Working DRAFT
December 2006

- **Definitions and measures should be completed by OFPP within 1 year from the date of this report.**

Recommendation #1-3: Acquisition Workforce Database [Editorial Note: We indefinitely tabled what was originally recommendation 1.3, so probably this recommendation, adopted at 1-4 by the Panel, should now be renumbered as recommendation 1-3]

- **Consistent with recommendations 1-1 and 1-2, OFPP should be responsible for the creation, implementation, and maintenance of a mandatory single government-wide database for members of the Acquisition Workforce**
 - **The database should reflect the following purpose and elements:**
 - **Purpose: To provide information to support effective human capital management of the acquisition workforce**
 - **Elements should include: employment experience, education, training, certifications, grade, pay, career series, and retirement eligibility.**

Discussion

As we have found in Findings #5 through #5-5 the existing federal acquisition workforce falls seriously short of the capacity needed to meet the demands that have been placed on it. For the foreseeable future, these demands will only increase. Indeed, meeting the substantive recommendations of this Report will add to those demands.

In addition, as is discussed in connection with Recommendations #2-1 through #2-5 in this Report, there is an urgent need for comprehensive human capital management of the acquisition workforce across the full range of federal agencies. In order to enable agencies to take maximum advantage of personnel found throughout the acquisition workforce, and their skills, it is essential that each agency's human capital planning be able to take advantage of a comprehensive inventory of the personnel in the federal acquisition workforce.

But there is a more focused justification for this particular recommendation. Our findings make particularly clear that we are faced with a looming crisis of inadequate numbers of experienced acquisition professionals capable of successfully performing our most demanding acquisition tasks. See especially Finding # 5-2. And our recommendations below (#3-3) spotlight how essential it is that we improve retention of senior acquisition workforce by creation and effective use of incentives for experienced personnel to remain in the federal acquisition workforce. Finally, our Finding # 5-4 emphasizes the logical conclusion: that a critical tool for improving retention of such invaluable personnel is "to expand opportunities for such personnel to secure advancement by moving to different organizations within the federal government." The truth is that there is already a growing, competitive market for such personnel. It is just that federal agencies which desperately need to retain precisely these skilled personnel have not been competing successfully with private enterprise in luring these personnel. The government-wide database specified by this recommendation would offer a valuable tool to try to attract our most

talented and capable acquisition personnel to the most demanding positions within the federal acquisition mission.

Recommendation #2-1: Human Capital Planning for the Acquisition Workforce

- **In each agency, as part of the overall agency Human Capital Management Plan, the Chief Acquisition Officer should be responsible for creating and implementing a distinct Acquisition Workforce Human Capital Strategic Plan designed to assess and meet the agency's needs for acquisition workforce.**

Discussion

It is our considered view that any effective strategy for bringing the federal acquisition workforce in balance with the demands that are made upon it requires both a serious and sustained effort to ascertain the personnel needs of each agency for carrying out its acquisition mission. Although agencies are already required by the Office of Management and Budget to prepare an agency Human Capital Management plan, for most agencies there is no evidence that this has included a systematic effort to assess, much less to meet, the agency's needs for acquisition workforce capabilities.

One vital step toward making effective human capital planning for the federal acquisition workforce a reality is to insist that in each agency the Chief Acquisition Officer be made clearly responsible for the production of an Acquisition Workforce Human Capital Strategic Plan. Because it is our strongly held view that severe lack of capacity in the acquisition workforce is one of the most pressing problems facing our acquisition system, it is imperative that the Chief Acquisition Officer be made directly responsible for this human capital planning process. This is not an activity that can be delegated or diverted to the agency's human resources function, because it is essential that the focus be on acquisition skills.

Recommendation #2-2: Human Capital Planning for the Acquisition Workforce

- **Agency CAOs should be responsible for measuring and predicting, to the extent possible, the agency's needs for procurement personnel.**

Recommendation #2-3: Human Capital Planning for the Acquisition Workforce

- **It is not sufficient simply to try to retain and manage existing personnel resources. Resources needed must be identified and gaps between needed resources and available resources must be forthrightly acknowledged.**

Discussion

DRAFT

Final Panel Working DRAFT

December 2006

Unfortunately, in managing our government, agency officials may be confronted with data that reveal unpleasant truths. One such unpleasant truth is a serious gap between the resources available in many agencies for the acquisition mission, and the resources that it would take to secure best value for the taxpayer and out government. Development and enhancement of the acquisition workforce is an investment that will pay handsome returns, if managed effectively. Conversely, as noted in Finding 5-5, muddling through with an inadequate acquisition workforce is “penny wise and pound foolish” in the most dramatic sense.

Accordingly, we state here points that may seem obvious, but which need to be stated so plainly that they cannot be overlooked or ignored. First, effective human capital planning for the acquisition workforce demands that we ascertain the skills, capacities and personnel levels that will enable agencies to perform vital acquisition missions in a fashion that is both timely and cost-effective. This cannot be achieved by simply allocating the resources that happen to be available. Nor should it take a crisis of the magnitude of Hurricane Katrina,⁹¹ or problems in the reconstruction in Iraq revealed by after-the-fact investigations⁹² to wake us up to the need to match the demands of our acquisition process with appropriate human resources. Rather, agencies can reasonably be expected to assess their needs for acquisition personnel on a regular basis and identify areas where there are gaps between needed and available capabilities.

