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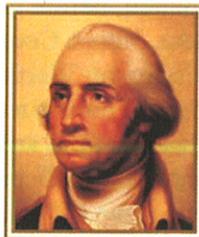
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Defense Acquisition Reform Panel
House Committee on Armed Services
United States House of Representatives

*Shaping a Workforce for
Today's Acquisition Environment That Can
Meet DoD's Needs*

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Chairman Andrews, Ranking Member Conaway, and members of the Panel, I commend you for taking on this important work, and I appreciate the opportunity to discuss my research regarding the Defense Department's (DoD's) acquisition workforce.¹ For a military that depends so heavily upon the private sector to accomplish its mission – not only for its weapons, but for the entire range of services required to support and sustain its personnel and systems – a properly-staffed, well-trained, motivated, and managed acquisition workforce is critical. Alas, the lion's share of (the legitimate) concerns with and criticisms of the existing acquisition regime – ranging from accountability failures to effective management of contingency contracting² – derive from two decades of under-investment in the acquisition workforce, an absence of succession planning, and, ultimately, a failure of leadership.

¹ Since 2000, I have annually published trend data and analysis of the acquisition workforce in *Emerging Policy and Practice Issues*, at the WEST GOVERNMENT CONTRACTS YEAR IN REVIEW CONFERENCE. These chapters (for the last five years) are available on my Social Science Research Network (SSRN) page at http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=283370. I have also discussed related issues in, among other pieces, Steven L. Schooner and Daniel S. Greenspahn, *Too Dependent on Contractors? Minimum Standards for Responsible Governance*, 6 JOURNAL OF CONTRACT MANAGEMENT 9 (Summer 2008); Steven L. Schooner, *Contractor Atrocities at Abu Ghraib: Compromised Accountability in a Streamlined, Outsourced Government*, 16 STANFORD LAW & POLICY REVIEW 549, 557-561 (2005); See, e.g. Steven L. Schooner, *Feature Comment – Empty Promise for the Acquisition Workforce*, 47 THE GOVERNMENT CONTRACTOR ¶ 203 (May 4, 2005); Steven L. Schooner, *Competitive Sourcing Policy: More Sail Than Rudder*, 33 PUBLIC CONTRACT LAW JOURNAL 263, 282-289 (2004).

² It is hard to summarize this issue better than:

[T]here were too few trained government acquisition professionals assigned to support the rapidly escalating U.S. operations in Iraq, the significant growth in the number of contracts, and the number of contractor employees deployed in the theater. . . . [I]t would not be a surprise to anyone in government who had any responsibility for any part of these activities – that the lack of contracting officers deployed into the theater [in Iraq and Afghanistan], the lack of qualified contracting officers representatives assigned to supervise contractors, the lack of State Department diplomatic security billets to provide oversight of non-military security, or the lack of government program management or technical skills, diminished the government's ability to manage and oversee capabilities.

Statement of Alan Chvotkin, Professional Services Council, before the Subcommittee on Government Management, Organization & Procurement, House Committee on Oversight and Government Reform, June 16, 2009. See also, Commission on Wartime Contracting in Iraq and Afghanistan: *At What Cost? Interim Report* (June 2009): “There is a critical shortage of qualified contract management personnel in theater and those that are there are stretched too thin. In particular, the process for designating and training contracting officer's representatives to check contractor performance in theater is broken.” This is an issue of “immediate concern[.]”

- **WE KNOW WE DON'T HAVE ENOUGH PEOPLE; WHAT WE DON'T KNOW IS HOW MANY MORE WE NEED AND WHAT SKILL SETS THEY REQUIRE**

Let me begin with what seems like a contradictory premise. At a macro level, the empirical case demonstrating that DoD (with significant Congressional assistance) has starved its acquisition workforce for two decades is compelling.³ At a micro level, however, it remains unclear specifically how many people, and what specific skill sets, must be hired (both in the short- and the long-term) to (initially, at a minimum) provide better fiscal stewardship of the taxpayers' funds and (ultimately, from an aspirational perspective) provide exceptional value for DoD's scarce procurement dollars. While there are many pressing needs within the broadly-defined acquisition workforce, two particular holes may prove particularly difficult to fill, both in the short- and long-term: program managers and system engineers.⁴ But these are the tip of the iceberg.

DoD no longer can afford to do nothing while it studies the extent of the problem. Rather, it seems reasonable to conclude that – for the foreseeable future – DoD should: (1) hire, train, and deploy every qualified procurement professional available in the marketplace, and (2) engage in an aggressive, large-scale professional development (e.g., acquisition intern) program to prepare talented young people to become the government's future business managers.

