

TESTIMONY OF
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PROFESSIONAL SERVICES COUNCIL
BEFORE THE
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY,
INTERGOVERNMENTAL RELATIONS AND PROCUREMENT REFORM
OVERSIGHT AND GOVERNMENT REFORM COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
“ON THE FRONTLINES IN THE ACQUISITION WORKFORCE’S BATTLE
AGAINST TAXPAYER WASTE”
NOVEMBER 16, 2011

Chairman Lankford, Ranking Member Connolly, and members of the subcommittee, thank you for the opportunity to testify today. Thank you as well for holding this hearing highlighting the importance of the federal acquisition workforce and the challenges it faces today and in the future. I appreciate the opportunity to provide an industry perspective.

My name is Roger Jordan and I am the vice president of government relations at the Professional Services Council. PSC is the national trade association of the government professional and technical services industry. PSC's nearly 350 member companies represent small, medium, and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Roughly 60 percent of our members are small or small mid-tier firms. Together, the association's members employ hundreds of thousands of Americans in all 50 states.

To begin, it is important to define my reference to the acquisition workforce throughout this testimony. Too often the acquisition workforce is narrowly defined or perceived as being comprised solely of contracting and procurement employees. As a result, such a focus on and management of that workforce may be too narrow to address broader challenges or implement comprehensive solutions. In our view, however, the acquisition workforce must include all the requisite skills and functions that make up the total acquisition team, which includes contracting officers and procurement analysts as well as those identifying mission needs, program managers, cost and pricing specialists, contracting officer technical representatives, and personnel with life-cycle oversight responsibilities. Regrettably, only the Defense Department applies a definition that comes close to our definition and includes guidance about how to identify and manage an acquisition workforce. It is also important to recognize that federal acquisitions take place across the broad spectrum of the federal government. The Department of Defense, General Services Administration and the Department of Homeland Security generally are the focus of discussions about federal acquisitions and the acquisition workforce. However, policy-makers must be cognizant of the amount and type of contracting that is occurring within other federal departments and agencies, specifically the Departments of State, Energy, and Veterans Affairs, along with the Small Business Administration and USAID.

It has been well-documented and reported that the federal acquisition workforce atrophied as a result of significant downsizing in the late 1990s, and that the situation was exacerbated by significant growth in federal acquisition spending in recent years, particularly for services. When one considers the added complexity of acquisitions associated with the contingency, sustainment and development efforts in Iraq and Afghanistan, as well as the government's continually evolving missions and its growing need for more high-end, high-technology capabilities and solutions, it is clear that the challenges facing the acquisition community are changing significantly and growing rapidly. Services, for example, may require levels of quality throughout the life of the contract depending on a number of variables, including human effort, the level and clarity of detail within

the scope of work, and the customer's ability to effectively understand and leverage the services provided. Hence, management of services goes well beyond the question of whether the provider delivered a required quantity at a sufficient quality and price, as is typically used to evaluate the purchase of goods. The purchase of services requires diligent management to ensure that consistent value is being delivered and that the service provider and government fully understand the changing nature of the services to be delivered. Yet the resources and capacity to meet these new and daunting challenges are inadequate.

Although many recognize the problems associated with a diminished acquisition workforce, today's budget environment and the desire to reduce the overall size of the federal government pose a significant risk to the ongoing efforts to recapitalize the acquisition workforce. As the broader debate continues about cutting government programs and initiatives—essentially WHAT the government buys—of equal importance is the question of HOW the government buys what it needs to achieve mission success. Because the government must do everything possible to ensure that it is procuring goods and services in a manner that maximizes value, quality, innovation and efficiency, we must also recognize that the role of the acquisition workforce will become more central.

It is also important to understand why a high-performing federal acquisition workforce is a priority concern for industry. Simply put, from an industry perspective, the best customer is a well-informed, educated customer. Industry views its relationship with its federal customers as that of a business partner and not merely a vendor of goods and services. Thus, in order for that partnership to be successful, it is important that both sides understand the mission or final outcomes to be achieved. Additionally, it is essential that each side understand and appropriately share the risks associated with the business partnership.