None of this is to suggest that resources are infinitely elastic, or that the need for acquisition personnel does not have to compete with other demands for the resources of the federal government. Rather, we conclude that there is a compelling case that federal acquisition spending would be more cost-effective if we invested the resources necessary to secure good value for the taxpayer and the Government whenever the government uses contractors to supply goods and services for important public purposes. Accordingly, the question is not whether we can afford additional personnel for the acquisition workforce, but whether we are spending our procurement dollars (including both those paid to contractors and those paid to the federal acquisition workforce) as effectively as possible.

Moreover, even where budgetary stringency compels less than optimal funding of the acquisition workforce, we should be making these decisions knowingly, and not by indirection, default, or based on ignorance.

Recommendation #2-4: Human Capital Planning for the Acquisition Workforce

- **Assessment of the role played by contractor personnel in the acquisition workforce should be part of the strategic plan.**
- **The strategic plan should consider whether the current use of contractor personnel to supplement the acquisition workforce is efficient or not.**

⁹¹ As noted above, prior to Hurricane Katrina FEMA was staffed for acquisition at less than one sixth of what had been determined to be the appropriate level of personnel. Rothwell Test. , at 224.

⁹² Special Inspector General for Iraq Reconstruction at 107-09.

DRAFT
Final Panel Working DRAFT
December 2006

Discussion

The starting point for this recommendation is Finding #7. On the one hand, evidence before the panel, as well as the personal experience of many panel members makes it clear that many agencies are now making substantial use of contractor resources and personnel to assist them in carrying out their acquisition functions. Unfortunately, although we know that this is an important phenomenon, its extent is largely unknown, and our evidence is entirely anecdotal because so far as we can tell, no agency that has been counting contractor personnel that are used to assist, support and augment the federal acquisition workforce.

Some observers have suggested that we do not collect or report this information because “no one wants to know”⁹³ But protracted discussion among the members of the panel revealed that this is, at most, one aspect of the problem. There is considerable difficulty in prescribing a simple and uniform approach to counting the contractor personnel that are assisting the acquisition function. In part this is true because contractors generally are not tasked to provide a discrete number of personnel to assist in acquisition, but are engaged in a variety of service contract functions that are not measured in terms of personnel count. Still, as reflected in our discussion of personal service contracts, prohibitions on contracting for “butts in seats” too often have been honored in the breach rather than the observance.⁹⁴ Accordingly, there surely are cases in which there is a blended workforce of contractors and federal employees working on aspects of the acquisition mission, and the contractor personnel are functionally indistinguishable from the federal employees. At the same time, contractor support for federal acquisition may also frequently take forms that cannot readily be translated into “full time equivalent” acquisition personnel.

Accordingly, we ultimately declined to adopt a recommendation that would have *OFPP mandate a uniform* method of measuring the contribution of contractor personnel to the federal acquisition function in each agency. We conclude that we presently know too little about the varying forms that such contractor support takes, and also that the forms of support are likely to variable to permit a one-size-fits-all approach to this problem. But we are equally convinced that this is a critically important aspect of the evolving problem of the acquisition workforce.

Accordingly we have recommended an approach that allows agencies some latitude in devising approach to the problem of accounting for the role of contractor personnel in carrying out federal acquisition functions. At the same time, we recommend here that each agency be required to measure the role of contractor personnel in its acquisition workforce as part of its Human Capital Plan for the Acquisition Workforce. This means that the agency Human Capital Plan must indicate which functions are performed by contractors, and what skills contractor personnel are relied on to possess, and gauge whether the contractor personnel in fact supply the necessary skills, in the requisite quantities.

⁹³ Roberts Econom at 194.

⁹⁴ Insert cross reference to appropriate section of appropriate role chapter.

DRAFT
Final Panel Working DRAFT
December 2006

We have also recommended that each agency's Human Capital Strategic Plan for the Acquisition Workforce address the question whether the usage of contractor personnel reflected in the Plan (as described above) represents an efficient solution to the agency's resources needs for carrying out its acquisition responsibilities. Our concern is that agency's should not be using contractor personnel to make up inadequacies in the federal acquisition workforce simply because of the inadequacy of the numbers or skill sets of the acquisition personnel. Rather, subject to some of the considerations noted directly below that call for an even more restrictive approach in special circumstances, contractor personnel should be used to augment the acquisition workforce only when that is the efficient solution as determined through appropriate competitive sourcing procedures.

In undertaking this assessment it will also be important to bear in mind several of our recommendations originating with other working groups whose concerns interface with the issues raised by the use of contractors to supplement the federal acquisition workforce.