- **ASPIRING TO 1998 STAFFING LEVELS FOR 2015 IS TOO LITTLE, TOO LATE**

After more than a decade of misguided defense acquisition workforce reductions [1989-2000], for most of *this* decade, the DoD (admittedly, distracted by enormous challenges) ignored the acquisition workforce problem. More recently, despite acknowledging the problem,

³ A few of the more significant studies in a mountain of relevant resources include: (1) the Gansler Commission Report, *Urgent Reform Required, Army Expeditionary Contracting*, www.army.mil/docs/Gansler_Commission_Report_Final_071031.pdf; (2) the *Report of the Acquisition Advisory Panel* (January 2007), www.acquisition.gov/comp/aap/finalaapreport.html; and (3) the DoD Inspector General Report No. D-2000-088, *DoD Acquisition Workforce Reduction Trends and Impacts* (February 29, 2000), www.dodig.mil/Audit/reports/fy00/00-088.pdf.

⁴ See e.g., Steven L. Schooner, Statement before the U.S. Senate, Committee on Homeland Security & Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, "Addressing Cost Growth of Major Department of Defense Weapons Systems" (September 25, 2008).

DoD aimed far too low in terms of restoring the workforce. *DoD's articulated plan, which (optimistically) takes more than five years to restore the acquisition workforce to 1998 staffing levels⁵ is not only too slow, but aspires to too little.* The problems have been building for years, they are particularly acute now, and the current economic downturn presents a unique opportunity to transform excess talent – currently underutilized by the marketplace – into government business managers. Even assuming that DoD eventually achieves its stated targets, “restoring” the acquisition workforce to 1998 levels would be grossly inadequate. Using 1998 as a benchmark ignores:

- More than three-quarters of the decade-long *1990's Congressionally-mandated reduction of the defense acquisition workforce* – one of the most sustained, dramatic workforce diminutions of the modern era (embarked upon despite the absence of any empirical evidence supporting the reductions);
- The *explosive growth of public procurement (and, more specifically, defense spending) in this decade* – during which Federal procurement spending increased at a rate in excess of five times the rate of inflation – and the longer-term trends that have dramatically changed what the government buys (specifically, the dramatic shift from the 1980's (heavily supplies/goods) to the present *dominance of service contracts*;
- The looming retirement crisis that faces the acquisition workforce; a disproportionate percentage of the acquisition workforce was hired before 1989 (many long before that point), when the systematic degradation (if not dismantling) of the acquisition workforce began;⁶
- The proliferation of statutory and regulatory requirements (particularly during the 1990's) that, alas, have been inadequately implemented, because of a combination of the inadequacy of the workforce, the pace of change, insufficient time or money for training, and ambivalent leadership; and
- Recognition that this is a government-wide problem – not just a DoD issue. Accordingly, DoD's efforts to retain and grow its workforce will be hampered by losses to civilian agencies (and, of course, the private sector). This is not a new problem. Civilian agencies long have coveted and recruited DoD's trained, certified, and experienced procurement professionals, understanding that it is far less resource-consuming to hire an experienced professional than recruit, grow, and cultivate one.

⁵ See, generally, Statement of Shay D. Assad before the Subcommittee on Government Management, Organization & Procurement, House Committee on Oversight and Government Reform, June 16, 2009.

⁶ Fortunately, this issue is beginning to get at least superficial attention. See, generally, OFPP Memorandum, *Acquisition Workforce Human Capital Succession Plans*, January 7, 2009 (following Section 855 of the National Defense Authorization Act of 2008, which “requires agencies to develop acquisition workforce human capital succession plans that focus on the recruitment, retention, and development of contracting officers and program managers.”).

- **AN OUNCE OF PREVENTION IS WORTH A POUND OF CURE**

For too long, DoD (and the government as a whole) has steadfastly rejected the familiar refrain: an ounce of prevention is worth a pound of cure.⁷ In other words, while there seems to be endless support and funding for resources to detect failure and punish transgression, until recently, neither Congress nor the DoD seemed willing to invest in the acquisition workforce to proactively reduce the failure rate (or simply obtain better value for money on a consistent basis). More recently, we see that this was not merely a funding issue, but also a leadership challenge. Since Congress has made funding available to strengthen the acquisition workforce, DoD has been slow to spend that money and, equally troubling, failing to grasp the extent of its need.

