

Statement of

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

*Expert Perspectives on
Managing the Defense Acquisition System and
the Defense Acquisition Workforce*

Thursday, February 25, 2010

Chairman Andrews and members of the Panel, I appreciate the opportunity to again discuss with you the pressing need to invest in the Defense Department's (DoD's) acquisition workforce.¹ The military departments depend heavily upon the private sector to accomplish their missions – not only for its weapons, but for the entire range of services required to support and sustain its personnel and systems. The military's insatiable consumption of services is particularly pronounced during contingency efforts, such as in Iraq and Afghanistan, where the private sector provides the government with unlimited, and vitally important, surge capacity. Accordingly, a properly-staffed, well-trained, motivated, and managed acquisition workforce is critical.

¹ Additional discussion of these issues may be found in my previous statement before this panel: *Shaping a Workforce for Today's Acquisition Environment That Can Meet DoD's Needs* (July 21, 2009). In addition, 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. Many of these chapters are available on my Social Science Research Network (SSRN) page at http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=283370. See also, 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).

Many new hires will be required to shore up the defense acquisition workforce.

At a macro level, the empirical case demonstrating that DoD (with significant Congressional assistance) has starved its acquisition workforce for two decades is compelling. This is true for contracting officers and contract specialists. But there are many other pressing needs, and some may prove particularly difficult to fill, both in the short- and long-term, such as program managers and system engineers. At a micro level, it is premature to fret over, 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.

DoD's current goal, restoring the acquisition workforce to 1998 staffing levels by 2015, is a step in the right direction; but it is too little, too late.

DoD's articulated plan, which (optimistically) takes more than five years to restore the acquisition workforce to 1998 staffing levels is not only too slow, but aspires to too little. Even assuming that DoD eventually achieves its stated targets, "restoring" the acquisition workforce to 1998 levels likely will prove grossly inadequate. The 1998 benchmark seems divorced from a number of significant factors:

- 1998 comes *after* 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;
- There has been *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;
- 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*. For example, flexible service contracts pose unique challenges in terms of post-award contract management, an area where DoD remains woefully understaffed;
- A looming retirement crisis faces the acquisition workforce; a disproportionate percentage of the acquisition workforce was hired before 1989, when the systematic dismantling of the acquisition workforce began;²
- A proliferation of statutory and regulatory requirements (particularly during the 1990's) 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

² The government, like most institutions, almost always has a significant number of retirement-eligible employees. But the problem is uniquely pronounced today in the acquisition workforce. Indeed, commentators increasingly employ the phrase "bathtub effect" to describe the chart that depicts the age and experience distribution of today's workforce, which is heavily populated by very senior and relatively junior professionals.

- 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, particularly as the economy recovers).

Enormous challenges remain to prepare and integrate the new cadre of professionals.

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. Yet the 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.

Simply hiring more people will not end this conversation. Aggressive steps must be taken so that today’s efforts pay long-term dividends. There is every reason to be pessimistic, that, even if DoD can hire so many new personnel, they lack the vision, institutions, and determination to properly train, allocate, mentor, incentivize, develop, and, over time, retain the generation next of acquisition professionals.³ Under current market conditions, the government should be able to hire plenty of talent – particularly at the entry-level – in the short-term. But what will happen when the economy recovers?

Despite its limited size (populated by dozens, rather than hundreds or thousands of entry-level professionals), the Veterans Administration Acquisition Academy appears to provide 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. I am encouraged, on this score, by S. 2901 the Acquisition Workforce Improvement Act of 2009 (“[t]o improve the acquisition workforce through the establishment of an acquisition management fellows program”), introduced by Senators Susan Collins (R-Maine), Claire

³ See, generally, *Vernon J. Edwards, Feature Comment: Throwing People at the Problem – Massive Hiring Will Not Revitalize the Acquisition Workforce*, 51 GOVERNMENT CONTRACTOR ¶ 288 (2009) (“The hiring surge is injecting many people into a system that is not ready to receive them or to develop and retain first-rate professionals. ... [T]he Government’s primary approach to workforce revitalization, which is to overwhelm the workload problem with numbers, will result in needlessly higher labor and training costs, suboptimal worker performance and suboptimal retention rates among the best new hires.”).

McCaskill (D-Mo.), and Bob Bennett (R-Utah). These types of solutions cannot solve all of DoD's problems today, but they could dramatically reduce the likelihood that we will be having the same conversation a generation from now.

Significant leadership issues must be addressed.

Leadership remains a significant problem. The acquisition workforce crisis did not arise overnight. Rather, DoD has watched – and to some extent – contributed to this trend. 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. Still, it is difficult not to be skeptical of DoD's 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 to the Defense Acquisition University, which – despite the gravity of the situation – has proven slow, risk averse, under-resourced, and insufficiently potent to alter behavior, all the while serving to reinforce the marginalization of acquisition workforce.

The recently installed OFPP Administrator, Daniel Gordon, is articulating a strong position on these issues. Time will tell whether Mr. Gordon has been empowered to effectuate change. Indeed, the White House has yet to establish its commitment to supporting the acquisition workforce (through more than rhetoric), rather than distracting that workforce from its ultimate purposes – meeting their agency customers' needs and ensuring that the government receives value for its money. The White House dragged its heels on the appointment of an OFPP Administrator, continues to promise unrealistic savings, and too often engages in contractor bashing while promulgating populist policy (focused on media-friendly issues such as sole-source contracting, cost-reimbursement contracting, and outsourcing) rather than results-oriented problem solving. Similarly, the White House appears to have no hesitation to inject additional social policies (e.g., most dramatically, pro-labor policies, and now environmental policies) into an already over-burdened and distracted procurement regime.

The toxic environment adversely impacts acquisition recruitment, retention, morale, and motivation.

For too long, it appears that Congress has failed to appreciate the familiar refrain: an ounce of prevention is worth a pound of cure. While there seems to be endless support and funding for resources to increase accountability – to detect errors 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).

Moreover, the pervasive anti-contractor rhetoric emanating from the media, not-for-profit organizations, the Legislature, and the Executive branch (including, among others, the Justice Department, the Defense Contract Audit Agency, and the Inspectors General) colors public perceptions of contractors and the acquisition profession. There is more truth than black humor in Jack Gansler's popular new moniker for the current environment: the "Global War on Contractors." 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. We can debate whether the government has a responsibility to disclose its dependence on contractors and laud their successes. But if the government aspires to recruit, inspire, and retain tens of thousands of new professionals, the government surely has 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.

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 the 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.