- One such recommendation from the Appropriate Role working group concerns the need to ensure that inherently governmental functions are not being performed by contractors.⁹⁵ Functions such as source selection and establishing the government's requirements would ordinarily appear to be the kind of function that should be performed by government.
- A second relevant recommendation, also from our Appropriate Role Working group concerns the safeguards that are necessary to protect against organizational conflicts of interest, a subject addressed in Chapter ___ of this report, addressed to "The Appropriate Role" of contractors.⁹⁶
- A third relevant recommendation, this one from our Commercial Practices Working Group, disfavors use of time and material contracts.⁹⁷

When time and materials contracts are used to augment the federal acquisition workforce, it seems particularly likely that this is not an efficient means of supplementing an inadequate corps of acquisition workforce employees. On the other hand, the Panel's proposed approach toward personal services contracts recommended here, may facilitate the appropriate use of contractor personnel to supplement the acquisition workforce in a cost-effective manner, where such usage does not run afoul of strictures about inherently governmental functions and/or organizational conflicts of interest, and is consistent with competitive sourcing policies and procedures, where applicable..

⁹⁵ See Recommendation ____, discussed at ____

⁹⁶ See Recommendation ____, discussed at ____.

⁹⁷ See Recommendation ____, discussed at ____.

Recommendation #2-5: Qualitative Assessment

- **Agencies' human capital planning for the acquisition workforce needs to address the adequacy of existing resources in meeting each agency's procurement needs throughout the acquisition lifecycle. The standard should be whether the government is able to optimize the contribution of private sector capabilities, secured through the market, to the accomplishment of federal agency missions.**

Discussion

This recommendation is designed to underscore two aspects of the human capital planning process that we mean to institute for the federal acquisition workforce. Taking the second point first, we must emphasize that in ascertaining the desirable level of personnel and resources for the federal acquisition workforce it makes little sense to focus only on the minimum numbers. Rather, a different approach is warranted precisely because of the increasingly important role that acquisition of goods and services by contract plays today—and will play in the future—in achieving critical missions of the federal government. That is, we should be seeking to optimize the contribution that private sector capabilities can make to the successful accomplishment of federal agency missions, not to minimize the federal acquisition workforce.

The first point made in this recommendation is designed to underscore that assessing the needs for federal acquisition personnel must take into account the full lifecycle of federal contracting. As noted in Finding #5-3⁹⁸ one result of inadequate resources in the acquisition workforce is a skewed allocation of those resources. This is sometimes described as a “race to award,” and it produces a corresponding shortage of resources devoted to contract management. While we certainly understand the pressure to enter into contracts for the goods and services that the government needs, it is ultimately self-defeating to do so in a manner that leaves inadequate resources for managing these contracts once the formation process is complete. Among the many reasons for insisting that we not stint on the resources devoted to contract management are these basic ones: to ensure that the government actually receives the goods and services for which it has contracted, that we are in a position to assess what fees have been earned under award fee contracts, that the rights and prerogatives of the government are carefully safeguarded where there has been inadequate contractor performance, and that quality performance by contractors is noted and recorded so that contractors will be credited appropriately for that when future contract awards are made.

The importance of considering the needs of the full contract life cycle is not limited to the contract management phase. For instance, as emphasized in our commercial practices

⁹⁸ See discussion at ____-____.

DRAFT

Final Panel Working DRAFT

December 2006

recommendations, effective usage of the acquisition system entails thoughtful and careful establishment of federal agency requirements. It also entails mastery of the range of contracting vehicles and techniques available in our ever more complex system of federal contracting.⁹⁹ Accordingly, we emphasize that an acquisition system cannot be considered to be functioning properly simply because contracts for necessary goods and services are entered in a timely fashion.

Recommendation #3: Workforce Improvements Need Prompt Attention

Due to the severe lack of capacity in the acquisition workforce, aggressive action to improve the acquisition workforce must begin immediately. All agencies should begin acquisition workforce human capital planning immediately, if such plans are not already underway. Agencies should complete initial assessment and planning as quickly as possible. If initial human capital planning reveals gaps, agencies should take immediate steps to address such gaps, whether they arise in hiring, allocation of resources, training or otherwise.

Discussion

The purpose of this recommendation is to communicate clearly the urgent attention that should be given to strong measures to improve the acquisition workforce. The factual basis that supports this recommendation for prompt action is found primarily in Findings #5 through #5-5. Some of the specific facets of the workforce problem that make it urgent that efforts to change the situation begin forthwith are as follows:

- First, of course, is our fundamental finding that there is a serious shortage of capacity in the existing federal acquisition workforce to meet the demands that are being placed upon it.
- Second is that fact that there were substantial cuts in the acquisition workforce in the 1990s and the workforce has remained relatively stable since 1999, while the quantitative and qualitative demands made on the workforce have mushroomed, especially since 2001.
- This has produced a “bathtub” profile in the acquisition workforce, with a particularly serious shortage of personnel with between 5 and 15 years of experience, leaving us with an unacceptably thin base on which to create the acquisition leadership for the future.
- Moreover, at the senior end of the acquisition workforce, retirements threaten to sap the existing capacity, making the too thin ranks of our mid-level corps of acquisition personnel –from which their replacements must be drawn-- particularly worrisome.