To address the former, communication and collaboration among the various stakeholders within the government workforce and the private sector serve as the foundation. This means that government contracting personnel must fully understand the objectives and capabilities program managers seek and that program managers must comprehend the challenges contracting personnel face in establishing legal and business frameworks with industry. In addition, both the program and contracting personnel must be able to articulate to industry what their needs are and what identifiable risks exist. Furthermore, government personnel must understand the risks they are imposing on industry and how companies manage and adjust to such risks. Acquisition workforce education, training, and human capital planning are critical to ensuring the government understands these important dynamics—but it cannot be accomplished by government only talking to government.

In recent years, there has been a positive shift in the degree to which Congress and the agencies recognize the centrality of the acquisition workforce. The number of personnel serving in acquisition-related positions has steadily increased. Additionally, several departments have established acquisition workforce internship programs that are meeting with some success. The

DHS internship program is but one example. The Veterans Affairs Acquisition Academy in Frederick, Maryland also continues to receive high marks for its efforts to build the capacity of their acquisition workforce, as does the recently established Enterprise Program Management Office within the VA.

Another positive development is the focused IT acquisition workforce reforms included in the Office of Management and Budget's 25-point "Implementation Plan to Reform Federal Information Technology Management." Those reforms seek to develop specialized acquisition skills to enhance the agencies' ability to design and purchase IT investments and identify and promote best practices being used by specialized IT acquisition teams across government. This initiative also recognizes the differences between purchasing services and products.

Additionally, OFPP launched an important "Myth-Busters" campaign seeking to encourage and clarify how industry and government can appropriately engage with one another during the acquisition process. The "Myth-Busters" campaign is strongly supported by the private sector because in recent years we have witnessed a dramatic reduction in communications and collaboration with government customers. Greater collaboration between the Federal Acquisition Institute and the Defense Acquisition University is also helping to provide consistent, government-wide training and education to the acquisition workforce.

Opportunities also exist for Congress to build upon positive developments on the acquisition workforce front. The Federal Acquisition Improvement Act of 2011 (H.R. 1424), for example, would be helpful in clarifying the role of the Federal Acquisition Institute in government-wide acquisition workforce training. The bill reiterates original congressional intent that FAI be a valuable resource to all federal civilian agencies. Furthermore, the provisions in the bill that would increase FAI responsibilities to include collaboration among existing civilian agency acquisition workforce training initiatives, increase FAI assistance with acquisition workforce human capital planning, and establish consistency within civilian agency acquisition workforce intern programs have the potential to enhance training across the government. PSC supports these key provisions and the codification of the FAI Board of Directors and its responsibilities. The Senate Homeland Security and Governmental Affairs Committee favorably reported its companion version of the legislation (S. 762) without amendment on June 9, 2011 and we were pleased that the House-passed version of the FY 2012 National Defense Authorization Act (H.R. 1540), as amended, included similar language.

Today, the acquisition workforce faces a number of threats. As I pointed out at the beginning of my testimony, the biggest challenge facing the acquisition workforce, and the government at-large, is how to address the budget reductions without having a detrimental effect on the acquisition workforce or on agency priority missions. Congressional and executive branch proposals to downsize the federal government have included broad hiring restrictions and pay freezes for federal employees. PSC is no more supportive of these proposed arbitrary cuts than it is of arbitrary cuts to federal contracting. Rather than mandate arbitrary workforce cuts, the

government should require federal agencies to closely examine their mission needs and cut unneeded programs. After mission needs have been established, agencies should be required to engage in rigorous human capital planning and multi-sector workforce assessments to determine where workforce cuts and reductions in contract spending are logical and consistent with those mission requirements and workforce capabilities. However, agency leaders should provide clear guidance that cuts to the acquisition workforce should be avoided to the maximum extent practicable. Such guidance is not unprecedented, as the Department of Defense has already largely exempted its acquisition workforce from being included in their current workforce reduction plans.

