

**STRENGTHENING THE FEDERAL ACQUISITION
WORKFORCE: GOVERNMENT-WIDE LEADERSHIP
AND INITIATIVES**

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE, AND THE
DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

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WEDNESDAY, AUGUST 5, 2009

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE,
AND THE DISTRICT OF COLUMBIA,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:08 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka and Voinovich.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. I call this hearing of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia to order.

Aloha and good afternoon everyone, and especially to our witnesses.

Today's hearing is a continuation of this Subcommittee's oversight of acquisition management across the Federal Government. In particular, this hearing is focused on the shortage of acquisition professionals to manage and oversee Federal contract spending.

Federal spending on contracts has grown dramatically, exceeding \$500 billion in fiscal year 2008. At the same time, the size of the Federal acquisition workforce has remained nearly constant, putting agency missions and taxpayer funds at risk. In addition, the Federal Government is facing a surge of expected retirements. The Federal Acquisition Institute reports that over half of the acquisition workforce will be eligible to retire in the next 8 years, further eroding an already understaffed Federal contracting workforce.

Stories of contractor waste, fraud, and abuse, as well as ineffective government management of contracts continue to dominate the headlines. From massive, failed contracts in Iraq and Afghanistan to ongoing delays and problems with the Department of Homeland Security's (DHS) SBInet virtual fence and cameras, it is clear that the Federal Government must improve its contract management. Understaffed and without adequate training, the Federal acquisition workforce is often at the center of the storm of blame.

Augmenting the ranks and improving the skills of the Federal acquisition workforce is in the best interest of everyone involved: The Federal acquisition workforce, contractors, the government, and taxpayers. This requires two areas of reform.

First, we must improve government-wide leadership and coordination of the development of Federal acquisition professionals. The agencies represented here today are playing important roles in shaping the acquisition workforce; however, I am concerned that they are not providing the necessary leadership and coordination.

I look forward to hearing from the first panel about the steps they are taking to provide their expertise to agencies throughout the government and to hold all agencies accountable for recruiting, training, and retaining highly-qualified acquisition professionals.

In response to questions about leadership, we often hear that the Office of Federal Procurement Policy (OFPP) is the government-wide leader. However, if OFPP is to lead these important efforts, then its role must be enhanced. OFPP does not have the authority or the resources needed to effectively lead or enforce government-wide requirements. Currently, OFPP lacks an administrator, and has only 12 of the 16 authorized positions filled.

To address the need for coordinated acquisition workforce efforts, Congress created a new executive level position at OFPP, the Associate Administrator for Acquisition Workforce Programs. Unfortunately, since its creation, this position has remained vacant. This is very troubling, and I hope to hear today what steps are being taken to fill this position.

Second, beyond leadership and coordination, we will focus today on the government's ability to recruit, train, and retain qualified acquisition workforce professionals. In particular, the recruitment of qualified acquisition professionals to the government has been a consistent problem. Candidates complain of complex, lengthy hiring processes and poor communication. This leads many of the best candidates to accept offers from other employers.

My bill, the Federal Hiring Process Improvement Act, S. 736, which I introduced with Senator Voinovich, would help address this problem by streamlining the Federal recruitment and hiring process. I am pleased to note that the full Committee approved the bill last week.

There are several new initiatives underway to improve the acquisition workforce. Some of these initiatives include new mentoring and intern programs, the use of flexible hiring authorities, increased college recruitment efforts, and improvements to the acquisition workforce career track. I look forward to hearing more about these efforts today.

Despite these efforts, agencies may not have the tools they need to hire, train, and retain the acquisition workforce necessary to achieve their missions. Some agencies, including two of those on our second panel, spend upwards of 90 percent of their budget on contracts, underscoring the need for efficient contract management.

The new Administration is facing many dramatic challenges, and the American people expect strong leadership from the Federal Government. We must act now to ensure that mission-critical purchases are made and overseen by an effective acquisition workforce. We must bring in new talent, we must train and empower

them, and we must preserve institutional knowledge within our acquisition community.

On our first panel, it is my pleasure to welcome Jeffrey Zients, Deputy Director for Management, and the Nation's Chief Performance Officer, at the Office of Management and Budget (OMB), Nancy Kichak, Associate Director for the Human Resources Policy at the Office of Personnel Management (OPM), and David Drabkin, Acting Chief Acquisition Officer at General Services Administration (GSA).

It is the custom of this Subcommittee to swear in all witnesses. So, may I ask you to please stand and raise your right hand?

Do you solemnly swear that the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. ZIENTS. I do.

Ms. KICHAK. I do.

Mr. DRABKIN. I do.

Senator AKAKA. Thank you. Let the record note that the witnesses answered in the affirmative.

Before we begin, I want to let you know that although your oral statement is limited to 5 minutes, your full, written statement will be included in the record.

Mr. Zients, will you please proceed with your statement?

TESTIMONY OF HON. JEFFREY D. ZIENTS,¹ DEPUTY DIRECTOR FOR MANAGEMENT, AND THE NATION'S CHIEF PERFORMANCE OFFICER, OFFICE OF MANAGEMENT AND BUDGET

Mr. ZIENTS. Thank you, Chairman Akaka. I appreciate the opportunity to appear before you today to discuss the Administration's commitment to strengthening the Federal acquisition workforce.

As you mentioned, I was confirmed last month as Deputy Director for Management at OMB and as Chief Performance Officer of the Federal Government. It is my responsibility to help lead initiatives to improve the performance of government and achieve more value for the taxpayer. I believe that a sound acquisition system is critical to a high-performing government and that a strong, well-equipped acquisition workforce is the backbone of our acquisition system. The quality of their skills and judgment is closely tied to whether we achieve the best results from the more than \$500 billion in contracting agencies undertake annually.

In his March 4, 2009 memorandum on government contracting, the President called on agencies with guidance from OMB to eliminate waste and maximize the value achieved from their contracts. To implement this mandate, OMB recently directed agencies to develop aggressive savings plans to reduce the use of high-risk contracts and to take other steps to improve acquisition outcomes. Success will depend on the capability and capacity of the workforce to achieve these results.

OMB's Office of Federal Procurement Policy (OFPP), and its partner agencies have taken a number of noteworthy actions to strengthen the acquisition workforce in civilian agencies. However, we believe a stronger, more strategic approach is required to

¹The prepared statement of Mr. Zients appears in the Appendix on page 43.

achieve sustainable improvements in the capability and capacity of the workforce.

This Administration's support for better contracting and for the acquisition workforce is focused on three, broad areas. First, strengthening acquisition workforce planning. Second, improving training and development. And third, increasing recruitment and retention.

Let me talk about each of these briefly and the steps we are taking to support this critical workforce.

First, acquisition workforce planning remains largely a tactical exercise, not a strategic process. Agencies focus on filling vacancies rather than developing longer-term plans that project needs and provide for further succession planning. We have not historically provided meaningful support for helping agencies align their workforce capabilities and capacity with their acquisition requirements. Congress recognized this shortcoming when it called for an acquisition workforce development strategic plan for civilian agencies.

OFPP is leading this effort to provide a more strategic framework for developing the workforce. We are in the process of working with agencies to help them define their acquisition requirements, measure their workforce capacities, and determine their current and future needs.

OFPP will complete this first phase of planning in October. This plan will identify recruitment and development needs, target training priorities, recommend changes to our certification programs, and address the planning steps that will be required to sustain these efforts. We also recognize that the needs of the workforce are not static. We are establishing a more robust, ongoing process for civilian agencies in OFPP to evaluate progress and continually reassess needs.

Additionally, Senator, I agree with your opening comment, and I do look forward to working with the administrator of GSA, once confirmed, to quickly fill the associate administrator of OFPP for acquisition workforce programs. This individual will coordinate strategic workforce planning efforts across agencies.

The second area of focus is improving training and development. Agencies now have better access to tools and information that allow them to target their training and development efforts.

The 2008 competency survey on civilian agencies provides practical information about the proficiencies in the development areas of our workforce. OFPP's Federal Acquisition Certification Programs provide a framework for measuring and managing the achievement of these competencies. As agencies develop a better understanding of their workforce capabilities through their workforce planning, they will invest more in training and development. To ensure that these investment dollars are well spent, we will develop tools to better evaluate the impact our training efforts have on our ability to meet performance goals.

Finally, we need to focus on increasing recruitment and retention.

The civilian agencies acquisition workforce did grow by 6.5 percent in 2008. This growth was facilitated by the joint efforts of the Federal Acquisition Intern Coalition and OPM. Agencies can now issue streamline job announcements and can use a central register

of new applicants to fill entry-level positions more quickly. We will expand the use of this model to attract midlevel contracting professionals. We are also making progress in retaining more of our contracting professionals.

In 2008, fewer people left the contracting community than in any of the previous 5 years.

At the same time, we must include stronger retention strategies in our human capital planning. These strategies include building communities, expanding award and recognition programs, and facilitating the sharing of best practices.

You have asked for my views on the Federal Hiring Process Improvement Act of 2009.

First, I would like to thank the Subcommittee Members, and, in particular, recognize you, Senator Akaka and Senator Voinovich, for your longstanding commitment to the workforce. Improving the Federal hiring process is a principle strongly supported by the Administration, and we share your interest in making significant improvements.

OPM is leading the government's hiring reform with strong support from OMB, and agencies are currently implementing initiatives that closely mirror many of those that you mentioned that are in the proposed act.

While we support the intent of this legislation, we believe the flexibility needs to facilitate innovative and creative solutions can best be achieved through administrative means and focused leadership.

In closing, we appreciate the Subcommittee's leadership on acquisition workforce issues, and welcome the opportunity to work with you as we take a more strategic approach and build on our progress to improve the capacity and capability of the acquisition workforce.

I will look forward to answering any questions you have.

Senator AKAKA. Thank you very much, Mr. Zients.

At this point, I would like to give our Ranking Member an opportunity to make his opening statement. Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Senator Akaka. I, first of all, appreciate the fact that you are calling this meeting today.

The Federal Government has spent more than \$500 billion in fiscal year 2008 to procure goods and services, and that amount continues to rise and has more than doubled since fiscal year 2002. So, we have had a lot more activity than we had in the past. But, despite the increase in procurement spending, adequate attention is not being given to the needs of those responsible for overseeing and managing the procurement process.

As the Government Accountability Office noted in its 2009 High-Risk List, "The Federal acquisition workforce has been experiencing an increasing workload and complexity of responsibilities without adequate attention to its size, skills, knowledge, and succession planning." GAO's concerns are valid. Despite the doubling of procurement spending in this decade, the number of individuals managing that spending has not increased. Now, that may be

working harder and smarter and doing more with less, but I doubt it.

The Service Acquisition Reform Act Panel and GAO have both noted the need for proper training regarding the complex and frequently-changing Federal contracting environment. Further, according to the Federal Acquisition Institute, more than half of the Federal acquisition workforce will be eligible for retirement in 2018.

These are all serious issues. When their job is not done well, their acquisition programs end up on the GAO High-Risk List, like the Department of Energy (doe) and National Aeronautics and Space Administration (NASA) Contract Management Programs, or their programs are areas of concern for their department's Inspectors General, like the Department of Homeland Security's acquisition management activities. Outside the Department of Defense (DOD), these three agencies spend the most Federal procurement dollars. So, it is alarming that there are so many concerns with the procurement activities of these agencies. Well, it is not "alarming," it is just that there is concern about these programs.

We need to determine the number of people that are needed to adequately manage and oversee the Federal procurement process. We have to ensure that those personnel are getting the training they need to get the job done, and we must ensure that agencies have the authorities to recruit and retain the best and brightest people.

And, Mr. Zients, when you talked about building on past efforts in this need, and I think that sounds good.

In 2004, I led efforts to provide NASA with new workforce authorities so NASA could hire the best and brightest for its missions. Among other things, those authorities included recruitment, relocation, retention bonuses, term appointments, scholarships, annual leave enhancements, and qualifications paid.

According to a NASA report from April of this year, those authorities have been, and continue to be, important to building and sustaining a high-quality workforce to accomplish the agency's mission. Unfortunately, for some reason, it has not worked on procurement side. That is the area that is not working. They have done a good job elsewhere, but, for some reason, NASA has not made it in the area of procurement.

I am curious as to whether similar authorities are needed across the Federal Government to recruit and retain for the acquisition workforce. That gets back to the issues that we talked about in my office, Mr. Zients. Some of these hiring flexibilities are available to certain agencies. Should you look at making more of them available across the board to other agencies?

So, I want to thank you all for being here today, and I look forward to the testimony of Ms. Kichak and Mr. Drabkin.

Senator AKAKA. Thank you very much, Senator Voinovich. Ms. Kichak, will you please proceed with your testimony?

**TESTIMONY OF NANCY K. KICHAK,¹ ASSOCIATE DIRECTOR,
STRATEGIC HUMAN RESOURCES POLICY, U.S. OFFICE OF
PERSONNEL MANAGEMENT**

Ms. KICHAK. Chairman Akaka and Senator Voinovich, I appreciate this opportunity to discuss with you the Office of Personnel Management's role in strengthening the Federal acquisition workforce. You also asked me to address OPM's views and recommendations regarding S. 736, the Federal Hiring Process Improvement Act of 2009.

OPM has been in the forefront of the effort to strengthen the Federal Government's acquisition capacity. We have been collaborating for some time with the Federal Acquisition Institute (FAI) and the Office of Federal Procurement Policy at the Office of Management and Budget on initiatives related to this effort.

In 2007, OPM designated acquisition as a government-wide, mission-critical occupation. As a result, agencies have been required to continuously assess their acquisition workforce to assure hiring targets are met and any missing competencies are identified and addressed. OPM's human capital officers assist with the target setting process as they do for all mission-critical occupations.

We have been working closely with FAI to support the Federal agencies in developing a unified approach to recruit and hire contract specialists at the entry level. Our efforts included branding and marketing the acquisition profession through a special, interactive recruiting Web page. OPM helped design recruitment materials, staffed job fairs, and produced two "Working for America" commercials to showcase careers in the profession.

OPM also worked with FAI to pilot the use of the central register of prescreened candidates for entry-level contract specialists. We streamlined the application process by over 75 percent, wrote the job announcements in plain language, eliminated written essay-style questions, and simplified the assessment process.

Today, there are approximately 8,000 candidates on the register for 36 locations. Since the pilot began, more than 800 applicants have been referred to 10 agencies and components. To date, 67 selections have been made, and interest is increasing as knowledge of the register grows.

In addition, there are statutory authorities that allow agencies to grant dual compensation waivers to acquisition personnel and to use direct hire when agencies are experiencing a severe shortage of qualified individuals or a critical hiring need.

In addition to the steps we have already taken, OPM plans to establish central registers for contract specialists at the GS-9, 11, and 12 grade levels using the streamlined vacancy announcement template. If the pilot is successful, we will look for ways to fund this initiative in the future.

You also asked me to address S. 736. I appreciate your and Senator Voinovich's leadership in focusing attention on the persistent need to improve our hiring processes in the Federal Government. Your sponsorship of this bill sends a clear message that changes must be made in the hiring process.

¹The prepared statement of Ms. Kichak appears in the Appendix on page 50.

OPM strongly supports the principles embodied in that S. 736, making the Federal recruiting and hiring process as transparent, efficient, effective, and user-friendly as possible for job applicants and for Federal agencies.

We are already moving ahead on many of the provisions in the bill. OPM has designed templates to streamline job announcements for more than 20 mission-critical and heavily-recruited occupations. We will be directing agencies to use plain language in their job announcements and to remove the requirement for written essay-style questions about the applicant's knowledge, skills, and abilities. We developed a roadmap of the hiring process to make it easier for agencies to identify opportunities for improvement in their procedures. These initiatives will go a long way toward helping agencies reform their processes.

We are concerned that mandating good agency practices in legislation may result in agencies losing flexibility and the ability to adapt to change. The Administration recently sent out memoranda to Federal agencies with specific requirements and timeframes for Federal hiring reform.

In short, we believe we can achieve the intended results of S. 736 by administrative means, by continuing to exercise leadership, and through our collaboration with OMB and agencies.

Thank you for the opportunity to participate in this discussion. I would be happy to answer any questions.

Senator AKAKA. Thank you very much, Ms. Kichak. And now we will hear from Mr. Drabkin. Your testimony, please.

TESTIMONY OF DAVID A. DRABKIN,¹ ACTING CHIEF ACQUISITION OFFICER, U.S. GENERAL SERVICES ADMINISTRATION

Mr. DRABKIN. Thank you, Chairman Akaka and Ranking Member Voinovich. It is a pleasure to be back before the Subcommittee, and thank you for your invitation to testify before the Subcommittee this afternoon.