- **ULTIMATELY, THIS IS A LEADERSHIP PROBLEM**

Leadership remains a significant problem. (This is true both at DoD and, more broadly, in the Office of Federal Procurement Policy (OFPP). Indeed, OFPP, at times, has contributed to, and *resisted* efforts to address, the problem.) The acquisition workforce crisis did not arise overnight. Rather, DoD has watched – and to some extent – contributed to this trend. Admittedly, it is understandable that a group of agencies tasked with defending the nation and fighting in two difficult, complicated engagements may be focused on other priorities. For this reason, it is difficult not to be skeptical of DoD’s currently stated commitment to changing course and investing in the acquisition workforce. For too long, particularly in this decade, DoD has delegated (indeed, shunted) the acquisition workforce issues/problems (and potential solutions) to the Defense Acquisition University, which – despite the gravity of the situation – has proven slow, risk averse, and insufficiently potent to alter behavior, all the while serving to reinforce the marginalization of acquisition workforce. Further, in this administration, it is difficult to identify a single high-level DoD appointment (or nomination) that instills confidence in DoD’s commitment to the acquisition workforce.

Alas, strong, negative signals also have emanated from the White House on this issue which, rather than supporting the acquisition workforce (through more than rhetoric), have distracted them from their ultimate purposes – meeting their agency customers’ needs and ensuring that the government receives value for its money.⁸ Specifically, the White House has

⁷ “More auditors and IGs, in performing their critical functions, will guarantee a steady stream of scandals. But they will neither help avoid the scandals nor improve the procurement system. Conversely, a prospective investment in upgrading the number, skills, incentives, and morale of government purchasing officials would reap huge long-term dividends for the taxpayers.” Schooner, *Too Dependent on Contractors?*, *supra*.

⁸ See, generally, Presidential Memorandum, *Government Contracting* (March 4, 2009). Despite the absence of any political leadership appointed to manage the acquisition regime, President Obama announced in early March that: “reforms in how government does business [] which will save the American people up to \$40 billion each year. It starts with reforming our
(footnote continued...)

dragged its heels on the appointment of an OFPP Administrator, while all too often promising unrealistic savings and stooping to contractor bashing and rushing to promulgate populist policy (focused on media-friendly issues sole-source contracting, cost-reimbursement contracting, and outsourcing) rather than results-oriented problem solving. Similarly, the White House has not hesitated to inject additional social policies (e.g., resurrecting Clinton-era labor policies, fueling protectionist fires through stimulus, and imposing a politically unpalatable E-verify regime upon government contractors) into an already over-burdened and distracted procurement regime.

- **THE LEADERSHIP VACUUM ADVERSELY IMPACTS ACQUISITION RECRUITMENT, RETENTION, MORALE, AND MOTIVATION**

The government must endeavor to make the acquisition profession more attractive. In addition to the potential for greater income (and, specifically, access to incentives for superior performance) in the private sector,⁹ numerous other forces conspire to make acquisition careers in government less attractive.

The pervasive anti-contractor rhetoric spewing from the media, (typically well-intentioned) not-for-profit organizations, the Legislature, and, all too often, the Executive branch (including, among others, the Justice Department, the Defense Contract Audit Agency, and the Inspectors General) color public perceptions of contractors and the acquisition profession. While a successful procurement regime depends upon high standards of integrity and compliance, the currently pervasive “corruption control” focus not only stifles creativity and encourages mechanical rule adherence, but encourages timidity and risk-averse behavior. While the

broken system of government contracting.” Remarks by the President on Procurement (March 4, 2009). In the same speech, the President remarked that: “GAO[] looked into 95 major defense projects and found cost overruns that totaled \$295 billion. Let me repeat: That's \$295 billion in wasteful spending.” While attractive, that statement is as incorrect as it is inflammatory. Significant portions of those cost overruns were caused by: (1) overly optimistic estimates (a common bi-product of an arcane, inefficient budget system) - in other words, the original “price” was unrealistic and/or unreliable; or (2) decisions to adopt newer (typically superior) technology not available or not envisioned at the time of program inception. Neither of these necessarily render the ultimate expenditures wasteful. I do *not* mean to suggest that there is no waste in major systems acquisition – there is plenty, much of it caused by acquisition workforce deficiencies – but this populist rhetoric is harmful to the recruitment, motivation, and retention of our acquisition workforce. See also, Schooner, “Cost Growth of Major DoD Weapons Systems” *supra*.