Regardless of looming threats to the number of acquisition workforce personnel, it is also important to recognize that contracting officers and specialists are being asked to do more. The workload is constantly increasing for contracting officials to provide, monitor and assess contractor past performance information, provide a justification for choosing certain contract types, inject environmental sustainability requirements into the contracting process, require more frequent competitions or recompetitions for contracts where there is a perceived lack of competition, or assess contractor compliance with a variety of non-acquisition regulations—none of which are necessarily misguided requirements by themselves, but each of which diverts focus away from acquiring goods and services.

Also adding to the workload of contracting personnel is the increasing pressure to achieve cost savings through contracting. This is where the focus on not WHAT the government buys but HOW it buys is of critical importance. Certainly, efficiencies and savings in contracting are an appropriate focal point. But policy makers must be cognizant of the effects of their decisions on the acquisition workforce. For example, the administration has pushed for greater use of firm-fixed-price contracts in lieu of cost-reimbursement-type contracts. In conveying such guidance, the administration has also acknowledged that the use of firm-fixed-price contracts is only encouraged “where suitable to the nature of the acquisition.” However, industry’s experience has been that the latter message has not filtered down to the field and that contracting officers, believing they are following current policy guidance, continue to use firm-fixed-price contracts even where it is unsuitable to do so. Further, even when using firm-fixed-price contracts, the workforce, again believing it is following leadership’s direction, is managing those contracts the same way that they would manage cost-type awards. That is illogical of course—since it leads an already under-resourced workforce to over-manage fixed-price contracts at the expense of having more time to appropriately manage higher risk/higher complexity cost-type awards. This practice also imbalances the very point of fixed-price awards. For a given price—the fairness of which should be established in advance through competition, market research and myriad other tools—a company commits to providing a given service or product. In making that commitment, the company is assuming all of the risk of performance in return for the appropriate rewards. When the government attempts to inject itself after the fact and challenges individual cost elements, hours worked or margins achieved, it imbalances the business relationship. All of the acquisition

leaders we have spoken to agree that this is an illogical dynamic; but no additional training or guidance to the workforce has been forthcoming and the practice is becoming more the routine than an exception.

In addition, as cost pressures increase, industry has witnessed a dramatic increase in Lowest Price Technically Acceptable (LPTA) awards. While LPTA is an important component in the acquisition tool box, its misapplication can lead to reduced quality and reduced mission capabilities for the government where a stronger focus on value may have produced greater benefits and long-term cost savings to the government. Likewise, when companies are not incentivized to offer or be rewarded for developing key capability discriminators, when the competition is about being adequate and cheap rather than high quality and high value, it becomes increasingly difficult, if not impossible, for companies to invest in research and development, workforce development and/or continuous training.

Again, the guidance from leadership is not wrong but, in the absence of further training, it is being misinterpreted in the field as a mandate to always use one type of contract over another or one form of evaluation over another. This has led to a “check the box” approach to contracting, rather than facilitating an environment where acquisition personnel are provided latitude to engage in critical thinking and to secure innovative solutions when partnering with industry. Enhanced education and training is critical to enabling the acquisition workforce to meet that important objective. Such training also empowers them to be confident in the decisions they are making and warrants them the flexibility afforded to them by department leaders.

Training alone is not enough. It is sometimes said that no one got in trouble for spending too little money. But in the federal marketplace, we know that such spending decisions have consequences. Understanding how to achieve real value and innovation, how to adopt appropriate business risk models, and how best to incentivize and reward high quality performance and capability is a challenge not only for the acquisition community but also for the ever-growing oversight community. All too often contracting officers report using a logical and carefully thought out best value approach to a procurement only to have an auditor, an inspector general, GAO, a congressional committee, or a self-styled watchdog organization pillory them for overspending without having any real understanding or knowledge of the requirement or the situation when the procurement was made, the benefits of the approach selected, or the very real and relevant capabilities involved. In short, we not only need to provide more resources to our acquisition community, we also need to provide more resources and training to those whose job it is to provide the important checks and balances. If they and the acquisition community do not have a common understanding of the acquisition environment, the checks and balances will always be out of alignment with the decision-making process to the detriment of the contracting officials and their organizations—and that serves no one’s interest.