I know you had hoped to speak with our administrator. All of us at GSA hoped that you would be speaking to her, as well. Certainly, I did.

Martha Johnson, as you know, from her confirmation hearing and her personal meetings with staff and members, is keenly interested in the acquisition workforce, and, if confirmed, will provide the leadership we need to focus on this issue.

Please also allow me to acknowledge the presence at today's hearing of GSA's Chief Human Capital Officer (CHCO), Gail Lovelace. Gail testified before you last May.

Ms. Lovelace and I, as the Chief Acquisition Officer (CAO), have formed an acquisition workforce steering group in GSA to ensure that we aggressively address acquisition workforce issues, recognizing the shared responsibility given by statute to both the CHCO and to the CAO.

You have my approved statement for the record, and in it, I talk about both GSA and the government-wide acquisition workforce, so, I will take these few minutes to provide a prologue, if you will,

¹The prepared statement of Mr. Drabkin appears in the Appendix on page 56.

to that statement concerning the government's acquisition workforce.

In looking at issues concerning the government-wide acquisition workforce, one cannot do so in isolation any longer. You just cannot look at the people by themselves, although, in the final analysis, they are the most important part of our acquisition system and they prove it day in and day out.

Our acquisition has evolved since the two seminal pieces of legislation, the Armed Services Procurement Act of 1947 and the Federal Property Administrative Services Act of 1949, governing government acquisition or enacted into law. Then the acquisition and the workforce that made it happen was stovepiped between and within agencies.

Today, acquisition is a horizontal function of any successful enterprise, with centralized responsibility and decentralized authority. The Federal marketplace has been moving in that direction, although, statutory and regulatory challenges are thrown up occasionally to that movement.

By the way, when I speak of the "acquisition workforce," I am not talking just about our contracting specialists and contracting officers, I am talking about the larger definition of the workforce, which includes program managers, contracting officers' representatives, contracting officers' technical representatives, and a number of other functions that agencies have included in their respective definitions of the acquisition workforce, recognizing the importance of all the acquisition functions from the time requirements are developed until completion of contract performance and closeout.

I am also very pleased that before this body we are not engaged in denigrating the acquisition workforce by referring to them as shoppers. In order to focus on the government's acquisition workforce, one must do so in the context of the guiding principles for our acquisition system, which is defined in the Federal Acquisition Regulation (FAR).

It says in the FAR, and we changed it in 1993, to say that the guiding principles of the acquisition system are to satisfy the customer in terms of cost, quality, and timeliness of delivered products or services.

For example, by maximizing use of commercial products and services, using contractors who have a track record of successful past performance or who demonstrate a current superior ability to perform and promoting competition, minimizing administrative operating costs, conducting business with integrity, fairness, and openness, and fulfilling public policy objectives. These guiding principles to be met by our system require that we have the right number of acquisition workforce members with the right competencies and skills supported by the right tools, policies, and processes to obtain the best value for the American citizen.

The Federal Acquisition Institute, FAI, is the only organization that has a government-wide mission of addressing two of the key supporting structures to assist Federal agencies in living up to our stated guiding principles. Those two, key structures or having the right number of acquisition workforce members with the right competencies and skills. GSA has the pleasure of being the managing partner for FAI.

In meeting these two objectives, FAI has evolved since its inception, and now is focusing on modeling itself on a corporate university structure where we relied on trained professionals in adult education to develop the training we need based upon our requirements, and then those same adult education specialists delivering that training. FAI also conducts research into acquisition-related issues, such as our acquisition workforce.

This evolution is due in no small part to Congress' creation of the Acquisition Workforce Training Fund in the Services Acquisition Reform Act of 2003, which provides FAI with additional funds to perform its mission. I would be remiss if I did not point out that FAI could not be as successful today as it is without the support it gets from the partnership with the Defense Acquisition University (DAU). A special thanks to DOD, and, in particular, to the President of DAU, Frank Anderson.

I would not want you to think, however, that this partnership is one way. After all, DAU resources are many times those of FAI, but FAI contributes significantly to this partnership, as well.

As we continue our evolution in the acquisition workforce and the civilian agencies continue to evolve, there will be even more sharing between the two institutions, particularly now, as we have expanded the civilian agency definition to include program managers, a functional area DAU has a great deal of expertise in.

Let me conclude by pointing out again that the acquisition workforce cannot be considered in a vacuum, and that one of the key issues in the success of the acquisition workforce is the tools it has to accomplish its mission. Sadly, today, those tools are inadequate, and, in some cases, nonexistent. It creates an environment where acquisition workforce members are successful in spite of the tools they possess, not because of them.

Thank you for this opportunity. I will be glad to answer any questions you may have.

Senator AKAKA. Thank you very much, Mr. Drabkin.

Mr. Zients, I am pleased to hear you commit to filling the position of Associate Administrator for Acquisition Workforce Programs. You have indicated that the Associate Administrator will support strategic workforce planning.

How do you see that official interacting with the Federal Acquisition Institute, OPM, and other agencies in strengthening the Federal acquisition workforce?

Mr. ZIENTS. I am sorry, in terms of coordination and interaction?

Senator AKAKA. Yes.

Mr. ZIENTS. I do think it is critical that this group here and a larger group work very closely together. OFPP taking the lead on creating overall direction and guidance for acquisition and the workforce set of issues and the strategic workforce planning exercise, which I described, which we are in the middle of, I think is a very important lead role that OFPP is planning. At the same time, as Mr. Drabkin so elegantly captured, FAI is right at the center of this, helping to implement these policies and guidelines through training and education and setting the right certification standards.

So, our partnership with GSA through FAI is critical, and then we all agree that recruitment is front and center here, and that we

made good progress last year, and there is much more progress to be made and that OPM plays a central role there.

So, I think there are clear lead responsibilities here. At the same time, I think it is critical that we are all well-coordinated and that we also leverage the councils, the Chief Acquisition Officer Council and the CHCO, which is the Chief Human Capital Officer councils, both of which I have leadership roles on, to make sure that we are working closely with our leadership at the agency level to both inform our strategic direction and to ultimately implement these reforms.

Senator AKAKA. Thank you. We are looking for that type of senior-level engagement on these issues.

Mr. Drabkin, as you know, there have been concerns over the quality of the training available to acquisition workforce. The Federal Acquisition Institute's mission, in part, is to provide for training.

Do you believe that FAI has the leadership and resources it needs to effectively fulfill its mission?

Mr. DRABKIN. As you know, Mr. Chairman, I am a career civil servant, and I will not address whether we could use more because we can always use more to do our job better. I would point out to you that I am not sure the statement is true that the quality of training produced by FAI is not sufficient or up to par. In fact, under its former director, Karen Pica, who is now in the Office of Federal Procurement Policy, and under its current acting director and the new director who will come onboard next month, FAI has improved dramatically the quality of the coursework that it provides to the Federal acquisition workforce. In addition, through the partnership with DAU, we have been able to leverage coursework developed at DAU and the Department of Defense and modify it where necessary to meet our needs.

I would tell you that probably the ultimate test of the quality or the value of the coursework we provide is the fact that the private sector buys the courses that our people take for their own people, and that probably is a testament to the fact that we are doing OK. That does not mean we cannot do better and we should not; it does not mean that we cannot be more responsive and faster in getting courses out. We can. And it does not mean we could not use more resources, but, at the moment, we are using what we have.

Senator AKAKA. I asked at the Subcommittee's hearing last year about what steps are being taken to reach out to young people and recruit them before they graduate from college and even high school.

Are there efforts underway government-wide to increase students' interests in Federal acquisition positions? Ms. Kichak.

Ms. KICHAK. As I said, we did the Working for America commercials that highlighted the acquisition profession. We also have the centralized register for entry-level grades 5-7, which is what appeals to folks recently out of college, and that has 8,000 good candidates on it right now.

So, I think what we are dealing with now is, if you look at who is being recruited in the Federal acquisition workforce, half of the recruitments are from mid-level folks. When agencies have a vacancy, they would like to get somebody with a lot of experience

under their belt. Those folks are in limited supply, developing new people is very important. Getting these entry-level people in and getting them trained is essential, and the training is rigorous. Acquisition is a very complex career. It requires a broad knowledge that you cannot pick up easily. You need good training, and, so, it takes time.

I think the applicants are out there. It is trying to get the applicants selected in positions and trained, that is not something that can happen overnight.

Senator AKAKA. Are there any comments from other witnesses?

Mr. ZIENTS. Senator, this is an area where I have had a lot of experience in the private sector because a lot of recruiting was straight off of campus, and I think it is an area where we have a great opportunity right now. It is one of the few or only benefits of this economy, and in my experience, it is all about effort. This is like a sales force, if you will. You need to make a lot of sales calls to close some clients, and I think we are putting forth a lot more effort than we did in the past, and I think we are seeing some early success.

I also believe that the first year is critical in that people straight out of school need training, they need mentoring in that first year. So, we need to make sure that it is not only recruiting, but it is also on boarding and mentoring and that the young, straight-off-of-campus intern types have the opportunity to feel as if they are part of an organization where they can advance quickly on a merit basis.

So, I think that there is a real window of opportunity right now, and I would be in favor of pushing as hard as we possibly can, building on the success that we have had today.

Mr. DRABKIN. And if I may add one more point, and that is I think your question, Senator, also goes to what can we do on the campuses itself so that the curricula at the campuses provide some advanced look into the government procurement system, and, in fact, FAI has entered into arrangements with both the National Contract Management Association and the National Institute of Government Purchasing. This was done while Karen Pica was our director. And both of those associations now have student chapters located on university campuses. Not a lot yet, but some.

In addition, GSA has been working with the George Washington University School of Law, which, coincidentally, is only a block-and-a-half from our main building, and we have also begun a program working with them, bringing students over while they are in school to expose them to our procurement process so that, hopefully, when they graduate, they will be interested in seeking a job in government procurement.

I think that these kinds of programs, along with the college campus recruiting programs that you have just heard about, will improve our ability to get people interested in understanding the great opportunities. I mean, where do you go where you can spend \$10 billion on a program and really have an impact on somebody else's life? You do not find that just anyplace; you find it working for us.

Senator AKAKA. Thank you very much. Senator Voinovich, your questions?

Senator VOINOVICH. Yes, I have a series of questions, and I am going to ask all of you to comment.

This is for Mr. Zients. OMB's Office of Federal Procurement Policy is responsible for providing direction for government-wide procurement policy regulations, procedures, and also for promoting the economy, efficiency, and effectiveness acquisition processes. Additionally, OFPP supports the Chief Acquisition Officers Council, working groups, and competitive sourcing contracting with small business, human capital, electronic government, performance management, and contingency contracting.

How can an OFPP staff of about 15 people effectively handle so many responsibilities?

And this is for Mr. Zients and Mr. Drabkin.

The Federal Acquisition Institute is located in GSA, but receives policy direction from the Office of Federal Procurement Policy.

How do OFPP and GSA collaborate regarding the Federal Acquisition Institute, and do you believe the Federal Acquisition Institute is properly located at GSA?

Mr. Drabkin, the Federal Acquisition Institute partners with the universities to provide training to the acquisition workforce. Are there similar partnerships with the universities and so forth?

Ms. Kichak, Congress created the Chief Human Capital Officers Council in 2002 to advise and coordinate agencies' human resources. What role has CHCO played in addressing the acquisition workforce?

Given the government's critical need to build its acquisition workforce, why has not CHCO worked more closely with the Chief Acquisition Officers' Council?

And, Mr. Zients, as a midlevel office within OMB, do you believe the Office of Federal Procurement has the authority it needs to provide direction and oversight across the government regarding the acquisition processes?

Now, I have to tell you something, there are a bunch of questions here. I will talk about this.

NASA and the Department of Energy have been on the high-risk list in this area since 1990, and the comment I have after I went over this with my staff, is that this seems to be unbelievable. I have seen, from my experience in management, where you can have a lot of agencies that are in difficult situations like this and if you are really lucky and if you have great interpersonal skills, you can get something done. I have also seen a screwed up type of operation where no matter who you have, the team just cannot get the job done.

Based on your experiences, and particularly, Mr. Zients, from your outside point of view, does this make sense the way we are doing this? Is there a better way that we can manage the procurement process that perhaps may streamline the process and get these programs off the high-risk list? Because both DOE and NASA have been on the high-risk list since 1990, and that is a long time.

Mr. ZIENTS. Right.

Senator VOINOVICH. How much longer will these programs be on the high-risk list with this current organization that we have?

Mr. ZIENTS. From an outside perspective, now 5 weeks into the job, I think that OFPP takes a lead role in guidance and direction,

training and education, and partnership. I believe that to get it off the list the way you have described it, agency leadership has to decide this is a high priority. So, starting at the very top of the agency, the contracting matters, that the workforce matters, that performance on contracting and on acquisition at large matters. The horizontal perspective that Mr. Drabkin so eloquently described is the essential issue here, and to attempt to do it centrally through commanding control is not going to work. There is certainly a role for all of us to facilitate and help agency leadership, but at the very top of an agency, this has to be a priority.

I think the President has set a stake in the ground that it is a priority for this Administration. When you start at the top of the organization and make it a priority to drive strategies and implement priorities accordingly, I think we will see real results. Our job is to help agency leadership do that. I think ultimate responsibility for performance has to be at the agency leadership level.

Senator VOINOVICH. Well, do you think that the system impedes that from happening in terms of the agencies giving improving the procurement process the priority that it needs, that too much consultation is required?

Mr. ZIENTS. Clearly, it is hard to generalize. I am sure there are pockets of strong performance here, but I think if you look historically at what is the root cause here, I think that, in part because of the doubling that you both talked about upfront, this has changed a lot across 8 years. The number has doubled, so this has become a much bigger percentage of the average agency's budget, and I am not sure we have doubled down or tripled down on the attention we have given it at the agency senior leadership level.

Senator VOINOVICH. Do you have the people in your shop necessary to do this? I just mentioned that you have 15 people at OFPP to handle a bunch of stuff.

Mr. ZIENTS. Well, I need to fill out the rest of my team. I need to find an administrator, which has been a top priority, and I believe I will have an administrator candidate for you to meet in the next couple of months. We also need to fill the position that we described upfront, the associate administrator for the workforce planning.

With that group in place, I believe I have the team. If I do not have the team, across time, as priorities evolve and I get a better sense of the workload going forward, we will certainly make sure we staff adequately.

Senator VOINOVICH. The goal always is to try and recruit, retain, and reward people. Even though the turnover rate has been lower, probably because of the economy, in terms of the rest of the categories of procurement personnel, from what I understand, there has been a fairly large turnover of people in this area.

Do we bring them in, train them, and then, because of lack of pay-for-performance or other factors, they decide to tip their hat and go someplace else?

Mr. ZIENTS. My sense here is that maybe compensation is in play. I do not have data to suggest how much of the root cause is compensation. That said, this is a group that I think has been underappreciated, under-trained, under-recognized the last 8 or more years. I believe that in order to attract and retain for the

long-term, we are going to have to turn all of that around. This is going to have to be a workforce that feels like it is doing something very important, is being well-supported in doing it, and is getting the attention from the senior leadership at the agency level and has a seat at that table that is making the larger decisions and it has the horizontal visibility and orientation that was described before.

Senator VOINOVICH. Mr. Drabkin, you said something at the end about the tools that you have.

What other tools do you need to get the job done?

Mr. DRABKIN. In my testimony and in my written statement, I pointed out that we lacked the electronic system and acquisition kind of system that would facilitate the process beginning with the requirements development, and ending with contract closeout. A number of agencies have pieces of the tool. For example, they have contract writing systems, but that is not enough.

As we meet the transparency challenge that the President has given us and that the Congress have given us, we are finding that a great deal of manual work has to be done because the information is not digitally available.

For example, even the contracts that are written through our contract writing systems wind up being paper documents, which are managed as paper documents, and, so when you want to get information out of those files, somebody has to go and pull it.

What we lack is a government-wide definition, which we have committed recently to provide to an acquisition architecture, and then we have lacked the investment dollars to make that system come to fruition.

Senator VOINOVICH. I guess my dear friend, Senator Akaka, is probably going to hear this from me at a lot of hearings, but I am running out of time here, I am leaving here at the end of next year, and what bothers me is that we have hearings and hearings, and yet this problem has been around for a long period of time.