⁹⁹ See Findings 2-3, 2-4-1 though 2-4-3, and 3, discussed at ____ - ____.

DRAFT

Final Panel Working DRAFT

December 2006

- The problem is further exacerbated by the government's inability to compete successfully with the private sector for the services of talented and experience procurement professionals. This means both that the government far too often loses the services of the best personnel in the shrinking pool of experienced acquisition professionals within the government. At the same time the government is unable to compete successfully for experienced and able acquisition personnel already serving within the private sector.

It is clear that this situation, many years in the making, cannot be rectified immediately. But precisely because there can be no overnight "fix" for these workforce shortcomings, efforts to improve the strength of the acquisition workforce must begin as promptly as possible.

Another reason that we must insist here that prompt corrective action is needed is that, in order to proceed confidently on a strong empirical foundation, the process of correction itself requires a process of planning and assessment. It is important to note that our recommendations do not say that most agencies should immediately go out and hire substantial numbers of acquisition professionals. Although many members of the panel are personally confident that substantial additional hiring is needed in many agencies, some of us were less certain that a shortfall in sheer numbers of acquisition personnel is demonstrable for most agencies. We nonetheless reached a broad consensus that the existing acquisition workforce lacks the functional capacity to perform the tasks and meet the demands that face it. Moreover, we were in agreement that the workforce in most agencies does not have the right skill sets, experience levels, and capabilities that are demanded of it.

There are at least three additional reasons why we cannot simply urge an immediate hiring push for the federal acquisition workforce. First is the fact that we have for many years failed to collect data on the federal acquisition workforce in a consistent manner, over time, and across agencies. Second, federal agencies have failed to undertake the kind of need-based human capital planning for the acquisition workforce that is strongly recommended here. Third, we know that contractors are playing a key role in supporting the federal acquisition workforce, but we do not have data regarding how many of them there are or what they are doing. Accordingly, though we are confident that the federal acquisition workforce needs enhancement, the human capital planning process must get underway to guide this process.

We have taken special care to balance this recommendation so as to make clear the urgency of the needs addressed here, while at the same time acknowledging the need for evidence-based measures to improve the acquisition workforce, in the form of a deliberate human capital planning process. We would be troubled if the need for a careful process of human capital planning were used as an excuse not to begin rapid enhancement of the acquisition workforce. Conversely, we would be equally troubled if the workforce improvement project were to go forward without institutionalizing the reforms in workforce accounting and human capital planning that we have recommended here. Adherence to this evidence-based approach

DRAFT
Final Panel Working DRAFT
December 2006

should insulate the workforce reforms from being buffeted by changing political fortunes or partisan agendas from either side of the political aisle.

In order to strike the right note—we would call it one of “methodical urgency” for improvements—we have recommended a flexible and balanced process of planning and that a flexible relationship be created between the planning process and the actual enhancement of the workforce. Thus our recommendation provides that:

- All agencies should begin human capital planning for the acquisition workforce immediately, if they have not already done so.
- Moreover, an initial phase of the human capital planning effort should be completed as quickly as possible, without awaiting completion of a more comprehensive process.
- In addition, where this initial phase of human capital planning reveals gaps in personnel levels, or training levels or proper allocation of resources, corrective action should commence immediately, again without waiting for the completion of a more comprehensive planning process.

We have thus tried to balance our recommendations to ensure that neither of our priorities, the need for *methodical* human capital planning nor the need for *prompt* action to begin to rectify the most pressing shortcomings in the acquisition workforce, is subordinated to the other priority.

The Need for a Multi-Faceted Approach to Workforce Enhancement: Overview of specific recommendations

In the succeeding section of this report we address the detailed recommendations that we have offered concerning some of the components of a successful human capital planning improvement strategy for the acquisition workforce. Before launching into these components it is important to emphasize that any successful strategy to improve the skillset and composition of the acquisition workforce must proceed along multiple pathways. This is true, in part, because the problem has been a long time in the making, and there is no single step that could immediately eliminate the problem. But it is also true because we seek an enduring solution that will not only address the current shortfall, but which will tend to prevent recurrence of the problem.

One critical aspect of such a strategy must be aimed at attracting highly talented and well-qualified entry level personnel to the field of procurement, and making sure that we are able to offer them jobs promptly enough so that we do not lose them to the private sector, which historically has been able to act more quickly to land such “targets of opportunity.” See Recommendations #3-1 and #3-2. Another critical component to the workforce improvement initiative is to improve retention of qualified personnel already in the system. See

DRAFT
Final Panel Working DRAFT
December 2006

Recommendation # 3-3. A third element of a viable workforce improvement program will focus on redoubled efforts to train existing personnel to achieve the level of competence, and the range of skill that is necessary for success in the demanding acquisition environments of the present. See Recommendations # 3-4, #3-5, and #3-6. The call for creation and maintenance of a comprehensive database of Acquisition Workforce professionals in Recommendation # 1-3 is also an essential complement to the multipart strategy for enhancement of the federal acquisition workforce.