⁹ It is encouraging to learn of DoD’s plans to improve its employee recognition programs. Statement of Shay D. Assad, *supra*. This matter should not be overlooked. For example, Vice President Al Gore’s “Hammer Awards” proved a low-cost, but surprisingly effective tool to not only reward exceptional performance and institutional improvement, but also to spread best practices.

government may not have a responsibility to disclose its dependence on contractors and laud their successes, the government does have an interest in communicating the importance – to every government mission – of effectively managing the government’s business partners, its vendor and supplier base, or, simply, its contractors.

Although this is not unique to the acquisition workforce, civil service and OPM-based recruitment of acquisition personnel remains slow, cumbersome, and frequently impenetrable for many in the private sector. While the Defense Acquisition Workforce Initiative Act (DAWIA) was intended to raise standards for the acquisition workforce, in retrospect, it impeded progress by, among other things: (1) prompting cynicism through large-scale, sustained waiver of its requirements; and (2) making entry-level positions seem unattainable to talented, highly (and often over-) qualified young people. Further, given the limited scale and disaggregated nature of defense acquisition intern programs, there is insufficient awareness in the nation’s colleges, universities, and business schools of the opportunity to serve the nation as a valued business manager.

Today, the marketplace is saturated with talented business people, professionals of all stripes, and recent graduates who would jump at the chance to obtain training, professional expertise, and meaningful employment in business-related fields. Moreover, the time and the marketplace demand far more than the solutions put forth by DoD – DoD needs aggressive and creative solutions that will not only restore, but build the acquisition workforce of the future.

Despite its limited size, the Veterans Administration Acquisition Academy provides a useful model of a holistic, hands-on, results-oriented program. Similar results, on the larger scale required by DoD, might be achieved by combining aspects of co-op graduate programs, ROTC scholarships, or the military’s funded legal and medical training programs. For example, I expect that large numbers of talented college graduates might commit to multi-year service commitments that included:

- Tuition benefits for graduate studies culminating in relevant degrees in procurement, business, program management, systems engineering, vendor and supply management, logistics, acquisition law, etc.;
- Co-operative employment (at appropriate grades) in addition to “rotational assignments” during summer and/or alternative semesters; and
- Promotion and career opportunities similar to the Presidential Management Fellows program.

- **UNAVOIDABLE RELIANCE ON THE PRIVATE SECTOR: SHORT-TERM NECESSITY OR LONG-TERM REALITY?**

The proliferation of private sector support, and, all too often, performance of acquisition functions raises significant policy issues: whether (or to what extent) procurement and acquisition are inherently governmental functions, the extent to which procurement and acquisition are core competencies for government, and the ability to support the warfighter (or the nation) abroad during times of crises and contingency, etc. For the short-term – and, given DoD’s stated aspirations, this envisions a five-year horizon – the government will have no choice but to continue to rely heavily on private sector support for the acquisition function.¹⁰ To be clear, DoD’s insourcing plans for the acquisition workforce are ill-conceived, overly optimistic, and not calculated to address DoD’s long-term needs.

The government faces a stark choice due to the inadequacy of its acquisition workforce: rely heavily on the private sector to attempt to fill the gap or continue or acknowledge the personnel shortfall, continue to attempt to squeeze blood from a stone, and suffer the consequences. The latter seems utterly irresponsible. For the foreseeable future, government reliance on the private sector for acquisition support is necessary and, arguably, should be increased. Only when DoD shows demonstrable results in rebuilding its acquisition workforce should this issue be revisited.

¹⁰ Although the government increasingly has become dependent on a number of firms, the growth and importance of a single (admittedly well-qualified) firm, Acquisition Solutions, Inc., merits examination as a market barometer. See, generally, <http://www.acquisitionsolutions.com>. According to *USASpending.gov*, Acquisition Solutions’ contractual activity – government-wide, including (but not exclusively) DoD, remains robust.

Fiscal Year	Number of Transactions	Dollars Awarded (in millions)
2009 <i>partial year*</i>	93*	\$10.6*
2008	250	\$42.6
2007	230	\$24.6
2006	184	\$35.4

Conclusion

Twenty years of ill-conceived under-investment in DoD's acquisition workforce, followed by a persistent failure to respond to a dramatic increase in procurement activity, has led to a triage-type focus on buying, with insufficient resources available for acquisition planning, contract administration, management, and oversight. The old adage – an ounce of prevention is worth a pound of cure – rings true and, increasingly, shrill. Any prospective investment by DoD in upgrading the number, skills, and morale of government purchasing officials would reap huge dividends for the taxpayers and the warfighter.

That concludes my statement. Thank you for the opportunity to share these thoughts with you. I would be pleased to answer any questions.