And, Mr. Zients, you are from the private sector. It seems to me this is a major problem, and that what ought to be done is somebody ought to sit down and really spend the time to say this is a problem and here are the things that need to be done. Here is the critical path that we need to follow. Then you can have an opportunity to quarterback it and make sure that it happens, and, quite frankly, give Senator Akaka, who is going to be here longer than I am, an opportunity to have you come in and look at the list of the things that you think need to be done.

And the alternative, perhaps, looking at this thing from a budgetary point of view. Do you have the money for the training or for the systems or whatever is needed, for you to tackle this in a systematic way? Honestly, you are the boss. I mean, you are part of the organization that helps set spending priorities.

Mr. DRABKIN. Yes.

Senator VOINOVICH. It would be wonderful if you could really spend the time to come back to us and say, Senator Akaka and Senator Voinovich, here is our plan on how we are going to make a difference. We cannot do it overnight, but we have a plan. We are going to go forward with this plan, and here are some things that you can do in appropriations or someplace else to make these

goals happen. Because I have to tell you, if you look at this area, we are losing billions of dollars each year.

Mr. DRABKIN. Right.

Senator VOINOVICH. Billions of dollars all the time. Even the Defense Department. You keep reading about it. Billions and billions, but it does not seem like anybody is doing anything about this problem, right? It has been that way for how long? Probably as long as you have been here.

Senator AKAKA. Right.

Senator VOINOVICH. So, I would really like to see something like that occur so that we have confidence that you have got a plan in mind and know what needs to be done. We cannot allow agencies to say, "well, we are going to ignore what he just talked about because we just do not have the money to do it." You cannot get your job done over there, the job we have asked you to do, without the proper tools. Thank you, Senator Akaka.

Senator AKAKA. Thank you, Senator Voinovich.

Senator Voinovich has just explained the huge problem that we face. We have tried to bring the agencies and departments together to work on of these problems because every agency makes acquisitions. We hope that together we can create a successful system.

Senator Voinovich mentioned the Department of Defense, which is also on the high-risk list. Many of these problems exist in many places in our government. We are looking for answers. If we can come together, maybe we can make better headway.

Mr. Drabkin, I want to go back to what you mentioned about reaching into the colleges. I believe Federal internship programs can be an excellent way to develop specialists needing extended training, and to provide entry-level opportunities with a career ladder to young workers.

Please tell us more about the Federal Acquisition Intern Coalition (FAIC) and what role it plays in addressing acquisition workforce issues.

Mr. DRABKIN. The coalition is a grouping of the various Federal agencies that have internship programs, to coordinate those programs in large part to make sure, first, we are not poaching from each other.

Actually, in response, Senator Voinovich, to something you said earlier, our problem is not in turnover, people leaving the Federal Government, actually, the turnover of our acquisition workforce people are not leaving in large numbers. We did not hire any in the 1990s as a result of our effort to reduce the size of government, and what we have now is this bathtub effect, where we have people we have been hiring for the last 8 or so years, nobody we hired from 1993, 1994, to about 2000, and then people who were in the government before then and who are getting ready to retire, but the coalition is looking at coordinating the efforts of all the agencies to make sure that we reach some standards among the agencies on how intern programs should be structured. We do not compete with each other, and, thus, we are competing with each other in the marketplace, it does not make sense for interns.

I would also point out to you that at the end of the Clinton Administration, the Procurement Executive Council had developed a government-wide internship program which was led by the Interior

Department (DOI), and that program actually started under the auspices of Ms. Lee, who I believe is on the next panel, who was then our OFPP administrator, and as we look at a model for perhaps how we should move from our current coalition into the next steps of maturing that internship process, I think that is a model we should follow. It was successful to the extent it was participated in, and with the leadership that Mr. Zients will provide us from OFPP and our new administrator, I am sure that it will take us to the next steps we need to go.

In GSA, we have begun something similar, looking at combining all the various internships and we have principally two acquisition internship programs in GSA which, in some cases, causes us to compete against each other. It does not make any sense, and it does not serve the mission of the whole agency.

And, as you look at acquisition as a horizontal function of government, when you really look at what acquisition people do in the main, it is the same whether you are at DHS, DOI, or Environmental Protection Agency (EPA). It is difficult when you work my colleagues, because none of us particularly want to be a mandatory part of a whole. We all want to kind of control our own destiny, and the coalition is the first steps in moving us, I think, evolving us to the place we should be, and, as I said to Mr. Zients and our new administrator of OFPP, I think what we need to provide the leadership that has not been there for 8 years, to move us into the next step.

Senator AKAKA. Mr. Zients, as you have testified, the range of positions that manage Federal acquisitions is much broader than traditional, Federal contracting positions.

A bill that I cosponsored during the last Congress, S. 680, the Accountability in Government Contracting Act, would have expanded the definition of the acquisition workforce.

Outside of new legislation, are steps being taken to ensure that the focus of efforts to strengthen the acquisition workforce is broad enough?

Mr. ZIENTS. Yes, I think it is moving in that direction. I think, again, you will see variability by agency.

As an example, this year, the FAI competency study looked at the technical representatives for the first time, and actually a lot of what came out of the competency study was that we need to help better integrate program managers into early stages of contract writing and ensure that the Contracting Officer's Technical Representatives (COTRs) on the backend are deeply involved in evaluating and managing the contracts.

So, the whole movement right now is to this horizontal, broad definition. I do not think we are there across the civilian agencies, but I think we are making progress, and I think we need to learn from those who have made the most progress and ensure that we take those best practices and spread them across the other agencies.

Senator AKAKA. Ms. Kichak, OPM reports that it has set targets and closed competency gaps for the acquisition workforce at 15 agencies that participate in the Chief Human Capital Officers Council. I understand you plan to do this for all CHCO agencies by October 1.

Please provide more information about these accomplishments and how OPM evaluated competency gaps at the CHCO agencies.

Ms. KICHAK. Those are self reports that the agencies give to us on their competency gaps, and they set targets for the gaps that need to be closed, and then they report to us a year later on what they are. Every agency is required to make that report, and we summarize those results.

I do not have the specific figures you do. What I saw by looking at the last report was that gaps were closed for 75 percent of the competencies, but that does not tell you what the 25 percent were and how important those are, but we do that for every CHCO agency, not just the ones that you cite. So, we do that review and can make that available to you.

Senator AKAKA. Thank you. Senator Voinovich.

Senator VOINOVICH. I have no more questions.

Senator AKAKA. There are no more questions.

I want to thank this panel very much. We may have questions for the record that we will submit for your responses. I want to thank you very much for providing such useful information as we try to improve the acquisition system of our Federal Government.

So, again, thank you very much for being here, and I look forward to seeing you again.

Mr. DRABKIN. Thank you, Senator.

Senator AKAKA. Now, I would like to welcome the witnesses on our second panel, Elaine Duke, Undersecretary for Management at the Department of Homeland Security; Bill McNally, Assistant Administrator for Procurement at the National Aeronautics and Space Administration; John Bashista, Deputy Director of the Office of Procurement and Assistance Management at the Department of Energy; and Deidre Lee, who currently is the Executive Vice President for Federal Affairs and Operations at the Professional Services Council and is a former Administrator of the Office of Federal Procurement Policy, as well as a former acquisition leader at several agencies.

As you know, it is a custom of this Subcommittee to swear in all witnesses. I ask all of you to stand and raise your right hand.

Do you solemnly swear that the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. DUKE. I do.

Mr. MCNALLY. I do.

Mr. BASHISTA. I do.

Ms. LEE. I do.

Senator AKAKA. Thank you. Let it be noted for the record that the witnesses answered in the affirmative.

Before we begin, I wanted to let you know that although your oral statement is limited to 5 minutes, your full written statement will be included in the record.

Ms. Duke, before you proceed with your statement, I wanted to take this opportunity to thank you for your service, and, in particular, agreeing to continue your work as undersecretary through DHS's first transition. This likely will be your last time appearing before us in your current role, and I want to commend you on your leadership in this post and on your stewardship. Your assistance

has been very helpful to this Subcommittee's oversight role, and we appreciate that. With that, I will ask you to please proceed with your statement.

**TESTIMONY OF ELAINE C. DUKE,¹ UNDERSECRETARY FOR
MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY**

Ms. DUKE. Mr. Chairman and Ranking Member Voinovich, I do not think I would have ever thought I would be sorry about this being my last hearing, but this Subcommittee's been wonderful to work with, and, so, I do feel a little sad about that.

I am thrilled that this last hearing is on acquisition workforce because that is a passion of mine, and I appreciate you taking the time to have a hearing on this very important subject. And, as we discuss DHS's acquisition workforce, I would like to look at three timeframes: Where we were, where we are, and where we are going.

Often times, the DHS Inspector General (IG), Government Accountability Office (GAO), and others continue to point out the need for improvement in acquisition and acquisition workforce in DHS. I appreciate the oversight, and they give us a lot of good ideas, and I think it is important to look at what we have done and achievements we have made in DHS on our ambitious path towards improving DHS acquisition and its workforce. I am proud of the progress we have made so far.

Some of the initiatives we have put in place is expanding DHS's Chief Procurement Office from strictly a procurement office to an acquisition office. This is not just a matter of semantics; it recognizes that the root cause of DHS's challenges in acquisition is not in the contract itself. The root cause is often in the initial requirements process. This initiative adds program managers, test and evaluation experts, cost estimators, logisticians, and system engineers to the DHS acquisition workforce.

We have also developed a certification program for contracting officers, program managers, and contracting officers' technical representatives to ensure they have the experience, training, and education to have the necessary skills. We have designed and implemented an acquisition professional career program, our intern program, to bring entry-level contract personnel into the Department.

The program began in 2009, and, by the end of this fiscal year, we will have 100 contracting professionals, about 10 of which are in the audience today, into the Department.

We established the Office of Procurement Operations to manage the contracting span at DHS Headquarters, which grew from a few hundred million dollars in the start of the Department to nearly \$5 billion last fiscal year.

We have designed and implemented a test and evaluation program for the Department's major acquisition programs. This is key for some of the programs like SBI-net and others that this Subcommittee has provided oversight for. It provides a formal test and evaluation program, and, more importantly, an independent review of operational testing and evaluation of our major acquisition programs.

¹The prepared statement of Ms. Duke appears in the Appendix on page 62.

In our Certification Program for program managers, we have increased the percentage of properly-certified program managers running our 42 largest level-one programs, which are over \$1 billion each, from about 20 percent to more than 80 percent.

We are implementing a comprehensive revision of the Acquisition Review Program. This is to recognize that, while we initially reformed our review program after the Department of Defense, our spending is not like DOD's. We do not buy a lot of development hardware. So, we have modified it to ensure we bring all of acquisition programs to the senior leadership so they can make risk-based decisions on moving our acquisition programs forward.

We have realized a net increase of more than 300 contracting personnel over the last 3 years, and more than 500 since the Department's inception, though intense efforts to recruit and retain staff continue.

We have developed an electronic system to monitor this cost schedule and performance of our major acquisition programs, which is key to timely and accurate decisionmaking and risk management by our leadership.

It is important to know that even though we have developed and implemented these initiatives, we have a long way to go. Some of our near-term next steps include adding another 100 interns to our intern program, doubling it to 200 by the end of fiscal year 2010. We also have a commitment to have a certified program manager running each of our level one programs by the end of this calendar year.

We are finalizing our governance management directive, Directive 102.01, which has been in draft for way too long, by the end of this year, and we are conducting formal acquisition review boards on 100 percent of our Recovery Act money, our stimulus spending by the end of this fiscal year. And, also, we are going to add certification programs for logisticians, test, and evaluation experts, and cost estimators in fiscal year 2010.

Mr. Chairman and Ranking Member, thank you for the opportunity to be here before you, and I look forward to your questions.

Senator AKAKA. Thank you very much, Ms. Duke. Mr. McNally, will you please proceed with your statement?

TESTIMONY OF WILLIAM P. MCNALLY,¹ ASSISTANT ADMINISTRATOR FOR PROCUREMENT, AND DEPUTY CHIEF ACQUISITION OFFICER, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. McNALLY. Thank you for the opportunity to testify before the Subcommittee regarding NASA's effort to staff, train, and retain its acquisition workforce.

NASA is unlike most civilian agencies. Our programs and projects involving space exploration systems, science and aeronautics research, and space operations have one thing in common: They are high-risk. This is because NASA is pushing new boundaries in technology and science. There are many challenges involved in managing and performing high-risk programs, projects,

¹The prepared statement of Mr. McNally appears in the Appendix on page 76.

and missions. They are full of uncertainty and challenges, and they involved high-risk acquisitions.

To meet these challenges, NASA needs capable people. Getting and keeping high-quality acquisition personnel is also a challenge. That is why we are here today. Recruiting, developing, and retaining qualified and capable acquisition personnel is critical for mission success.

The first step to a strong workforce is bringing the right people onboard. NASA has had a focus on recruiting entry and mid-level personnel through its cooperative education, and intern programs. NASA's Contracting InterN Program has been very successful in bringing entry-level procurement personnel onboard. NASA also has numerous program management hiring programs to bring in the best and brightest for research, development, engineering, and science-related positions. Depending on their jobs, many of these personnel may fill acquisition roles at NASA.

Once people are onboard, the next key step is training. Acquisition personnel at NASA have access to comprehensive training programs. They participate in all of the core acquisition training that OMB requires for civilian agency acquisition personnel.

In 1995, NASA established a mandatory training program for the procurement workforce that was modeled on the Department of Defense's program. NASA had an easy transition when the new, rigorous, government-wide, Federal acquisition and contracting program started several years ago because its training was already consistent with the new program.

For the program and project managers, NASA developed the Academy of Program Project and Engineering Leadership that recently implemented the Program Manager Certification Process. This process has been endorsed by OMB and has been called a model example for Federal agencies.

NASA also focused on specialized and just-in-time training in areas such as earned value management, source selection, and cost-price analysis to ensure our workforce has the capability to execute and manage our high-risk acquisitions.

NASA uses programs to develop leaders. These include the Senior Executive Service Candidate Development Program, Midlevel Leadership Program, and the NASA Foundations of Influence, Relationships, Success, and Teamwork Program.

Keeping employees is the most important part of a strong workforce. NASA has retention strategies to maintain its acquisition workforce. They include new employee orientation, mentoring programs, awards, working family programs, and education assistance.

Part of the reason we are here today is to talk about the Federal Hiring Process Improvement Act. I am pleased to say that NASA not only concurs with the intent of the Act, we are already doing some of what the bill requires.

For example, the proposed legislation requires a strategic workforce plan as part of the agency performance plan. NASA's Office of Human Capital Management has had an entire division focused on providing planning support for the agency.

In closing, NASA will continue to pursue its mission that pushed the state-of-the-art of technology, while also maintaining American

leadership in space, earth, and aeronautic sciences. We have programs and initiatives in place for our current and future acquisition personnel, so that NASA will have a qualified and capable workforce to meet the challenges of NASA's new missions.

Again, thank you for the opportunity to appear before the Subcommittee today, and I would be pleased to respond to any questions you may have.

Senator AKAKA. Thank you very much, Mr. McNally.

And now, Mr. Bashista, please proceed with your testimony.

TESTIMONY OF JOHN R. BASHISTA,¹ DEPUTY DIRECTOR, OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT, U.S. DEPARTMENT OF ENERGY

Mr. BASHISTA. Good afternoon, Mr. Chairman and Ranking Member Voinovich. Thank you for the opportunity to come before you today to address the Department of Energy's (DOE) efforts to build, strengthen, and maintain a high-quality acquisition workforce.

As the largest civilian contracting agency in the Federal Government in terms of annual contract obligations, DOE relies heavily on a stable, experienced acquisition workforce to effectively support its core missions. To this end, the Department has invested heavily in strategies to attract, train, and retain the best and brightest talent into its acquisition workforce.

The downsizing of the acquisition workforce in the 1990s throughout the Federal Government was followed by a dramatic increase in workload. Between 1998 and 2006, DOE's contract spending increased by 71 percent, while the size of our acquisition workforce remained relatively constant.

To address this challenge, the Department has undertaken a number of initiatives to better leverage existing acquisition resources by creating efficiencies through the use of technology and by re-engineering and standardizing internal processes.

Although these initiatives are important, my comments today will focus on our efforts to increase and develop our acquisition workforce. These efforts are largely focused on attracting new entrants into the acquisition profession. Fundamental to this approach is aligning our recruiting efforts with the career expectations of the next generation of acquisition professionals.