From a broader perspective, of course, the recommendations made here regarding Data Collection, Human Capital Planning for the Acquisition Workforce, and the need for an acquisition workforce focus in OFPP, are also essential parts of a comprehensive strategy to address workforce shortcomings, for the present, and for the long haul.

Recommendation #3-1: Need to Recruit Talented Entry Level Personnel

- **OFPP should establish a government-wide acquisition internship program to attract first rate entry level personnel into acquisition careers.**

Discussion

As noted above, a multi-part strategy for the upgrading of the acquisition workforce is essential to overall success. It will do limited good to attract good entry level personnel if we cannot retain an increased percentage of those personnel once that have been sufficiently trained and have sufficient experience under their belts to offer real value. That said, it is at least equally important that federal agencies attract talented entry level personnel to the procurement field in sufficient numbers. This recommendation and recommendation # 3-2 are directed at the challenge of entry level hiring.

Internship programs have demonstrated success in DoD components including the Navy and the Air Force, and in civilian agencies such as the Department of the Interior. Outside observers with experience in the federal acquisition sector have independently recognized the value of such internship programs where they have been instituted on an agency by agency basis, and have called for the extension of this approach to a government-wide initiative.¹⁰⁰ As the Procurement Roundtable has observed in its paper on this subject, “[t]he immediate goal of a government-wide program should be to bring highly qualified college graduates into the government and to ensure that they are treated in a manner that induces them to remain in the government for a significant number of years.”¹⁰¹ Such internship programs are particularly valuable because they create opportunities to expose motivated entry level personnel to the

¹⁰⁰ The Procurement Roundtable, *Attracting and Retaining the Right Talent for the Federal 1102 Contracting Workforce* (April 2006).

¹⁰¹ *Id.* at 6.

DRAFT

Final Panel Working DRAFT

December 2006

challenges and the opportunities of career opportunities in federal acquisition. Internship programs may also capitalize on the increased visibility that the acquisition function enjoys in a post-Katrina world, and in the light of our experience in Iraq, where the role played by contractors has likewise become more visible. But it would be foolhardy to assume that the increased visibility of acquisition programs is sufficient by itself to draw attention to the entry level opportunities that exist in the field of acquisition. Hence, internship programs may find a more receptive audience because of the recent public attention to the importance of the acquisition function, but it is still important that we aggressively market the field of acquisition through initiatives like this government-wide internship program.

It is pertinent to ask why this is envisioned as a government-wide internship program? One obvious reason is that many government agencies have not instituted such programs on their own. Perhaps with the development of a robust human capital planning requirement as recommended here that would ultimately change. But a second reason for advocating a government-wide internship program is to more effectively market the full range of acquisition career opportunities across the face of the federal government. Interested entry level candidates should thus be made aware of the range of choices and the diversity of career opportunities. In addition, like the database for existing acquisition personnel recommended here (Recommendation # 1-3), a government-wide program would help to foster a government wide market for acquisition professionals. Ultimately, the payoff for this would be in encouraging successful acquisition professionals to make a career in federal acquisition, with improved opportunities for promotion and retention within the federal government resulting from increased opportunities for inter-agency mobility.

Recommendation #3-2: Hiring Streamlining Necessary

- **In order to compete effectively for desirable personnel, OFPP and agencies need to identify and eliminate obstacles to speedy hiring of acquisition workforce personnel.**

Discussion

As indicated in our findings, federal agencies increasingly face difficulty in competing with the private sector for recruiting promising young acquisition professionals and those who wish to become acquisition professionals. Although there are a variety of impediments that need to be addressed in order to change this situation, one important area where improvement is needed concerns the hiring process. Federal agencies are seriously handicapped if they cannot act expeditiously to make offers of employment to promising candidates. By the time such offers come through, too often, the candidates are no longer available. This situation needs to be changed.

Recommendation #3-3: Need to Retain Senior Workforce

DRAFT
Final Panel Working DRAFT
December 2006

- **OFPP and agencies need to create and use incentives for qualified senior, experienced acquisition workforce personnel to remain in the acquisition workforce.**

Discussion

As indicated in Finding #5-2, the cumulative effect of inadequate hiring and inadequate training, juxtaposed with the increased demands on the federal acquisition workforce (see Finding #2 and its subordinate component findings) has been to create the situation in which we lack a sufficient cadre of mature acquisition professionals who have the skills and training necessary to assume responsibility for the federal government's procurement in today's demanding environment. As noted in Finding #5-2, moreover, the shortfall is presently particularly acute at the level of procurement personnel with between 5 and 15 years of experience. With the bathtub profile that was described in our record, there is, for the immediate present, a less acute shortfall at the senior level. But this relative sufficiency is threatened by retirements and by the strong competition that the private sector offers for the services of talented and experienced acquisition professionals.