As mentioned earlier, efforts by OFPP to enhance collaboration between industry and government acquisition personnel have been welcome. However, it remains clear that the message to improve

communication has yet to permeate throughout the workforce. Many companies continue to report a complete unwillingness of government personnel to meet with industry to discuss department or agency goals and acquisition plans. The administrator of Federal Procurement Policy has openly discussed his concern about the resistance of the acquisition workforce to communicating with industry. At the same time, in the commercial world, one mark of excellence is the degree to which both the buyer and the seller appropriately communicate and partner with each other to achieve the best and most responsive solutions. As such, we not only encourage OFPP to continue to press forward with its “Myth-Busters” campaign, but we encourage Congress to do the same.

Lastly, I cannot stress strongly enough the importance of consistent funding for the various acquisition workforce training initiatives. The various skills needed throughout the acquisition workforce are not developed overnight and the efforts that have been initiated in recent years are not likely to yield immediate results. Hence, it is important that funding, staffing levels, education and training for the acquisition workforce remain a priority. We recognize that the budget environment, being what it is, is a real and persistent threat, but we strongly believe that the long-term savings associated with a meaningful investment in the acquisition workforce will pay future dividends that far outweigh any short term savings associated with cutting such investment. A government-wide approach is also critical, especially considering contracting workloads that are shifting as a result of troop draw-downs in Iraq and Afghanistan that will leave the Department of State and USAID with significant new contracting and contract oversight responsibilities.

In closing, I would like to highlight a few recommendations. First, federal departments and agencies should be encouraged to engage in thorough human capital planning based on mission needs, not arbitrary workforce cuts. Where possible, such cuts should avoid the acquisition workforce based on the increasing demand for capability and capacity in these fields, but wherever made, cuts should be done on a strategic and focused basis rather than arbitrarily and across-the-board. Second, government training and education of the acquisition workforce should foster critical thinking and strategic decision-making rather than simply teaching strict adherence to procedures and avoiding any government risk. This means embracing contracting officers’ decisions based on their professional judgment to use the most appropriate contract type for the specific procurement involved, whether it be firm-fixed-price or cost reimbursement or another contract type. Similarly, particularly for more complex procurements, the workforce must be encouraged to avoid buying adequate and cheap and instead be encouraged and supported when they apply appropriate cost and technical trade-offs. Third, efforts to educate the acquisition workforce about complex services acquisitions, whether for information technology or cybersecurity, should be embraced, appropriately funded and rapidly deployed. Finally, ongoing efforts to reinvigorate collaboration and communication between government and industry, and additionally between government procurement and program management personnel, should continue to be encouraged.

Thank you again for the opportunity to testify today and for your attention to the acquisition workforce and its effect on industry. I look forward to answering your questions.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: _____

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

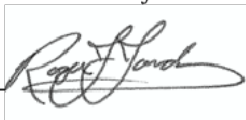
As Vice President of Government Relations for the Professional Services Council (PSC), I represent PSC to the Federal Government.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

I certify that the above information is true and correct.

Signature: _____



Date: 11/14/2011



ROGER J. JORDAN

Roger Jordan joined the Professional Services Council (PSC) in April 2008 as the Director of Federal Affairs and in 2011 became the Vice President of Government Relations. In his role, Roger is primarily engaged in enhancing PSC's relationships with procurement and operational leadership within the federal agencies and he lead PSC's legislative affairs efforts, which include analyzing and summarizing legislation, and providing balanced perspectives on issues impacting federal acquisition policy. Roger also supports PSC's regulatory comment process and communications initiatives as they relate to federal affairs.

Roger joined PSC after working for ten years at the American Council of Engineering Companies as Executive Director of the Small Firm Council and the Director of ACEC's International and State Legislative Programs. Roger's work with the international and small business portfolios involved a substantial focus on federal contracting issues, as well as immigration, healthcare, tort reform, and tax and regulatory issues.

Roger is a graduate of the University of Delaware and currently resides in Springfield, VA, with his wife, Amy, and their two children.