Over the past several years, our recruiting efforts have emphasized active participation in broader Federal initiatives, such as OPM-sponsored hiring fairs, the Federal Career Intern Program, OPM's Central Register Pilot Program for entry-level contract specialists, and the Department of Veterans' Affairs Coming Home to Work Program.

The Office of Procurement is also working with the Department's Office of Human Capital to obtain direct hire authority, which will enhance our ability to recruit and hire qualified staff more quickly. And last year we gained OPM approval to re-employ annuitants in acquisition positions.

For the past 2 years, DOE has conducted an annual, enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning.

¹The prepared statement of Mr. Bashista appears in the Appendix on page 81.

The assessment involves the active participation of DOE's acquisition managers in identifying and validating competencies, and its results are used for organizational planning.

Information from the assessments helps us to identify priorities for department-wide workforce development efforts and helps frame our annual acquisition workforce training priorities, which are managed under our Acquisition Career Management Program (ACMP).

The ACMP provides a formal structured approach to career development for DOE's acquisition workforce. The program is designed to increase the proficiency of the acquisition workforce through competency-based training and provides a roadmap to guide acquisition employees through the training, education, and experience needed to advance in the profession.

A key feature of the program is the establishment of the Department's Site Acquisition Career Management Council in 2008. The council is chaired by DOE's acquisition career manager, and its membership is comprised of representatives from each DOE field office. The council's responsibilities include maintaining the proficiency and currency of the program's policies and procedures, education and training sources, and course requirements and curriculum.

Another recent improvement has been centralizing the management of training resources within DOE's Office of Procurement to ensure complex-wide training needs are addressed.

As a result, more than 90 percent of DOE's contracting workforce is currently certified under the Federal Acquisition Certification in Contracting Program, compared to 60 percent as of October 2007.

In addition, the Department has made significant progress towards closing its resource and skill gaps. Since 2006, the DOE contracting workforce has increased by 30 percent. In addition, since the beginning of fiscal year 2008, more than 500 acquisition and program personnel have received training that targets both certification requirements and identified skill gaps across the spectrum of acquisition skills.

We are also leveraging existing authorities to retain critical experience and expertise. These include tuition reimbursement assistance, recruitment and retention incentives, employee reward and recognition programs, alternative work schedules and telecommuting, and employee development programs.

Improving the Federal hiring process is a critical element to achieving a strong acquisition workforce, and we appreciate the Subcommittee's leadership in focusing attention on the need to improve the hiring process in the Federal Government. In fact, the Department is currently working in cooperation with OPM and other agencies to improve the hiring process in all the areas addressed in S. 736. We believe that these changes will significantly improve our ability to recruit and hire acquisition employees.

In closing, I would reiterate and assure this Subcommittee that the Department is committed to ensuring taxpayer dollars are well-spent and managed through the Department's efforts to develop and sustain a robust, highly-skilled, and professional acquisition workforce.

This concludes my formal remarks, and I would be happy to respond to any questions you may have.

Senator AKAKA. Thank you very much, Mr. Bashista. Now, we will hear the testimony of Deidre Lee.

**TESTIMONY OF DEIDRE A. LEE,¹ EXECUTIVE VICE PRESIDENT
OF FEDERAL AFFAIRS AND OPERATIONS, PROFESSIONAL
SERVICES COUNCIL**

Ms. LEE. Good afternoon. Chairman Akaka and Ranking Member Voinovich, thank you for including me in the hearing today to talk about the acquisition workforce and the Federal Hiring Process Improvement Act of 2009.

I appear before you today on behalf of the Professional Services Council (PSC), which is a new role for me. The Professional Services Council is the leading national trade association of the government Professional and Technical Services Industry. PSC has more than 330 members. Companies represent small, medium, and large businesses that provide Federal agencies with services of all kinds. Together, the associations' members employ hundreds of thousands of people in all 50 States.

PSC has been a longtime advocate for a highly-skilled, well-trained, and resourced acquisition workforce; and supports efforts to enhance the training and professional development of the Federal workforce, particularly in acquisition. PSC also advocates for appropriate and balanced approaches to the workforce challenges, including recognition of the contributions made by each segment of the multi-sector workforce to accomplish the government's many critical positions.

Today, I would like to summarize my statement. My written statement does include some points about the improvements that have been made to date, but although progress has been made, much remains to be done; rebuilding an experienced, skilled, Federal acquisition workforce and rebalancing the multi-sector workforce will take years of dedicated effort.

We do not need more reviews, competency studies, further discussion of who should or should not be in the workforce, or arbitrary new hiring goals. We need action now. I follow with eight recommended action points.

First, plan for and manage a multi-sector workforce. Agencies must strengthen performance and demonstrate results. Strategically-established, well-defined approaches for hiring the right people for critical agency functions and awarding and managing the right contracts and grants for partner performance are critical to mission success. We must demand rigor in planning the multi-sector workforce.

OFPP should issue clear, executable guidance on the phrase "inherently governmental," as required by the President's March 4 memo. Agencies should then develop strategic plans that reflect a balanced workforce, focusing on hiring for "inherently governmental" and critical core positions and addressing full cost comparisons of other positions before making conversions.

¹The prepared statement of Ms. Lee with attachments appears in the Appendix on page 87.

Second, as David Drabkin so aptly discussed, we need to clearly define the Federal acquisition workforce; a successful program requires a coordinated effort comprised of many skills.

OFPP should redefine the Federal acquisition workforce to include the broad range of skills needed for the lifecycle of a successful acquisition. An OFPP letter could be issued immediately with appropriate regulatory and/or legislative actions to follow.

Third, we need to fund the total acquisition workforce. If we recognize that full definition, we know that agencies need a comprehensive, cogent, and well-enforced development and training regime. Congress and the Administration must provide stable, recurring resources for existing and new workforce development, training, and retention, and agencies should work with the Congress to make sure we have the proper funding in 2010 and beyond.

Fourth, put leadership in place. Critical leadership positions, as we have discussed here, remain vacant. We need an OFPP administrator and a GSA administrator now. Quickly hire and fill other key positions with experienced, qualified acquisition professionals.

Further, I think the role of the OFPP administrator should be expanded to encompass all acquisition functions, rather than being just limited to procurement or contracting, and this change would require a change to the OFPP Act.

Sixth, we need to streamline the hiring process now, almost overnight, and S. 736 does contain some key areas that need to be addressed there.

As David Drabkin mentioned, we need to provide cutting-edge tools. There is an integrated acquisition environment that is well on the way, but funding by pass-the-hat makes it very difficult to maintain the tools that are needed.

And, finally, we need to ensure we have an engaged, meaningful oversight. Accountability must begin with a system that enables performance and rewards excellence.

Today's Federal acquisition workforce is overworked, under-trained, under-resourced, and under-supported. The Federal acquisition environment has become extremely risk averse and leaves little room for honest mistakes. Performing at the highest levels, which is what we ask of the Federal workforce, is impossible without innovation and responsible risk-taking. The understandable zeal for accountability has spawned a "got you" environment where there has been a palpable effect on Federal employees in general and government acquisition professionals in particular.

A contracting officer who does not uphold every single audit recommendation should not find the remedy for exercising his or her best judgment to be a referral to the Inspector General for Personnel Investigation. In the vein of independence, some elements of the defense oversight community have largely withdrawn from collaborative problem-solving, early reporting, open discussion, and resolution of negotiable items. Independence does not equal isolation. We must reestablish oversight as an integral part of acquisition team and a partner in the government's continuous improvement, provide acquisition training to the oversight, and particularly the audit community, and emphasize that the community can

and should be a key partner in the acquisition community, which can be done without any compromise of their independence.

Both the Federal workforce and the contractors should support serious innovation in both good times and bad, and sending that message could do more to strengthen the Federal acquisition workforce than almost anything else. I look forward to your questions.

Senator AKAKA. Thank you very much, Ms. Lee.

I want to start this round with a question for all of our agency witnesses. There often appears to be a disconnect between the acquisition and human capital functions within agencies. This results in acquisition workforce issues largely falling to acquisition staff, without the benefit of human capital expertise.

As you work to strengthen the acquisition workforce, how is your agency promoting communication and collaboration between the acquisition and human capital parts of your agency? Ms. Duke.

Ms. DUKE. Chairman Akaka, within Department of Homeland Security, the main way we are addressing that is through the undersecretary of management position, which, as you know, by statute, functions as a chief management officer. So, each of the business lines, personnel, human capital, procurement, finance and budget, security, and administration are managed under. So, the undersecretary for management with the career deputy is that driving integration function.

And, initially, in our early stages, we did function much more in stovepipes, and now, with our maturity, one of the focuses of management and each of the chief's performance goals this year is to provide integrated management solutions, which drives to the point you are talking about there, supporting each other to meet our mission more effectively, using the collaborative business lines together.

Senator AKAKA. Mr. McNally.

Mr. MCNALLY. At NASA, the Human Capital Officer and my office are assigned within the same organization. So we are aligned together organizationally, and we meet on a regular basis to discuss my needs within the acquisition arena in not only procurement, but the project program managers. But, also, we talk about leadership development, entry-level personnel, and mid-level, and recruiting retention goals.

Also, when the Office of Human Capital set up a workgroup within NASA, we are part of that workgroup. Senior leadership within my organization are part of that. So, we are very much in line with the Human Resource Office in that arena.

Senator AKAKA. Mr. Bashista.

Mr. BASHISTA. Mr. Chairman, unlike DHS and NASA, we are not organizationally aligned with our Human Capital Office, but, particularly in the last year or so, we have seen significant improvements.

As you are aware, the National Academy of Public Administration (NAPA) has been studying the Department's financial management function, human capital function, and procurement function, and separate, but related, we have been attacking some of the issues that have been identified by NAPA in advance of the report just recently being issued, and I would have to say that the integration, particularly over the last year, has been exceptional.

We have on board 83 new 1102s series across the Department just this fiscal year alone, the responsiveness in relation to the urgency to bring folks onboard as a result of the Recovery Act. They have significantly helped to streamline the recruitment and hiring process, particularly through the internship programs.

So, I would have to say, currently, it is very effective.

Senator AKAKA. Mr. McNally, your testimony indicates that NASA is already doing much of what our legislation to streamline the Federal hiring process would do. I am pleased to hear this.

Do you feel these hiring reforms have been successful for NASA and should be implemented at other Federal agencies?

Mr. McNALLY. Well, we are still starting the process with these initiatives, so, we are not totally ready to say that they are fully successful. But, initial output looks very promising, particularly in the areas of the advertisements to make sure it is understandable so that we are recruiting personnel that are not already within the government, though, they are welcome, but we are looking for personnel outside the government, recent college graduates or personnel who are just graduating from colleges.

The other thing that we are looking to do is to have communications with those applicants. The one thing that is very frustrating for a person who is applying for a job is never to hear what is the status of it, so, that is a key area that we are working on at NASA.

So we look forward to continual movement to improve the hiring process because that is a key part of making sure we have the right acquisition workforce.

Senator AKAKA. Ms. Lee, the Professional Services Council's most recent procurement policy survey found that human capital was the most mentioned problem by acquisition professionals. In particular, respondents highlighted the size and quality of the workforce.

What do you believe the Federal Government should do in the short-term to fix this problem, and who do you think could lead that effort?

Ms. LEE. Sir, as we heard from the first panel, the process right now is cumbersome and time-consuming. We heard about a process that resulted in 67 offers being made, but I do not know how many of those people are actually onboard now. I would recommend that we step way outside the box.

When I was at DOD, one of the things that the people in logistics did is went and studied NASCAR to say how do you quickly support logistics at a quick turn? I would recommend in hiring that we go study the coaches. If you have ever watched, there are coaches who go and recruit high-quality athletes, young men and women at about that age and communicate with them in a regular and continuous basis, communicate with their family, show them the value of joining the team, and have a full recommendation on how to get these people onboard and get them enthused.

We should go study folks like that, not necessarily the process that we have always used. We have to step outside the box.

Senator AKAKA. At this Subcommittee's last hearing on the acquisition workforce, we heard testimony about the importance of sharing best practices government-wide.

I would like to hear about how your agency is sharing best practices for the Federal acquisition workforce and what best practices your agencies have implemented successfully. Ms. Duke.

Ms. DUKE. Within DHS, we share best practices a couple of principle ways. One is through membership on the Chief Acquisition Officer Council, which is chaired by OFPP and has acquisition workforce as one of its priorities. Additionally, we have a member on the board, a Federal Acquisition Institute, to help make sure that organization develops to meet our training needs.

I think in terms of the best practices that we have implemented, I think that what we have done is, one, our intern program, because I do think in terms of having mid-career recruiting, we have to create the workforce. When you look at the retirement numbers, it is not going to happen just from hiring from other lateral resources. So, I think the intern program is definitely a best practice.

The other thing I think that is a best practice is identifying the workforce and treating them as professionals.

The 1102 series is one of the handful of Federal series that has a positive education requirement, and that is a good first step, but I think treating our acquisition workforce as professionals, not as administrative support, is key to making them feel a valuable part of the mission.

And, so, I think our best practice is in terms of identifying them, treating them as professionals through the way we recruit, the way we train, and continuing education requirements. We have continuing education requirements for all our professionals, just like an attorney would have. It really is going to help toward them feeling like they are continued, valued partners, and I think that is a key to retention. I do not think pure money is a key to retention. I think it is being a valued member of meeting the mission is what keeps people at DHS.

Senator AKAKA. Any other witnesses—Mr. McNally.

Mr. MCNALLY. I would like to address interagency working groups. NASA is a member of one recently started this past year on award fee contracts, which I spoke about on Monday to another subcommittee where I was testifying, and that is a key area where 95 percent of award fee contracts are with five agencies. So, it is critical that those five agencies get together and share its practices on incentivizing contractors. We should not just do it alone.

The other area I would like to address that deals with acquisition personnel is program project managers.

I was asked and I am now chairing a working group that is sponsored by OMB on program project management, where we share best practices on setting up policy on program project management, how do you do oversight of your program projects, and training issues, like earned value management and certification of earned value management systems.

So I think one of the things we need more of is interagency working groups and sharing of knowledge across the Federal Government.

Senator AKAKA. Mr. Bashista.

Mr. BASHISTA. Mr. Chairman, at the Department, we, too, participate in the various fora, the Chief Acquisition Officer's Council, the Chief Human Capital Officer's Councils, the Federal Acquisi-

tion Regulatory, and Defense Regulatory Councils, and there is much benchmarking and information sharing that we have established networks to do that on acquisition-related issues, and, as it pertains to the acquisition workforce, primarily through our relationship with our Chief Human Capital Officer with the CHCO boards. Because of our close alignment in mission as far as risk and complexity, we have not been shy about benchmarking extensively agencies such as NASA, and, so, some of our benchmarking approaches have been less formal, but, nonetheless, we are engaged heavily in doing that.

Senator AKAKA. Thank you very much. Senator Voinovich.

Senator VOINOVICH. Ms. Duke, I want to join Senator Akaka in thanking you for a great job that you have done in the new under-secretary for management position, and I think that all of us are impressed with your testimony today and the progress that has been made.

I just wish that my legislation, S. 872, that would provide the person in your position a 5-year term had been in place because I really believe that if you had that 5-year term that your work and the work of the people that you work with would have taken DHS off the high-risk list.

I get the impression that you have had the resources to do the job that you needed to do, in other words, to hire the people. I hope that the budget that came out of appropriations continues that trend. I am, as you know, ranking member on the Appropriation's Subcommittee on Homeland Security, and we tried to the best of our ability to provide the money that you need at DHS.

Can you confirm that fact, or do you feel that there are some things that we should have done that we did not do?

Ms. DUKE. Yes, Senator Voinovich. Our appropriators have been very supportive of our request. Our next steps in the coming years will be towards rounding out those other acquisition career fields. So, we will continue to come in, but we do appreciate the support of the Appropriations Committee, and that has helped us a lot in what we are doing.

Senator VOINOVICH. So, the 2010 budget will allow you to continue to do the job that you have undertaken?

Ms. DUKE. Yes, Senator Voinovich.

Senator VOINOVICH. Good.

Mr. McNally, I was very much involved in the effort to improve NASA's ability to recruit and retain a world-class, 21st Century workforce, and worked with Sean O'Keefe on this issue. He came to me and said, "we need these extra flexibilities." Senator Akaka and I worked together, and we gave NASA those flexibilities.

In your opening statement, you speak about the value of NASA's contracting intern program. So, I was confused to see that, according to the program's Web site, NASA is not currently recruiting new interns. "NASA is not currently recruiting new interns. Updates will be posted when available." And then the program Web site also indicates that NASA is "Currently developing plans for spring semester 2008 recruitment activities."