Accordingly, it is particularly important that OFPP and agencies be prepared to work vigorously to retain mid-level and senior acquisition professionals. As noted above, efforts to build up the acquisition workforce must also have strong components focused on entry-level hiring. But these efforts cannot, no matter how successful, yield the top level leadership that we need for our acquisition workforce over the next few years. Accordingly, it is imperative that we use strong incentives to lengthen the federal acquisition careers of senior and midlevel personnel in the acquisition workforce, while we are recruiting, training, and developing their successors. We need to hold on to the scarce human resources at the middle level so that they can develop into senior acquisition leaders. But at the same time, because of the thin ranks of this mid-level cohort we need also to hold onto senior leadership within the acquisition workforce. At each level we need to "buy time" so that we can develop future leadership from more junior levels.

Recommendation #3-4: Training

- **In order to ensure the availability of sufficient funds to provide training to the Acquisition Workforce OMB should issue guidance directing agencies to:**
 - **Assure that funds in agency budgets identified for Acquisition Workforce training are actually expended for workforce training purposes, by appropriate means including "fencing" of those funds.**
 - **Require Head of Agency approval for use of workforce training funds for any other purpose**
 - **Provide OFPP an annual report on the expenditure of Acquisition Workforce Training Funds identifying any excesses or shortfalls**
- **OFPP should conduct an annual review to determine whether the funds identified by each agency for training of its acquisition workforce are sufficient to meet the**

DRAFT
Final Panel Working DRAFT
December 2006

agency's needs for acquisition workforce training. Once an agency's human capital strategic plan for the acquisition workforce is in place, that plan should guide this determination. OFPP's review should also ascertain whether funds identified for such training were actually expended for Acquisition Workforce training needs.

- **Congress should reauthorize the SARA Training Fund and provide direct funding/appropriations for the fund.**

Discussion

Our findings make clear the compelling need for vigorous workforce training initiatives. In the 1990s some agencies faced cuts in their training budgets (Finding #5-1). Yet we have made the federal government's acquisition mission more demanding and more mission-critical than ever (see Findings #2 through #2-4-4). The need for strong training programs is further reinforced by the problem of the dearth of midlevel personnel in the acquisition workforce and the threat of substantial retirements at the senior level of the workforce (Finding # 5-2). Training along with effective hiring and promotions is essential to build up the skill set and capacity of the acquisition workforce to meet the demands of the present and the future.

Toward this end, we must make sure that agencies are budgeting appropriate training funds to meet the needs of their own acquisition workforces. The starting point for this systematic effort should be the agency human capital strategic plan for the acquisition workforce. In reviewing agency's human capital plans for the acquisition workforce, OFPP should verify that agencies' training budgets match the needs for enhanced personnel identified in their human capital plans.

An additional area of concern that emerged in our discussions was that even when funds are initially budgeted for training purposes for the acquisition workforce in sufficient amounts, training budgets are too often made the target for diversion to other purposes. In an era of scarce budgetary resources, it is not hard to understand how such training funds might appear to be tempting targets for diversion, but we emphasize that this is an extremely short-sighted practice that should be aggressively controlled by effective institutional measures.

Among these measures are both OMB guidance to the agencies to strongly restrict diversion of training funds, and OFPP monitoring of actual agency performance. Thus:

- Agencies are to be directed to make sure that their training budgets are actually spent on training.
- The head of the agency must personally approve, and thus be responsible for, any diversion of training funds.
- Agencies must report annually to OFPP on any gaps between training needs and available training budgets, and also on any excess training funds.
- OFPP must monitor agencies annually to make sure that training funds have not been diverted.

DRAFT

Final Panel Working DRAFT

December 2006

- OFPP must monitor agency's human capital plans for the acquisition workforce to make sure that they are budgeting funds for training that match the needs for personnel enhancement identified in those agency human capital plans.

The final component of this recommendation is to support reauthorization of the SARA training fund, and direct appropriations for the fund. Such dedicated funding for acquisition workforce training is both a means of establishing secure and predictable funding for acquisition workforce training and a means of discouraging agencies from diverting training funds to other uses.

Recommendation #3-5: Acquisition Workforce Education & Training Requirements

- **Currently both DAWIA and Clinger-Cohen provide for waivers to Congressionally established education and training requirements. In order to ensure that the government's Acquisition Workforce has both the competencies and skills to manage the life-cycle of the acquisition process**
 - **Agencies should only grant permanent waivers to education and training requirements upon an objective demonstration that the grantee of the waiver possesses the competencies and skills necessary to perform his/her duties.**
 - **Agencies should only grant temporary waivers to allow the grantee of the waiver sufficient time to acquire the lacking education or training**
 - **Agency CAOs (or equivalent) should report annually to OFPP on the agency's usage of waivers to meet statutory training and education requirements, justifying their usage consistent with the foregoing requirements, and reporting on plans to overcome the need to rely excessively on waivers**
 - **OFPP should review these annual reports, and provide annual summary report on the use of waivers of DAWIA and Clinger-Cohen requirements.**

Discussion

The purpose of this recommendation is to attempt to restore an appropriate balance between mandatory education and training benchmarks established by Congress for the federal acquisition workforce and the desire to maintain some level of administrative flexibility that is reflected in the waiver provisions that accompany these statutory mandates.