With such confusing and outdated information on your Web site, how can you expect to recruit the best and brightest acquisition officers?

Mr. MCNALLY. Senator, we need to update our Web site, and we will do that. Right now, I currently have eight interns within our agency, and what we are looking to do is we have to stay within the ceiling amount of personnel we have within our budget, but, on a regular basis, we are going to be looking at introducing more interns into NASA when we have the ability to put them into the workforce along with mid-level and other levels in the acquisition workforce.

Senator VOINOVICH. Well, first of all, I would like you to get this corrected.

Mr. MCNALLY. Yes, Senator.

Senator VOINOVICH. It does not look very good, does it?

Mr. MCNALLY. No, it does not.

Senator VOINOVICH. Is the problem that you do not have the budget to hire the people you need to do the acquisition?

Mr. MCNALLY. No, sir. The challenge that we have is throughout the total budget is to look at how many Federal personnel there are within NASA among the various centers, and then look at how many do we hire and put into the intern program. And, so, what we are trying to do is balance how many personnel we can have at NASA with how many new persons we bring in and looking at the attrition rates and those things.

Senator VOINOVICH. Well, can you tell me right now what NASA needs in terms of acquisition people?

Mr. MCNALLY. Right now, we have enough acquisition personnel. That includes the procurement personnel, contracting officer reps, and program project managers to perform the missions that we have on our plate. But that does not mean that we do not need to look forward in looking at recruiting new personnel because we do know that our existing personnel will leave either through retirement or through transfers to other organizations or do other things. So currently, we have enough personnel in our acquisition workforce to do the mission that we have.

Senator VOINOVICH. So the fact is that you do not need an intern program right now?

Mr. MCNALLY. No, Senator, we do need an intern program, and we do have an intern program. I currently have eight personnel who are in that intern program at various centers, and, so, we will continue to have an intern program. What we need to do is to decide when do we recruit new personnel to be part of that intern program.

Senator VOINOVICH. And you will do that when?

Mr. MCNALLY. I will have to take that for the record. I do not have a specific date to tell you.

INFORMATION FOR THE RECORD SUBMITTED BY MR. MCNALLY

NASA expects to recruit new candidates to the NASA Contracting Intern Program (NCIP) in spring 2010. The NCIP typically recruits participants on a biennial basis.

Senator VOINOVICH. I would like to know how many interns you have, and how many it looks like you are going to need during the next 2 or 3 years because it seems to me that is part of the necessary planning to get the folks that you need onboard.

INFORMATION FOR THE RECORD SUBMITTED BY MR. MCNALLY

There are currently eight interns who began the 30-month NCIP program in 2008. NCIP participants currently are funded by the individual NASA centers. The 2010 recruitment efforts will be contingent upon NASA center funding and full-time equivalent (FTE) availability.

In addition, I talked to Mr. Zients about the unique opportunity we have, because of the economic downturn, to be able to pick up some absolutely fantastic people to come to work for the Federal Government who in the past we might not have been able to get. If we do not zero in right now on that group of people, we are making a big mistake, because once they come in and if we do a good job of rewarding them and they see that they are moving on, they will remain in public service. We have this great opportunity that comes along maybe once in a lifetime. We should certainly be taking advantage of this opportunity, and I would like to hear from you about what you are going to do about this issue.

Mr. MCNALLY. Yes, Senator.

Senator VOINOVICH. Ms. Lee, as you know, I am concerned that agencies receiving funding through the Recovery Act may not have the infrastructure to obligate such massive infusions of additional budgetary authority in an effective and efficient manner. In fact, I was going to ask that of Mr. Zients. We had the folks in from OMB to talk about how many of them do not have the people that they need right now to do the job, and now we are handing them more responsibility. The issue was have they looked out at the agencies that need the help in order to make sure that this Recovery Act money is not just squandered?

So, what effect do you think implementing the Recovery Act will have on a critical workforce that you characterized in your prepared statement as “overworked, under-trained, under-resourced, and under-supported”?

Ms. LEE. Sir, I am very concerned about that workforce. I still have a very strong affiliation with the acquisition workforce, and they have been asked, once again, to do a whole lot more very quickly under a bright, hot spotlight, and I think you are going to see some of the wear and tear and the strain on that workforce. It is unfortunate that our economy is such that it is—because I am hearing anecdotally that some people are staying that might have gone, and then some people are saying I am just exhausted. So, I think we really have to be sensitive to the workforce and the workload.

David Drabkin of GSA, the Congress authorized some contingency contracting planning, and they are in the throws of getting that done. I think this would have been a great opportunity to have that in place and exercise that workforce for this additional workload. So, I hope we will continue along this path for future spikes of workload.

Senator VOINOVICH. I think we gave DHS some extra money in the stimulus. Did you not get that?

Ms. DUKE. Yes, we did.

Senator VOINOVICH. Ms. Lee, you have been around awhile. You have been in public service, and now, you are on the outside looking in.

Were you here when I asked a question of the other witnesses about whether the Federal procurement process is organized properly?

Ms. LEE. Yes, sir.

Senator VOINOVICH. I would like to hear your opinion on whether or not you think it is organized properly.

Ms. LEE. I think there are always improvements that can be made. Agencies are striving to do their individual piece. I will go back to say I think it is absolutely critical that we get an OFPP administrator and a GSA administrator pretty quick because they are key in driving forward the change and the execution that needs to take place.

The agencies you have seen are more than willing and anxious and ready to take those steps forward, but they want to be sure they are going in the right direction, that they are following the Congress and the Administration's desires, and I think they need the leadership in place to say OK, here we go, and some pretty quick action and probably some pretty revolutionary actions need to take place, particularly in the flexibility in hiring.

Senator VOINOVICH. OK, so, in your opinion, it is not that all these various agencies have to coordinate with each other that is the stumbling block in terms of getting some acquisition programs off the high-risk list, but that the problem is having the right people in those agencies?

Ms. LEE. Yes, sir.

Senator VOINOVICH. So that is a people problem, a human capital problem, not an organizational problem.

Ms. LEE. Yes, sir, I believe it is, and I also do believe, as the last piece of my statement here says, we have to get together on some of the oversight. Oversight is absolutely essential, but when it has a workforce so paralyzed that they are concerned about taking measured, logical risks to get the job done, then we have created an environment that is just too hard to operate in, and probably will not be successful.

Senator VOINOVICH. Remember when we passed the Stimulus Bill, and I think we required the agencies to report back in 30 days with spending plans?

Ms. LEE. Yes, sir.

Senator VOINOVICH. And I just thought to myself, give me a break. It is probably going to take them 90 days, maybe 6 months, before they even get the thing off the road. Now, all of a sudden, they are reporting back, and, of course, then we've paid for a whole bunch more staff at department Inspectors General.

So, I suspect what you are saying is that these people are right now in a position where they are frightened about doing their jobs because of the big light being shined on them, and, perhaps, that might impede their ability to do the job that we want them to do.

Ms. LEE. Yes, sir, I believe it does. Ms. Duke and I were in it together, and, who can forget the fewer than 40 contracting officers during Hurricane Katrina who were subsequently reviewed by our 400 auditors? They are going to find something, and there is not malice or malaise here, it is people doing the best they can under very difficult circumstances.

Senator VOINOVICH. Well, I always felt bad about that. I really do.

Ms. LEE. Yes, sir.

Senator VOINOVICH. Because we had some extraordinary performance from those people during that period of time.

Ms. LEE. Yes, sir.

Senator VOINOVICH. And I think they made great sacrifices, their families made great sacrifices, and then they read in the paper that they were a bunch of bums. I just really felt bad during that period. And I think Senator Akaka and I tried on occasion to let them know how much we appreciate the job that they did.

Ms. LEE. And we saw that in the hiring impact at the Federal Emergency Management Agency (FEMA). When we tried to hire people, people were saying I do not want to work there. And part of that was I do not want to read in the newspaper that I am bad or the organization that I work for is bad. And I am very concerned from the outside looking in, and I would be interested in the rest of the panel, are we putting our acquisition workforce in that same consideration?

At the Department of Defense, the example that I gave was should a contracting officer who uses their best judgment to get an action done be referred to the IG? Why are they going to try to get something done? I would just say come on in, auditors, and do the job for me. And we are putting people in that situation. How are we going to recruit, retain, and hire people if that is the environment we are asking them to work in? I think it is a concern.

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you very much, Senator Voinovich. We will do a second round of questions.

Ms. Duke, DHS is one of the largest procurement spending agencies in the Federal Government, and, as you know, last fall, GAO found that the Department still faced significant challenges in building and sustaining a capable acquisition workforce.

What steps has the Department taken to address GAO's recommendations?

Ms. DUKE. Well, Senator Akaka, the GAO report said two things. One, it said we are taking a lot of steps forward, and then the main areas that it said that we needed significant improvement on were the strategic planning, and that is something I will admit we did not do in the earlier days. It is very hard to be strategically planning when you are dealing with the formation of a new department and \$15 billion of contracts.

So the main thing we are doing and the main focus of that GAO report was to do better strategic planning. So we are trying to get out of the mode of being reactive, filling just the vacancies as we have them, and through the Human Capital Office, having a strategic plan that has filling acquisition positions as well as the other challenges in DHS, such as intelligence analysts and others.

So that is the main thing we are doing, is addressing the strategic planning issues, so that we are not in a reactive, tactical level in the future, we are more planning forward.

Senator AKAKA. Ms. Duke, DHS has faced challenges in collecting comprehensive data on the size and skills of its acquisition workforce and in planning strategically for that workforce.

What specific actions is the Department taking to address these data and planning issues?

Ms. DUKE. The main action we are taking is trying to code the acquisition positions, and what I mean by that is we have to have a system by which people that are in the acquisition workforce, those billets are coded so that we can track them, we can track the people that are in them to make sure they have the right certification, the right recurring training, and then, as those people vacate those positions, that we fill them with the appropriately-qualified people.

If I may add, Mr. Chairman, you asked the previous panel what can be done at the Federal level? This is an example of something that is intensely overhead, intensely difficult to stand up, and I would argue that not only just telling us we should do good and hire more people, but that some of these things that are systemic, I believe DOD is the only Federal agency that has coded positions that we can actually track and give the management attention to this. Those are some of the overhead functions that if we address them federally, I think it would be that we would get a lot better results more quickly, but, right now within DHS, we are doing it only for 1102s at this point and plan on doing it for the other career fields.

Senator AKAKA. Mr. Bashista, most of DOE's workforce consists of contractors.

What plans do you have to augment and improve your agency's acquisition workforce in the short-term so that government employees can appropriately oversee the contractor workforce?

Mr. BASHISTA. Senator, one of the actions that we are taking is in response to the GAO's high-risk report, and one of the things that the Department has not done historically well is estimate with any type of accuracy the level or skill mix of acquisition and program managers and other support staff that are required to manage our major projects.

In response to the GAO report, we went out and found a couple agencies that do a good job of doing that, the Naval Facilities Command and the Army Corps of Engineers. And, based on the benchmarking of those agencies, we have developed a staffing model, an algorithm if you will, and we are currently testing that model to determine the right size to manage and support our projects.

Senator AKAKA. Ms. Lee, you have a unique perspective as a former Federal acquisition leader who is now involved with the private sector at PSC. In your testimony, you recommend that the role of OFPP should be expanded.

Would you please provide more detail on how OFPP's role should be altered?

Ms. LEE. Mr. Chairman, as discussed here, DOD generally broadly defines acquisition. They track the systems engineers, the quality people, and the whole acquisition team.

Generally in the civilian community, when you say "acquisition," people hear contracting and procurement, and they quickly nick it down to this small group of the acquisition community, and that puts a lot of pressure on that community, and I believe that if you look at the Office of Federal Procurement Policy, it reinforces that

thought that acquisition really means those contracting and procurement people.

And, so, I believe that role needs to be expanded to recognize that acquisition is a total team, that it is a strategic enterprise endeavor, and that if each agency looks at their total budget and the amount of their budget that goes out the door in business transactions, which include grants, we would recognize that team is very important and it needs the guidance and the structure to make sure it works, and I think that a Senate-confirmed political position at OFPP is an important lever to help the community achieve those goals.

Senator AKAKA. Mr. McNally, as you know, NASA spends the vast majority of its budget through contracts, and has been on GAO's High-Risk List for its contract management since 1990. While a recent GAO report credits your agency with improvement, it also found that NASA needs to pay more attention to effective acquisition project management.

Please discuss what steps NASA is taking to respond to these findings.

Mr. McNALLY. Yes, Mr. Chairman.

One of the key steps that we have underway is a monthly baseline performance review. We have actually invited OMB, and they have sat in through some of those reviews, and at each review, which is done by NASA senior leadership, we look at our major programs and projects on a monthly basis to look at their cost schedule and technical performance, also hear from an independent group who also have done an assessment of those programs, to look at how well those programs are performing.

During that meeting, we also hear from four functional areas. One of those areas is acquisition. So, I give a briefing on a monthly basis on upcoming acquisitions, some of the strategies we have, also focus on some mission directorates, which are themed that month, but also talk about areas of undefinitized contract changes: The numbers, where they are in negotiations, and areas of protest.

So, all the areas of high-risk in acquisition we talk about on a monthly basis.

And another important area that is talked about is the workforce. So, I give a presentation on acquisition, and then someone from the Human Capital Office talks about the workforce in general, but, also, we get into particular functional areas like the acquisition workforce.

So that is one of the areas that is part of our corrective action plan in regards to the acquisition high-risk that NASA is under.

Senator AKAKA. This question goes to the Federal agencies. As you know, last week OMB issued guidance requiring agencies to develop insourcing guidelines.

In the past, certain agencies have been criticized for relying on contractors to assist with procurement functions.

Does your agency have sufficient, internal capacity to conduct the assessments necessary to determine which functions should be insourced? Ms. Duke.

Ms. DUKE. Mr. Chairman, yes, in DHS, as you know from previous hearings, we are very close to having that assessment done. This has been a priority of Secretary Napolitano.

We do not have very much contractor support for the procurement workforce. We do have it in our program management program areas. We also are concerned with having enough Federal employees to actually manage our contracts, and, so, I have been in conversations with your staff, and we will be up this month to talk about the results of DHS's assessment of its workforce and contractor balance.

Senator AKAKA. Mr. McNally.

Mr. MCNALLY. We just recently received that memo, and, so, we are still analyzing it, but one of the key things that NASA does on its science projects is looking at "Make-or-Buy" decisions, and, actually, we compete our science projects between universities and some of our centers. So, we continually look to get the best ideas whether or not it is from an internal NASA scientist or from someone from the outside in the university arena. So, we continually use "Make-or-Buy" decisions to decide whether or not we should be performing the function and how we should be using industry in performing functions to meet our mission.

Senator AKAKA. Mr. Bashista.

Mr. BASHISTA. Mr. Chairman, like NASA, we developed a general framework based on the Omnibus Act's requirements pertaining to developing departmental guidelines on insourcing. We are reviewing the OFPP guidance and refining our draft implementing guidance, and we are working with our Office of Human Capital.

Senator AKAKA. Mr. McNally, as you know, on complex acquisition projects, contractors referred to as lead systems integrators sometimes help manage various other contractors working on the project. This may result in contractors defining the requirements for government contracts.

This Subcommittee has seen firsthand problems that can arise through Lead System Integrators (LSIs) from problems with the Coast Guard's Deep Water Program. This program subsequently abandoned the use of LSIs, returning this function to government employees.

Can you tell us what NASA's experience has been with the use of Lead System Integrators?

Mr. MCNALLY. Well, Mr. Chairman, I have been at NASA 4 years, so, I really cannot address what we have done in the past, but I would like to address what we are doing in the future, and what I would use as an example is our Constellation Program, which is putting together the next Human Space Flight Program. There, NASA is the lead integrator. We are responsible for the total design of the constellation system where we utilize industry for various elements of that program, like parts of the launch vehicle and the space vehicle, but we are taking total responsibility for the complete system on that program. So, we are the lead integrator on that program.

So, I can only address what we are currently doing on one of our newest major programs.

Senator AKAKA. I want to ask each of you if you have any final thoughts about this hearing and what we are trying to accomplish. We have come together seeking to strengthen the Federal acquisition workforce through government-wide leadership and initiatives. You have provided answers to our questions, and I want to give

you a chance to provide any final thoughts you may have on this topic. So, let me start with Ms. Duke.

Ms. DUKE. Thank you, Mr. Chairman.

I just wanted to commend the Subcommittee for having the two panels. I think that to make this work, we need not only the individual agencies, but we need the Federal agencies, and I think your attempts to have the more systemic OMB and others accountable and responsible for working with us as they try to do.

Echoing Ms. Lee's comments, I think most of us know the right thing to do, and we do not need another layer of overseers telling us to, again, hire more people and do this, and, so, I do look forward to both individually with the fellow agencies and then with the Federal-wide agencies having the support to pull these forward because that will really be helpful to do some of this as a Federal Government because it is a big, uplift design, these controls and these systems, and I think we need to leverage each other's work and lessen the overhead for each of us.

Senator AKAKA. Thank you. Mr. McNally.

Mr. McNALLY. Mr. Chairman, this forum has been great for me and I think the other agencies, and we need more like this, where we talk, and not just bring in one agency and talk about an issue, but bring in the other agencies plus OMB, plus Office of Personnel Management because it is an integrated challenge that we have when we talk about a workforce. We need to have the right numbers of personnel, but those personnel need to have the skills to do the job that they have to do.

So, I commend this Subcommittee to bringing this type of forum together, and I will look forward to participating in future forums like this.

Senator AKAKA. Thank you. Mr. Bashista.

Mr. BASHISTA. Mr. Chairman, thank you again for the opportunity to be here today.

The invitation letter for this hearing solicited additional ideas or tools that we may need. One that I would like to offer, it is a little bit close to home because I have lost a couple of folks to the disparity and pay systems, I would suggest that the Subcommittee look at the potential of greater standardization. Agencies that do have pay banding have much greater flexibilities, as I understand it, and opportunities to offer higher salaries to folks than we can under the GS System, which is very restrictive, and, so, that would be one thing I would like to leave with you today. Thank you.

Senator AKAKA. Ms. Lee.

Ms. LEE. Mr. Chairman, thank you for including me.

I will say that one thing we are seeing from the industry side that is very concerning is regarding insourcing, and that is that, in the rush to be compliant and to work through those issues, agencies are doing what we call badge-flipping, which is going to contractor employees and saying we want you to convert.

Now, the Professional Services Council absolutely supports inherently governmental work being done by government employees and critical and core mission work should be done by government employees, but we are concerned about this kind of broad stroke conversion, which, as a taxpayer, may not be the right strategy, and

we could end up with a lot of government workers not doing the really strategic work. So, we are very concerned about that.

We are also concerned, of course, from a taxpayer standpoint, at the long-term cost of bringing that work in-house, which may not be the most efficient way to accomplish it.

So, there are some concerns about the execution of insourcing.

Senator AKAKA. Well, thank you again to this panel. I just received word that Senator Voinovich is returning. I would be happy to wait a minute for him.

In the meantime, I would like to say, as Senator Voinovich said, we have been working on this issue over a long period of time. With this new Administration and new thoughts on these problems, we are going to make every effort to improve the system. We are trying to include everybody in shaping the solutions: The private sector, our agencies, and our government leadership. We know that part of the problem is a lack of resources. We need to consider all of this as we do our strategic planning.

We know that waste and abuse has been a huge problem. If reform is done correctly, it will certainly help us to improve rapidly in those areas. We are trying to ensure that the most expert people are in the proper positions to work in these important areas.

Senator Voinovich and I have been working closely together on this. I also want to return to S. 736 and say that we are going to really work hard on improving hiring times and practices. This is something that we feel we can certainly streamline. With your help, your expertise, and your advice, I think we can succeed.

And, with that, let me call on Senator Voinovich for his final remarks or any additional questions that he may have.

Senator VOINOVICH. Well, I regret that I had to cut out of here and not hear your responses to Senator Akaka.

It was interesting that Mr. Zients was talking about the issue of each of the departments needing to make acquisition and procurement a priority. Ms. Lee, do you think the departments have made this a priority?

Ms. LEE. I think they are beginning to. I do think with the new Administration—when I was at the Department of Defense, I used to keep a pie chart on my desk of the agency's budget, and when you look at that and see the amount of dollars that go out the door through business transactions, it is really a sobering thought, and I would think that all of the agencies probably want to do that, and when their senior leadership looks at their budget in that format, acquisition will move to a strategic, enterprise-wide role in almost all agencies, and I think that would be a fundamental movement when the senior leadership nods their head and says yes, this matters to me how I spend that money.

I think OMB has demonstrated that through their recent memorandum. And the President's statement, those of us who have been in the acquisition community for years, I think we were probably all really quite excited to see the President make a statement about this community and its importance.

So I think we are on the road. I do not think we are there yet.

Senator VOINOVICH. If you were sitting in my chair and Senator Akaka's chair and you were genuinely concerned about this, this problem that has been around since 1990, what is it that you would

ask the folks here to do in order to make sure that these problems are corrected and we get these programs off the high-risk list?

Ms. LEE. I think the folks here are ready, willing, and able. They need the leadership permission, if you will, and support from their senior leaders.

They certainly need the appropriate funding. For years, we have had caps on this, specific workforce caps and they could not hire, so, they need that authority. I do believe they can be successful with the leadership support, and the funding, and it needs to be recurring funding.

We are certainly a huge supporter of Defense Acquisition Workforce Reformat, but if you are going to pay people out of that Act, you have to make sure it has recurring funding because, otherwise, you have incurred recurring salary money out of a fund that may not be recurring fund. So, how are you going to pay those people's salaries? And so, that exacerbates the problem of hiring and retaining and training.

So, I think leadership, the flexibility to hire, the money, and I cannot say it enough, it is we have to figure out a way to streamline the hiring process.

Sir, when I left the Federal Government, I had a job within weeks, and I did not have to fill out a 19-page application. I did not have to do knowledge, skills, and abilities (KSAs). I did not have to hire a contractor to help me write an application to get a Federal position, which, as we know, people are doing.

So, something has got to happen, and quick. Our young people do not want to fill out—they are so computer literate that why is not this available to me? Why can't I respond online? Why can't you tell me, which is a very positive thing in S. 736—what my status is.

As a parent, we would like to get them off the personal payroll as quickly as possible. Someone please hire them and tell us they have a job. Please, let them go. But having them sitting at home saying hey, mom, I am waiting. Let us move it along.

Senator VOINOVICH. Yes. Well, I have heard war story after war story from people that really wanted to work for the Federal Government. They did not hear from the agency they applied to. When another job came along, they took the other job, and then 3, 4, or 6 months later, they found out that they could have had the job with the Federal Government, but by then they had already made a commitment to their new employer. They were people of integrity and stuck to what they promised the employer that they would stick around.

The other issue that has been of concern to me is the complaint I hear from a lot of folks who have worked in highly technical areas, either for the national labs, the Department of Energy, or NASA. These skilled individuals just leave because they feel that the environment is not conducive to performance. By that I mean, they come in, they work hard, and they do not seem to be rewarded for their hard work. I have talked to a lot of people, so, it cannot be that they think they are better than someone else. They said the environment at such agencies is not the kind of environment that they had originally anticipated, particularly, for these highly-educated folks that are coming onboard to serve.

What is your comment about how do we keep those people on-board?

Do we need more pay-for-performance? I know Senator Akaka and I moved some of the technical people into the pay-for-performance category like we do with the senior executive service. Could you comment on that?

Mr. BASHISTA. Senator, I can speak to the acquisition workforce, and, again, we have been averaging about 9 percent attrition in the acquisition workforce. In the contracting field, I can speak specifically. With respect to laboratory employees and scientists, I am not equipped to really address that issue.

But with respect to retention strategies, we do see a lot of the young kids that we bring in through these internship programs, grow them, train them, invest a lot of money, put through executive potential programs when they get to that stage, and then other agencies pursue them. So, my experience is it is not so much that they are dissatisfied with the work environment. I believe that most, at least those that I have worked directly with, are satisfied and believe that they are getting the training, but there are certain perks, if you will, and maybe incentive bonuses that we could not offer at one time to do that.

Now, I will say, and, again, I think this is as a result of the better integration between our office and our Office of Chief Human Capital, as we are more aware of the authorities and the flexibilities that we have to offer hiring and retention bonuses, award and recognition programs, and the procurement organization ourselves, we do have various recognition programs for organizations and individuals.

We have recently instituted a procurement management review, where we have a cross-function of field and headquarters folks who go out and review acquisition offices throughout the department, and one of the key features of that program, it is not just a got you in oversight and slam them over the head system, it is acknowledge management and let us share information. But a key part of that is recognizing excellent performers, and at least one individual at those sites, and we found that to be a meaningful incentive for some of these folks.

So, I do think that we have problems, I do think the objectives of the legislation and the efforts of OMB and the other agencies will help us get there.

Senator VOINOVICH. Great. One last thing. I think you mentioned in your testimony about direct hire authority.

Mr. BASHISTA. Yes, sir.

Senator VOINOVICH. We made that available, I thought, through our legislation to the Office of Personnel Management, and I know you have direct authority right now, Mr. McNally, do you not? That was, I think, one of the changes that was made.

Mr. McNALLY. Yes.

Senator VOINOVICH. GAO has that, I think. The Nuclear Regulatory Commission has direct hire. And I am interested, were you unaware that it was available?

Mr. BASHISTA. I think there was a late recognition in procurement of the authority and what was required to obtain it. And, again, I think the skill gap analysis requirements helped us to col-

lect the data and the information to be able to support an objective determination by the Secretary to do that.

I think, again, the import of this has been emphasized based on the need for staffing for Recovery Act, and our Chief Human Capital Office is supporting us in doing that, and I am hopeful that we have made the proper justification, and that we will secure that shortly.

Senator VOINOVICH. When Mr. Berry was here, Senator Akaka and I indicated to him that one of our concerns was that a lot of the agencies were not using the flexibilities that were available to them and that he ought to try to go out and get his team to market these flexibilities so folks were definitely aware of what was available to them.

Senator AKAKA. Right.

Senator VOINOVICH. Well, thank you very much for your testimony today.

Senator AKAKA. Thank you, Senator Voinovich.

I am hopeful that we will remove the remaining roadblocks to effective recruitment, training, and retention of the best and brightest acquisition professionals. I appreciate all your thoughts on our Hiring Reform Bill because I think this is part of the solution.

I want to thank Elaine Duke for her service with DHS. I know that you will make great contributions however you choose to serve the country in the future. Your work has been helpful not only to DHS, but also to this Subcommittee in its oversight role. I wish you and your family well in your future endeavors and thank you for bringing the 10 young people to this hearing. We appreciate their presence here.

Again, thank you to our witnesses.

The hearing record will be open for one week for additional statements or questions from other Members.

This hearing is adjourned.

[Whereupon, at 4:55 P.M., the hearing was adjourned.]

A P P E N D I X

STATEMENT OF THE HONORABLE JEFFREY D. ZIENTS
DEPUTY DIRECTOR FOR MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE AND THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
AUGUST 5, 2009

Chairman Akaka, Senator Voinovich, and Members of the Subcommittee, I am pleased to appear before you today to discuss the Administration's commitment to strengthening the federal acquisition workforce. As the Deputy Director for Management at the Office of Management and Budget (OMB) and the nation's Chief Performance Officer, it is my responsibility to lead efforts that improve the performance of government. This includes providing for a strong and well-equipped acquisition workforce – this resource is the backbone of our acquisition system. The quality of their skills and judgment is inextricably tied to whether we achieve the best results from the more than \$500 billion in contracting agencies undertake to meet the needs of our taxpayers.

In his March 4, 2009, Memorandum on Government Contracting, the President called on agencies, with guidance from OMB, to eliminate waste and maximize the value achieved from their contracts. To implement this mandate, OMB has directed agencies to develop aggressive savings plans and take other steps to reduce costs, manage risk, and improve contract performance. OMB's guidance outlines a series of actions for improving acquisition outcomes, such as increasing competition and improving the management of cost-reimbursement contracts for requirements where fixed-price contracting will not likely be effective. In each instance, success will depend on the capability and capacity of the acquisition workforce. Competition

cannot be increased unless the agency's acquisition personnel can write clear requirements and conduct good market research. Similarly, an agency cannot successfully manage the risks associated with cost-reimbursement contracting without a wide range of acquisition skills including contract financing, cost and price analysis, and program management.

This Administration's commitment to better contracting and its support of the acquisition workforce are focused in three broad areas:

- 1) Strengthening strategic acquisition workforce planning - good planning is the foundation for promoting effective and efficient acquisitions,
- 2) Improving training and development – OMB's Office of Federal Procurement Policy (OFPP) establishes federal acquisition certification policies for civilian agencies so that training and development programs respond to the most pressing development needs, and
- 3) Increasing recruitment and retention – OFPP is partnering with the Office of Personnel Management (OPM) and the Federal Acquisition Intern Coalition (FAIC) to continually improve recruitment and retention strategies for the acquisition workforce.

Let me talk about each of these briefly and the steps we are and will be taking to support this critical workforce.

Strengthening Strategic Acquisition Workforce Planning

Despite some advancements, acquisition workforce planning remains largely a tactical exercise rather than a strategic process. Agencies focus on filling vacancies rather than developing longer-term plans that project future needs and provide for succession planning. Workforce development activities are generally targeted to the contracting community and insufficient attention is placed on the needs of the broader acquisition workforce, including the

program managers whom we rely on for developing clear requirements and the contracting officer technical representatives who are critical to strong contract management.

We need a more deliberative planning effort that identifies what competencies are needed, where they should be applied, and how the talent should be developed. We have not historically provided meaningful support for helping agencies align their workforce needs with their acquisition profiles, which vary significantly. Congress recognized this shortcoming when it called for an Acquisition Workforce Development Strategic Plan for civilian agencies.

OFPP is leading this effort to provide a more strategic framework for developing the workforce. We are analyzing data about agency spending, reviewing workforce statistics and competency information, and working with members of the community to develop an actionable plan for the development needs of the acquisition workforce at the entry, mid, and senior levels. This plan, to be completed in October, will identify near term recruitment and development needs, recommend changes to our certification programs, and address the planning process that will be required to sustain these efforts. Additionally, we recognize that the needs of the workforce are not static, so will establish a more robust, on-going process for civilian agencies and OFPP to use in evaluating progress as we improve our workforce development efforts.

Improved workforce planning is also a component of the President's March 4th memorandum. OMB has directed agencies to develop aggressive acquisition savings plans to reduce cost, mitigate risk, and improve agency performance. Agencies will need to consider if the size, skill-level, and organizational structure of their acquisition workforce are sufficient to achieve their goals. OFPP is working with agencies to make certain that they have addressed how their workforce profiles align with their savings plans to meet this challenge.

As this Committee recognizes, improving strategic workforce planning requires dedicated leadership and attention. I commit to working with the Administrator of General Services to fill the position of the Associate Administrator for Acquisition Workforce Programs as quickly as possible as recommended in section 855 of the National Defense Authorization Act of 2008. This person will support OMB's Administrator for Federal Procurement Policy in leading more strategic, more coordinated workforce planning efforts so that we can better prepare the workforce for the challenges ahead.

Improving Training and Development

Agencies now have better access to tools and information that allow them to target training and development efforts. The 2008 competencies survey supported by the Chief Acquisition Officers Council and the Federal Acquisition Institute (FAI) provides practical information about the proficiencies of contracting officers and, for the first time, program managers and contracting officer technical representatives. OFPP's federal acquisition certification programs provide a framework for measuring and managing the achievement of core competencies in contracting and program management through training and experience.

OMB's July 29, 2009, guidance on improving government acquisition requires that agencies consider targeting training to meet their specific needs. As agencies develop a better understanding of their workforce profiles through their workforce planning efforts and acquisition savings planning process, they will invest more strategically in training and development opportunities. For example, if an agency uses high-risk acquisition practices, such as cost-reimbursement contracting, their workforce must be specifically trained in cost-price analysis to mitigate the government's risk.

As we invest in our training, we also need to improve the quality of our assessment tools so that we can better evaluate the impact workforce development efforts have on improving our ability to meet cost, schedule, and performance goals. OFPP is focusing on developing these tools.

Increasing Recruitment and Retention

Meeting the President's challenge to improve contracting highlights the importance of recruiting new talent and retaining existing expertise. The acquisition workforce grew by 4.5% government wide in 2008 and this growth was facilitated by the joint efforts of the FAIC and OPM to simplify recruitment of entry-level contracting professionals. A plain language, streamlined job announcement with no lengthy essay requirements is now being used to collect applications centrally for use by all agencies. We will expand the use of this model to attract mid-level contracting professionals.