Congress undertook to prescribe education and training requirements for the defense and defense acquisition workforce in the Defense Acquisition Workforce Improvement Act (DAWIA) and the Clinger-Cohen Act of 1996. The purpose of the statutorily mandated education and training requirements was to recognize that the task of federal acquisition has grown in complexity, demanding skills of the federal acquisition workforce that go far beyond

DRAFT
Final Panel Working DRAFT
December 2006

what was needed for success in acquisition in earlier time periods. See Findings #2 through #2-4-3, and Finding #3.

So as to provide needed flexibility in implementing these education and training requirements, however, each of these statutes provided authority for the agency to waive the statutory education and training requirements. This compromise, which arose from an understandable desire to ease implementation of the education and training requirements, now threatens the basic purpose of the education and training standards in some agencies. Today, it is widely perceived that many agencies have become excessively dependent on routine and widespread use of their authority to waive these education and training requirements.¹⁰² Plainly this threatens to deprive the education and training requirements of their intended effect in those particular agencies.

We accordingly seek to return the use of waivers to situations and levels that do not threaten the basic purpose of statutory education and training requirements. We propose the following policies to achieve that fundamental end:

- First, recognizing that waivers were intended to be at least primarily a transitional device, we recommend that any permanent waiver be supported by a specific finding that a particular grantee in fact has mastered the competencies and possesses the skills that are necessary for successful performance of his or her duties.
- Any other waiver may only be temporary in nature. Again consistent with the transitional role that was envisaged for the waiver device, these temporary waivers of education and training requirements should only afford those granted them an opportunity to meet the relevant education and training requirements.
- Thus the waiver program must become a means to *achieve* compliance with education and training requirements, not a means to *avoid* having to comply.

In order to make sure that agencies comply with these policies, agency CAOs are mandated to report annually to OFPP on their use of waivers and must demonstrate in these reports that they are in compliance with the policies recommended above to limit and phase out the use of waivers. To the extent that agencies cannot immediately report full compliance with these policies, they are required to set forth in their reports to OFPP their plans to eliminate continuing inappropriate reliance on waivers. OFPP must then review each agency's annual report, and generate a report card for each agency documenting progress achieved, and identifying shortcomings that remain. This is one of the functions that should become the responsibility of the Acquisition Workforce executive within OFPP, the position that is to be established under Recommendation 4, discussed below.

¹⁰² GAO-07-45SP at 11.

Recommendation #3.6: Acquisition Workforce University

- **In order to promote consistent quality, efficiency and effectiveness in the use of government training funds, OFPP should convene a 12 month study panel to consider whether to establish a government-wide Federal Acquisition University and/or alternative recommendations to improve training.**

Discussion

This recommendation represents a compromise. At present, our federal government maintains two formally discrete organizations devoted to the training of personnel already in the federal acquisition workforce, the Defense Acquisition University and the Federal Acquisition Institute. The question is whether this represents an inefficient duplication of functions, as opposed to a necessary and appropriate recognition of the distinctive needs of defense acquisition practice. At present, we have a compromise in the form of co-location of these two organizations with a mandate for cooperation.

Some of our panel members believe that, given the evolution of modern federal acquisition practice, the differences between military procurement and civilian procurement have become relatively trivial, and thus conclude that a genuinely unified organization should take charge of all federal acquisition workforce training. This first group further believes that a rational and efficient program of *functional specialization* in training would not follow the lines of the divisions between agencies. Other members of the panel were not persuaded that there is a sufficient degree of convergence in the training curriculums appropriate for acquisition personnel in different agencies to make full unification of training responsibility the best solution. This latter group expressed concern that a unified training structure might be insufficiently attentive to the specialized needs of some agencies, including military organizations. In particular, the needs of weapons system buyers for specialized program management training was noted.

Accordingly, we ultimately reached consensus that it is appropriate to study the desirability of unifying responsibility for training of the federal acquisition workforce. We recommend that OFPP convene a 12 month study panel to review and report on this issue.

Recommendation #4: An Acquisition Workforce Focus is Needed in OFPP

- **There should be established in the Office of Federal Procurement Policy a senior executive with responsibility for Acquisition Workforce Policy throughout the federal government.**

DRAFT
Final Panel Working DRAFT
December 2006

- **As part of OMB’s role in reviewing and approving agency Human Capital Plans in conjunction with OPM, OFPP should be delegated responsibility for receiving and reviewing the agency Acquisition Workforce Human Capital Strategic Plans, and for identifying trends, good practices and shortcomings.**

Discussion

This recommendation reflects our basic conclusion that an essential prerequisite for improvement of the federal acquisition system is strengthening our federal acquisition workforce. Based on this conclusion, the federal acquisition workforce must be given the highest level of attention in our nation’s procurement policy initiatives.

We have made an effort throughout our recommendations to identify *where* in the federal government responsibility should be assigned for implementing the specific measures that we have recommended. There was a wide consensus that identifying *who* should take responsibility for particular recommendations was essential to making an effective recommendation; absent a clear assignment of responsibility, these recommendations may amount to little more than wishful thinking. We have followed this approach both in recommendations to be effected at the agency level, and in those that transcend any single agency.

For instance, at the agency level, our recommendations would make agency Chief Acquisition Officers (“CAOs”) responsible for the entire process of Human Capital Planning for the federal Acquisition Workforce.¹⁰³ Establishing a focal point for responsibility for agency action on acquisition workforce issues is an important step forward. But a number of our recommendations clearly require government-wide implementation, in part because of the critical need for uniformity of approach and implementation across the face of diverse agencies that we have described. Among these responsibilities are:

- Creating uniform and appropriate definitions for the Acquisition Workforce (Recommendations ##1-1 and 1-2)
- Creating a government-wide database of members of the Acquisition Workforce (Recommendation # 1-3)
- Establishing a government-wide internship program to attract first-rate entry level personnel to federal career opportunities in acquisition (Recommendation # 3-1)
- Streamlining the federal hiring process for new acquisition personnel (Recommendation #3-2)
- Improving retention of mid-level and senior acquisition personnel (Recommendation # 3-3)
- Monitoring whether agencies are actually spending funds identified in their budgets for Acquisition Workforce training purposes for those

¹⁰³ See Recommendations #2-1 and #2-2, and accompanying discussion.

DRAFT

Final Panel Working DRAFT

December 2006

purposes, and determining whether agencies have requested funds for training that would enable them to meet their needs for acquisition workforce training as identified in their agency Human Capital strategic plans for the acquisition workforce (Recommendation #3-4)

- Monitoring the agencies' reporting on their use of waivers to meet legislatively established education and training requirements for the acquisition workforce under DAWIA and the Clinger-Cohen Act, and agency adherence to the recommendations limiting reliance on such waivers that are made here (Recommendation # 3-5)
- Coordinating a review of government training efforts for the acquisition workforce to consider whether establishment of a unified federal acquisition university or other kinds of reforms of training programs would most effectively advance efforts to improve the training of the federal acquisition workforce (Recommendation # 3-6).

Plainly it is essential that an appropriate government official outside of the structure of any particular procuring agency take charge of the implementation of these recommendations. The Office of Federal Procurement Policy was the appropriate location for such an official because OFPP is the only agency responsible for federal procurement policy matters government-wide. Moreover, we considered it important not to create superfluous or duplicative organizations or bureaucracy. In that connection we were particularly keen to draw upon the Office of Management and Budget's existing authority over agency management, and to foster the integration of federal acquisition workforce human capital planning with pre-existing programs for human capital management. Hence OFPP was the right place to locate the leadership responsibility for these government-wide responsibilities.

When we were considering these recommendations, at various junctures, some of our members raised concerns that the Office of Federal Procurement Policy was not staffed to be able to respond to these tasks. Accordingly, we decided to confront that problem directly with our Recommendation #4 which requires the establishment within OFPP of a senior executive expressed tasked with responsibility for acquisition workforce policy. This official would be responsible, specifically, for all of the OFPP responsibilities listed in our recommendations. In addition, this official would have an additional role to serve as the point person for acquisition workforce initiatives that cut across the face of federal government agencies. The head Acquisition Workforce executive within OFPP would also be responsible for receiving that Acquisition Workforce Human Capital Strategic Plans that each agency will be required to produce, and reviewing those plans. We note that OMB already has role in reviewing in agency Human Capital plans. The role of this official would be to make sure that agency Human Capital Strategic Plans for the Acquisition Workforce meet the requirements outlined for those plans in these recommendations. Absent such conformity, the agency's Human Capital Plan should not be approved by OMB.

DRAFT

Final Panel Working DRAFT

December 2006

Recommendation 5 [Editorial note: This recommendation was adopted by the Panel without assignment of a number, and has now been assigned this designation as Recommendation 5.]

- **To the extent that agencies can demonstrate that they have implemented any recommendations (or parts thereof) that require a report to OFPP, the process established by OFPP should include criteria for a waiver from the reporting requirements; any waiver should include a requirement for a sunset.**

Discussion

Recommendation 5 was suggested to make sure that the requirements that we propose to not engender unnecessary paperwork for the agencies that must implement them. In general, reporting requirements imposed on agencies here are designed to be action-forcing and attention-directing. Specific reporting requirements are designed to focus the attention of the agency Chief Acquisition Officer on the specific components of a successful human capital planning effort for the agency's portion of the federal acquisition workforce. These reports are designed in turn to place the OFPP in a position to keep tabs on whether each agency is complying with these procedural mandates, and achieving the substantive benchmarks that are applicable.

Nevertheless, we would not wish to elevate paperwork generation over substantive compliance. Thus, if a particular agency can demonstrate that it has already complied with a functional reporting mandate recommended here, it need not generate a duplicative report. OFPP is directed to respect this rule of non-duplication in generating criteria for waiver of the reporting requirements here. In addition, waivers must contain a sunset provision to make sure that the justification for waiving a particular requirement remains applicable so long as the waiver remains in force.