Our efforts to simplify hiring are being reinforced by the recent hiring reform initiatives led by OPM. Clearer job announcements, better communication, and more involvement by hiring managers make government service more attractive and accessible to top talent. Only through these efforts can we make transformational changes to our recruitment process.

In 2008, fewer people left the contracting community than in the previous five years. While this trend is headed in the right direction, we must focus on developing a stronger retention strategy that seeks to reduce turnover of both new and experienced personnel. Through initiatives that bring interns and other new hires across the government together, such as those managed by the FAIC to build a stronger community, we can broaden employees' exposure to

the government's many important missions. These efforts improve cross-agency communications and facilitate the sharing of best practices.

Members of the acquisition workforce are among the most professional and dedicated civil servants in the federal government today. Through the Acquisition Excellence Awards program, OFPP and the Chief Acquisition Officers Council work together each year to recognize achievements that have contributed to increasing agency performance through better acquisition. Through this and other awards program, we can only acknowledge a few outstanding contributions, so we are working with agencies to expand the number and reach of our collective recognition efforts.

Federal Hiring Reform

You have asked for my views on how the Federal Hiring Process Improvement Act of 2009 (S.736) may impact the federal acquisition workforce. First, I would like to thank the committee members, and in particular recognize Senators Akaka and Voinovich, for their longstanding commitment to the workforce. Improving the federal hiring process is a principle strongly supported by the Administration as the foundation for attracting top talent government wide, and we share your interest in making significant improvements.

OPM is leading the government's hiring reform with strong support from OMB, and agencies are currently implementing initiatives that closely mirror many of those proposed in S.736. For example, agencies are now involved in specific activities to strengthen hiring practices, such as improving the timeliness of the hiring process and streamlining job announcements. While we support the intent of this legislation, we are concerned about mandating processes in legislation where innovative and more flexible solutions could be

achieved through administrative means and focused leadership. We expect agencies to make significant progress in hiring reform, and look forward to working with OPM on this important effort.

Conclusion

A skilled and capable acquisition workforce is essential to improving performance through better acquisition practices. Over the last several years, OFPP and its partner agencies have taken a number of noteworthy actions to strengthen the acquisition workforce in civilian agencies, but we need to take more affirmative steps. I intend to direct the Administrator for Federal Procurement Policy to lead a stronger, more strategic approach to achieving better government performance.

The Administration is committed to building the capacity and capability of the acquisition workforce, and I look forward to working with this committee as we build on our progress. I am happy to answer any questions you may have.

STATEMENT OF
NANCY H. KICHAK
ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

on

STRENGTHENING THE FEDERAL ACQUISITION WORKFORCE:
GOVERNMENTWIDE LEADERSHIP AND INITIATIVES

AUGUST 5, 2009

Chairman Akaka, Senator Voinovich, and Members of the Subcommittee:

I appreciate this opportunity to discuss with you the Office of Personnel Management's (OPM's) role in leading efforts to strengthen the Federal acquisition workforce. You also asked me to address OPM's views and recommendations regarding S. 736, the "Federal Hiring Process Improvement Act of 2009," particularly as it would affect the acquisition workforce.

Strengthening the Acquisition Workforce

OPM has been in the forefront of the effort to strengthen the Federal Government's acquisition capacity. We have been collaborating for some time with the Federal Acquisition Institute (FAI) and the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) on initiatives related to this effort.

In 2007, OPM designated acquisition as a Governmentwide mission-critical occupation requiring focused attention for recruitment and development. Since then, as part of their annual reporting requirement, agencies have been required to submit data to OPM to assess their acquisition workforce. Generally, agencies track the number of budgeted positions and the number of actual on-board employees they have, and set targets for closing the gap in hiring. The agencies also assess the acquisition competencies required of their workforce, develop strategies to address competency gaps, set targets, and conduct before and after assessments to measure progress. Agencies use FAI assessment results to identify their competency gaps, and OPM's Human Capital Officers (HCOs) assist with the target-setting process, as they do for all mission-critical occupations. The HCOs work with agencies during the year to establish and implement action plans to

meet acquisition targets. Each December, agencies report in their annual Human Capital Management Report the progress made in meeting the targets for closing gaps in resources and competencies within the acquisition workforce.

In collaboration with the FAI, we introduced the idea of the Federal Government working as a unified employer to recruit and hire contract specialists at the entry level. We joined with representatives from the acquisition community and several agencies to implement this concept by—

- Branding and marketing the acquisition profession through a special interactive recruiting Web page;
- Streamlining the application process by trimming job announcements by over 75 percent, writing them in plain language, eliminating written essay-style questions, and simplifying the assessment process so that it takes approximately 15 minutes to complete; and
- Using a centralized hiring approach where appropriate, offering participating agencies the opportunity to share talent across the Federal Government.

Let me elaborate briefly on these initiatives.

Recruitment; Federal Acquisition Intern Coalition

To support its succession planning priorities, the OFPP asked the FAI to develop a Federal Acquisition Intern Coalition, with an emphasis on coordinating recruitment strategies and activities, as well as career development activities for entry-level and mid-level employees. FAI, in turn, sought OPM's assistance in establishing the Coalition by helping to develop tools for agency managers and raise the visibility of acquisition careers.

In partnership with a vendor, OPM created an easily recognizable employment brand that includes messaging, logo, and tagline. OPM helped develop the Coalition's website, which targets job seekers and provides information on careers in acquisition, including testimonials, current job opportunities, intern programs, and current information on the acquisition community.

OPM also helped design and develop recruitment materials, including a brochure, a career fact sheet, a branded banner display, and promotional items. OPM employees staffed career fairs to publicize Federal careers in acquisition. During these fairs, attendees were surveyed on their knowledge of and interest in acquisition careers. OPM staff conducted an evaluation study by gathering the baseline data to show current conditions, holding focus groups, analyzing and tabulating data, and providing a summary report of data. We produced two "Working for America" commercials to showcase careers in acquisition. These ads are posted on the websites of both OPM and FAI. OPM also regularly hosts workshops for the acquisition community on a variety of

topics, such as hiring flexibilities, talent resources, workforce planning, and recruitment strategies. These workshops are webcast. The most recent one took place July 22, and the next one is scheduled for August 13.

Central Register Pilot for Entry-Level Contract Specialists

OPM also worked with FAI to pilot the use of a central register of pre-screened candidates for entry-level contract specialists at the GS-5/7 level or equivalent. We developed a new streamlined vacancy announcement to attract candidates to these positions. Based on the response to this pilot program, we are now providing this central register as a resource to all interested agencies. The central register can enhance their recruitment efforts by providing agencies with targeted lists of applicants who have been screened for basic eligibility and then ranked, using "category rating" procedures.

Here is how it works. OPM posted an open continuous job opportunity announcement for duty locations nationwide. Candidates apply with a resume and are grouped in categories, based on their responses to the on-line assessment questionnaire. Agencies submit their requests for candidates to OPM, specifying the grade level and duty location of the vacancies. OPM issues a certificate of eligibles for the specific grade level and location of each vacancy, using category rating procedures. This means that candidates in the highest qualified group are referred for employment consideration, with veterans who are 30 percent or more disabled placed at the top of the highest group. All others eligible for veterans' preference float to the top of the appropriate category, based on their responses to the questionnaire. Agencies must select from the top group of eligibles.

Candidates are being referred to multiple vacancies at the same time. A candidate's name may be referred simultaneously on all certificates for which the individual is qualified and is placed in the highest quality category group, and for which the individual indicated he or she is available. An OPM project manager monitors the referral of candidates and coordinates with the agencies during the selection process.

There are approximately 8,000 candidates on the register for 36 locations. Locations were determined by FAI and participating agencies. Since the pilot began, more than 800 applicants have been referred to 10 agencies and components. Sixty-seven selections have been made and, based on agency feedback, we expect more selections.

Dual Compensation Waivers and Direct Hire Authorities

In addition, I would like to briefly point out two statutory authorities that have been helpful to agencies in their acquisition workforce recruitment efforts. First, Congress authorized heads of Executive agencies to grant dual compensation waivers to acquisition personnel if they are uniquely qualified, the agency is experiencing exceptional difficulty in recruiting, or the agency has a temporary hiring emergency. Currently, more than 20 Federal departments and agencies are positioned to use this authority.

Second, Congress authorized agencies to use direct hire or expedited hiring procedures to appoint individuals in acquisition-related positions when they are experiencing a severe shortage of qualified individuals or a critical hiring need. From the beginning of fiscal year 2008 to March of this year, 207 individuals have been hired into non-Defense agencies under these authorities.

Ongoing Initiatives to Support Acquisition Recruitment and Staffing

In addition to the steps we have already taken, OPM is also proposing to expand the centralized hiring process by establishing central registers for contract specialists at the GS-9, 11, and 12 grade levels, using the streamlined vacancy announcement template. These registers will be used by agencies across the Federal Government to help fill mid-level contract specialist positions for the near term, but do not have the means to continue using the centralized register on an ongoing basis. We are carefully examining various assessment methods and will work with FAI to select the most appropriate tools to help predict candidates' future success on the job.

Another area we have focused on, with our partners in this endeavor, is effective communication and outreach, which are so vital to the development of the Federal acquisition workforce, given the wide dispersal of acquisition professionals across hundreds of organizational components of the Federal Government, each with its own goals, workforce priorities, and human resources policies and processes. FAI continuously reaches out to, and partners with, other agencies and organizations, communicating with, persuading, and serving key stakeholders.

We also need to be vigilant in seeking continuous improvement in our communication with agencies to make sure we are understanding the challenges they face and what will be most useful in their efforts to overcome obstacles.

S. 736

You also asked me to address the "Federal Hiring Process Improvement Act of 2009," S. 736. I appreciate your and Senator Voinovich's leadership in focusing attention on the persistent need to improve our hiring processes in the Federal Government, and your sponsorship of this bill is part of your commendable efforts. S. 736 would make a number of changes aimed at simplifying the Federal employment process and making it more efficient and effective. These changes would not be aimed specifically at the acquisition workforce, but they would apply to the acquisition community just as they would affect the Federal workforce generally.

- First, the bill would require agencies to submit *strategic workforce plans* to OPM and include them in agency performance plans. These strategic workforce plans are designed to help agencies identify critical skills shortages and recruitment strategies in order to attract qualified candidates to meet mission-critical needs.

- The bill also includes a number of steps that are intended to *shorten the Federal hiring process and make it more applicant-friendly*. For example, it provides a plain writing requirement for Federal vacancy announcements.
- In addition, it would create a mechanism to *allow applicants to store their resumes* in a central database that could be accessed by executive branch agencies.
- The bill would require agencies to provide job applicants with *timely updates about the status of their applications*, and it would direct OPM to develop a *human resources development training plan* that agencies can use to train human resources specialists across the Government to ensure that these improvements are implemented effectively.
- Finally, each agency would be responsible for reporting to OPM the results of their applicant and hiring manager assessments, which would be used to measure the progress of their recruitment programs.

OPM strongly supports the principles embodied in S. 736 – making the Federal recruiting and hiring process as transparent, efficient, effective, and user-friendly as possible for job applicants and Federal agencies. We are already moving ahead on many of the provisions of S. 736.

OPM has designed templates to streamline job announcements for more than 20 mission-critical and heavily recruited occupations. We will be directing agencies to use plain language in their job announcements. We have streamlined the assessments under the Administrative Careers With America (ACWA) Program, which offers entry-level opportunities at the GS-5 and 7 levels. With these streamlined assessments, it now takes an applicant only 10 to 15 minutes to complete a self-assessment that can be used to apply to many other jobs. As we have described in previous testimony, we developed a “roadmap” of the entire hiring process to make it easier for agencies to streamline their procedures. These initiatives will go a long way toward helping agencies to reform their hiring processes.

OPM supports the intent of S. 736, but we are concerned that mandating good agency practices in legislation may result in agencies losing flexibility and the ability to adapt to change. The Administration recently sent out memoranda to Federal agencies with specific requirements and timeframes for Federal hiring reform. Specifically, agencies are expected, by December 15, to show significant progress in four areas of hiring – timeliness, plain language and streamlined announcements, communication with applicants, and involvement of hiring managers. OPM will be collaborating with OMB to ensure agencies’ success in reforming the hiring process. In short, we believe we can achieve the intended results of S.736 by administrative means, by continuing to exercise leadership through our collaboration with OMB and the agencies. Of course, it is essential that any revisions to the Federal hiring process, whether legislative or

administrative, are consistent with non-discrimination principles and equal employment law, as well as all of the merit system principles.

Thank you again for the opportunity to represent Director Berry in this important discussion. I would be happy to answer any questions you may have.

DAVID A. DRABKIN

**ACTING CHIEF ACQUISITION OFFICER
U.S. GENERAL SERVICES ADMINISTRATION**

**BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE, AND
THE DISTRICT OF COLUMBIA**

**COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS**

UNITED STATES SENATE

AUGUST 5, 2009



Good afternoon, Mr. Chairman, Ranking Member Voinovich, and members of the Subcommittee. It is a pleasure to appear before you to discuss the critical subject of the Federal acquisition workforce. This committee has expressed concern about the size and adequacy of the acquisition workforce both for GSA and government-wide on numerous occasions. I can assure you that we at GSA share the committee's concerns.

GSA is the only civilian agency whose primary mission is the acquisition of goods, services, and real property for the entire Federal government. GSA also provides assistance in a variety of ways to State and Local government, international bodies, and the legislative and judicial branches. Our various acquisition programs include real property for offices and courthouses, as well as the delivery of telecommunication services, fleet and contract support for just about everything you can imagine and a few you would never imagine. The importance of the acquisition workforce for GSA and government-wide, and the statistics about that workforce, which have been presented by the Office of Federal Procurement Policy (OFPP), raise for us, and should raise for you, even more concern about its current status. The acquisition workforce today is smaller than it was in 1992 and, measured in dollars, is doing over three times the amount of work, at a higher level of complexity, than it did almost two decades ago. In addition, almost 50 percent of that workforce will be eligible to retire by the year 2012. GSA's acquisition personnel account for at least 25 percent of GSA's total agency workforce, and so we are very aware of the challenges of recruiting and retaining acquisition staff to sufficiently address current and future business needs.

Without our acquisition workforce, our government literally would have difficulty opening our doors each morning for business, turning on our lights, or even supporting the myriad of programs designed to service our key stakeholders, America's citizens. For these reasons, we have made focusing on our acquisition workforce one of our key objectives and plan to report to you our success in addressing this critical issue.

At GSA we strive for excellence in the business of government, and we seek nothing less for our acquisition workforce. Let me share with you some of the things that are already in motion at GSA. We have set aggressive performance goals to ensure that we employ an acquisition workforce with the right competencies and skills, supported by the right tools, and the right policies to obtain the best value in goods, services and real property that meet our customer's requirements. We will do this by strengthening our Acquisition Workforce Succession Plan, improving work tools, leveraging and maximizing our use of human resource flexibilities, and maintaining a governance framework to oversee our progress.

For example, we are planning to implement our Acquisition Workforce Succession Plan starting at the beginning of this coming fiscal year. Our plan will focus on ensuring that we have the capacity to meet GSA's business goals. It will also address human resource flexibilities and programs that optimize our ability to recruit and retain members of the acquisition workforce, and ensure that we have the right competencies and skills to perform the work of our agency and that of our government-wide

customers. To optimize our ability to recruit and hire acquisition staff, we are actively using the delegated Direct Hire Authority Congress reauthorized last year for the Acquisition Workforce. We have established standing registers to provide a constant applicant source. Last month, we held a GSA Hiring Fair and filled over 15 vacant acquisition positions using that authority.

Our plan will establish an internship program that can be leveraged GSA-wide, and we hope government-wide. The focus of our internship program will be to ensure that we can nurture an acquisition workforce through education, training, career path development and succession planning. To support the internship program, we will establish and maintain defined staffing standards that will ensure the appropriate capacity GSA-wide to meet business demands. Through our Acquisition Workforce Succession Plan, we will be able to identify new authorities that support our ability to achieve our goal. To this end, we have already identified certain differences between the DoD authorities and those of the civilian agencies and we plan to seek relief in this year's legislative agenda.

To ensure agency wide collaboration and oversight, GSA has formed an Acquisition Workforce Steering Committee co-chaired by our Chief Human Capital Officer and our Chief Acquisition Officer with representatives from our Services and Staff Offices. This committee meets monthly to oversee and guide the implementation of the Acquisition Workforce Succession Plan and its related initiatives and programs.

To improve our ability to capture acquisition workforce and training data, GSA is reworking its Applied Learning Center (ALC). GSA was the first agency in the government to establish a tool that accomplished subjective evaluation of competency and skill levels of acquisition workforce members. The ALC is undergoing a revision to ensure that this tool is useful for all members of the Acquisition Workforce, not just contracting specialists. This work will begin later this summer in conjunction with work being done to update GSA's On-Line University.

As part of our implementation of the Acquisition Workforce Succession Plan, GSA is reviewing ways to make our acquisition workforce more virtual. We have had a number of successes in moving work to where our people are located instead of moving people to where the work is located. In many cases, acquisition work can be done from anywhere if you have the right number of people with the right competencies and skills, and the right tools and policies in place. GSA has excellent IT resources and a very proactive teleworking policy. Combine this with the fact that there are certain localities where our pay and benefits are not competitive with the private sector and you can see that we can improve retention by moving the work to locations where we are competitive and we have a stable workforce to perform the work. This flexibility also allows us to support our customers in emergencies, no matter the nature. There are some exceptions to this general principle, but our program is designed to be tailored to the customer's requirement so that we won't impose a one-size fits all solution government-wide.

Improving work tools is another critical area that enables our efforts to recruit and retain our acquisition workforce. Having a tool that supports our workforce will provide the greatest leverage of their skills and competencies while improving compliance and the advancement of our collective socio-economic objectives. For all the money we spend both in GSA and across the government, we have failed to date to make an investment in the tools that all those involved in acquisition can use to achieve their mission, and to improve competition, transparency and compliance with the myriad of rules and policies imposed on acquisition. The investment we must make to get the right tools is small in comparison to what we spend each year, but its value as a retention tool for the Acquisition Workforce members is invaluable. The amount of rework that has to be done today and the manual entry of data, multiple times, in multiple places, is cumbersome and a huge disincentive, particularly for our current and future generations who seek streamlined and state of the art operating tools and systems.

Now I'll talk about the activities and support that the Federal Acquisition Institute (FAI) has delivered to the federal government regarding recruiting, training and development, and retention, since FAI last provided testimony in February 2008. In FY2009, under the strategic leadership of the Office of Management and Budget (OMB), the Chief Acquisition Officers Council (CAOC), and GSA, FAI has led a number of programs to help understand, recruit, and develop the acquisition workforce. Work notionally planned for FY2010 will continue to expand upon this support. Following is a summary of key initiatives FAI has led during the current fiscal year to support the Federal civilian acquisition community government-wide.

Recruiting and Staffing

1. Through the **FY2008 Annual Report on the Federal Acquisition Workforce**, FAI provides visibility into workforce demographics, and it identifies trends likely to impact workforce supply and future hiring and training strategies. FAI has produced the annual report since 1976, and the 2008 report was recently posted on the FAI Web site; The **Competencies Assessment Survey 2008 is a voluntary and anonymous** survey that provides benchmark data about civilian agency Contracting professionals, Program and Project Managers, and Contracting Officer Technical Representatives. Survey results, when leveraged against the annual report, provide important data points on the competencies of the acquisition workforce and its training needs.
2. The Federal Acquisition Intern Coalition was launched in January 2008 to promote career opportunities for contracting professionals in the federal government.

Entry-Level Recruiting activities, in partnership with the Office of Personnel Management (OPM) consist of:

- Developing a streamlined job announcement. This announcement is in use for entry-level and is in process for mid-level contracting positions. Streamlined announcements use plain language and they are resume-based as opposed to relying on a listing of knowledge, skills and abilities (KSAs);

- Developing a strategy that uses a Central Register, which incorporates a “streamlined” central job announcement for both civilian and Department of Defense (DoD) entry-level GS-1102 positions, and collects metrics highlighting qualifications information about the candidates; and
- Attending career fairs. From the fall of 2008 through the summer of 2009, FAI attended 9 such fairs.

For Mid-level recruiting, FAI collaborated with the Department of Homeland Security in conducting a training needs assessment and developing a mid-level recruiting strategies report. The report is helping FAI determine its training priorities and required new training initiatives for FY2010.

The chairperson of the FAI Board of Directors is leading two working groups established under the Chief Acquisition Officers Council (CAOC). Participants from many Federal agencies are tasked with finding ways to better recruit new employees. Their focus is on developing methods for attracting experienced acquisition professionals into government and to develop better marketing strategies for use at colleges and universities.

Training and Development

FAI continues to provide workshops, acquisition learning seminars, federal acquisition certification (FAC) courses and continuous learning modules. This year it:

- Held 41 training sessions at GSA EXPO, with about 110 trainees at each session., for a total of about 4,500 personnel trained in various acquisition subjects;
- Developed courses focused on Negotiation and Contract Management competencies;
- Used the Acquisition Workforce Training Fund (AWTF) to support acquisition certification and CORE training courses for new, mid-level and senior-level members of the acquisition workforce; and
- Established the Vendor Consortium (VC), a partnership between agencies and vendors who provide acquisition training for program and project managers (PPM). This pooling of resources created a one-stop shop for those who seek training to complete a FAC-P/PM certification. The VC includes 87 courses that are provided by 12 vendors. A website contains all pertinent information. <http://www.fai.gov/certification/VendorConsortium.asp>.

Acquisition Workforce Retention

FAI’s efforts at retaining the acquisition workforce have been centered on awards programs that recognize and reward exceptional performance. These include: a government-wide recognition program established in 2007 by the Office of Federal Procurement Policy; and the CAOC Acquisition Rewards and Recognition Awards

luncheon held at GSA EXPO to publicly acknowledge the best and brightest in the acquisition workforce from across the civilian agencies and DoD.

In addition, FAI has established a webpage (www.fai.gov) to solicit interest from federal agencies about the utility of a government-wide acquisition mentoring program for use by senior government leaders in mentoring future acquisition professionals. Further, a new initiative allows agencies to post rotational opportunities on FAI's website so that they can seek and share acquisition expertise where most needed in support of ARRA efforts across government. We expect this new initiative will become more useful to agencies over time.

Next I would like to address what GSA is doing as the managing partner for the Federal Acquisition Institute. FAI leads the way in the development of contract training and shares its materials with DAU, as DAU shares its materials with FAI. Since October 1, 2008, civilian agency employees completed more than 13,000 certification training courses and approximately 100,000 web-based continuous learning courses.

As you may know, the Director of FAI left late last year to accept a position with OFPP. GSA initially decided to wait to fill this position until a new Administrator of OFPP is hired, but that has not happened yet. GSA is now actively recruiting a new Director and hopes to make an appointment of the new Director within the next 30 days. Finally, GSA is actively recruiting for all other vacancies in FAI and hopes to fill those positions expeditiously. Once the staff is in place, we will make sure, through daily management of FAI, that it retakes its position government-wide and provides more aggressive leadership in the area of Acquisition Workforce Training and Management.

We are working with OMB to resolve the issues associated with filling the Associate Administrator of OFPP for Workforce Development. We need to fill this critical position that Congress created and authorized to move the management of the government-wide Acquisition Workforce forward.

Mr. Chairman, Ranking Member Voinovich, there's a lot of work before us to do, and it's not going to be easy work. The results won't be measured in days, but rather in years. However, we must undertake this work now and we must not falter or simply check a box and say we're done. Together the Congress and the Executive Branch must make the Acquisition Workforce a matter of daily interest and incorporate it into our daily management responsibilities. We at GSA are committed to it, and I'm pleased that this committee and its members share that commitment.

I will be glad to answer any questions.



**TESTIMONY OF ELAINE C. DUKE,
UNDER SECRETARY FOR MANAGEMENT,
U.S. DEPARTMENT OF HOMELAND SECURITY**

**Testimony before the
Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management, the Federal Workforce,
and the District of Columbia
August 5, 2009**

Chairman Akaka, Ranking Member Voinovich, and members of the subcommittee, thank you for the opportunity to come before you today to discuss how the Department of Homeland Security (DHS) is strengthening its acquisition workforce. When we discuss the Department's acquisition workforce, we have to look at it in three time frames: where we were, where we are, and where we are going.

WHERE WE WERE

In the aftermath of September 11th, Congress created the Department of Homeland Security to provide a central point of command for the protection of our country and citizens. On March 1, 2003, we opened our doors with the combined efforts of 180,000 people from 22 agencies and several newly established offices in the DHS Headquarters.

In March 2003, there were seven contracting activities supporting legacy components: The Transportation Security Administration (TSA), U.S. Coast Guard, U.S. Secret Service, Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Federal Law Enforcement Training Center (FLETC) and the Federal Emergency Management Agency (FEMA). Initially, a single contracting officer at DHS Headquarters personally handled and coordinated procurement requests from all newly established offices within Headquarters, which included the Science and Technology Directorate (S&T), the Information Analysis and Infrastructure Protection (IAIP) Directorate, and the Border and Transportation Security (BTS) Directorate. The first Chief Procurement Officer, Greg Rothwell, came on board in the summer of 2003.

In FY 2004, the Office of the Chief Procurement Officer (OCPO) established the Office of Procurement Operations (OPO) and began defining specific policy and oversight functions of the OPO. As the newest DHS contracting activity, OPO had the responsibility to support the contracting requirements of the DHS Headquarters and any other DHS organizational element that did not have its own contracting activity. OPO reported directly to the Chief Procurement Officer (CPO); while the other component contracting activities reported through their respective chain of command. All DHS component contracting activities received their procurement and contracting authority from the OCPO. In Fiscal Year (FY) 2004, OCPO had only four employees while the entire Department employed 603 GS-1102 contracting specialists. By the end of FY 2005, OCPO had grown to 30 staff members performing procurement policy and oversight functions, which included grants oversight, competitive sourcing oversight, strategic sourcing and e-business initiatives, and acquisition workforce management.

Between 2003 and 2005, DHS saw significant increases in spending on federal contracts. During this period procurements at DHS increased from \$3.5 billion to \$10 billion, an increase of \$6.5 billion or 189 percent. The total number of contracts entered into by DHS during this period grew from 14,000 in 2003 to 63,000 in 2005. The increase in DHS procurement spending also grew 11 times faster than the growth of the rest of the government.

In these early days, the OCPO was focused on supporting the newly-formed department through procurement. Procurement, however, is only one element of acquisition

management. Procurement is the actual transaction for goods or services and plays only a part in the overall acquisition process.

Acquisition is the process that starts with identifying a mission need, developing requirements and budget to meet that need, analyzing alternatives for meeting that need, contracting with industry to deliver the products and services to fulfill the need, and sustaining the delivered system through its life. Acquisition includes managing operational and life-cycle requirements—from formulating concepts of operations, developing sound business strategies, and exercising prudent financial management, to assessing trade-offs and managing program risks. Procurement or contracting teams act as business partners with the program office in the acquisition process. During our initial period of establishment and growth of the acquisition function at DHS we knew that best practice acquisition management is executed by an integrated team of acquisition professionals who manage the entire life-cycle of a major program effort. However, DHS had a serious shortage of people experienced in program management, including its related functional areas such as acquisition logistics, earned value management, test and evaluation, cost estimating and systems engineering.

WHERE WE ARE

We recognize that a successful acquisition program is more than policy and oversight—it requires a talented workforce. We are focused on improving our ability to attract and retain needed resources. Currently, there are more than 1,000 contract specialists across

the Department, and we continue to recruit candidates at all grade levels. However, one of the most hard-to-fill occupational series within the federal government is the GS-1102 contracting specialist position. The great demand far exceeds the number of qualified mid-level and senior-level contracting professionals. As this testimony is being prepared there are 1,432 vacancy announcements for the 1102 job series across the federal government. At DHS, our targeted efforts include open and continuous job vacancy announcements at all grade levels, GS-9 through GS-15; aggressive use of the Department's direct-hire authority for the 1102 contracting series; expansive use of the OCPO's Acquisition Professional Career Program; and the use of re-employed annuitants to serve as mentors to our newly hired acquisition professionals, in training and in oversight.

The same attention given to the recruitment of staff is being directed to the retention of our existing staff. Our contracting organizations are committed to providing their employees with the tools, developmental opportunities, and workplace flexibilities inherent to best places to work. For example, the Head of Contracting Activity (HCA) of OPO instituted a tuition assistance program, an annual employee satisfaction survey, an exit survey, and structured rotational/development work assignments. Other initiatives are being finalized that include expanded alternate work schedule and telecommuting options.

The Department received funding in the FY 2007 budget to hire additional acquisition personnel. However, competition for qualified and seasoned procurement personnel is

intense across the federal government and the private sector. DHS has initiated aggressive staffing solutions to resolve these personnel shortages and has centralized recruiting activities to better manage similar needs across the Department.

Our Acquisition Professional Career Program (APCP) began in FY 2009 with 66 new entry-level positions in the contracting field; we are expanding to other acquisition career fields and will grow to 300 positions by FY 2010. This program is modeled after highly successful Department of Defense (DOD) programs and is especially critical for contracting. Unlike engineering, IT, or finance, contracting is a field that is essentially learned through on-the-job training. DOD and others have successfully utilized intern programs to develop the leadership pipeline for this profession, and it is perhaps the most critical of our programs for strengthening the acquisition workforce.

We have a partnership agreement with the Under Secretary of Defense (Acquisition, Technology and Logistics) and the Defense Acquisition University president to leverage existing DOD training and development opportunities as well as to use their capabilities and talent pool to help develop our workforce on a long-term partnership basis. This partnership, in conjunction with our existing relationship with the Federal Acquisition Institute will improve our human capital management.

In FY 2007, we established the Acquisition Oversight Division, which is dedicated to assessing the Department's procurements and acquisition programs. In FY 2008, as the quantity and complexity of programs supporting DHS missions continued to increase, the

need to evolve and establish additional functions within OCPO became necessary. OCPO established two new divisions to support critical acquisition functions; the Acquisition Program Management Directorate (APMD) and the Cost Analysis Division (CAD). APMD and CAD provide essential competencies that are core to the infrastructure of the Department's acquisition program. The APMD develops, implements, and manages Departmental acquisition policies and processes, in parallel with providing in-process support to the DHS components in their acquisition efforts. This division developed and implemented multiple initiatives that significantly improve DHS acquisition and program management policy and processes.

WHERE WE ARE GOING

The APCP serves as the pipeline for providing talented, trained acquisition personnel for DHS and the APCP component working group has made significant progress in recruiting personnel and determining needs across component organizations. More than 30 percent of the DHS procurement workforce is approaching retirement eligibility; and more than half of those would be eligible to retire under the Civil Service Retirement System (over age 55 with 30 years of service). The APCP is therefore crucial, as current and continuing levels of procurement professional employment is being sustained by this aging workforce who continues to work even beyond their retirement eligibility.

As DHS expands its acquisition workforce, the APCP also will expand to include other acquisition career fields. In September 2009, DHS will have its first "technical cohort,"

consisting of approximately thirteen participants (including program managers and systems engineers). In fiscal years 2010 and 2011, DHS anticipates expanding this program to include other planned members of the acquisition workforce such as test and evaluators, logisticians, and program cost estimators and financial managers. Similar to the contract specialists in the program, the expanded program envisions having participants rotate through acquisition program offices at three DHS components. In addition to on-the-job experience, participants will attend classroom training on both acquisition and leadership; further all participants are assigned a senior mentor to use as a resource for their professional growth and development.

In addition to the APCP, the OCPO is exploring the benefits of developing a career transition program. Although still in the concept phase, the vision is to recruit seasoned mid-level professionals in other career fields into acquisition positions, most specifically, contracting. By targeting professionals in current federal positions or those in private industry that possess transferable skills, such as purchasing managers and purchasing agents, DHS anticipates a compressed lead time in developing these individuals into acquisition professionals.

The success of this effort will position the Department to resolve potential procurement skill gaps. DHS hiring and attrition rates are in line with other non-DOD agencies, meaning we are competing with other agencies for scarce resources. Preliminary indications from our APCP indicates a quality workforce can be grown and maintained as the program matures and expands, and this will increase our ability to better compete for

the journeyman-level resources needed to ensure quality contracting and quality acquisition. The result will be a highly skilled workforce effectively and efficiently executing the DHS acquisition mission. It should be noted that the announced DOD initiative to vastly expand their contracting workforce by thousands in the next few years could negatively impact other federal agencies as we compete for the same pool of acquisition professionals.

The Department has made tremendous strides in respect to acquisition oversight. The acquisition review process and the Acquisition Review Board (ARB) are the formal means for a program or project to receive authorization to proceed from phase to phase through the acquisition life cycle. The process allows program managers to summarize progress relative to the criteria of the acquisition life cycle and provides the ARB as a forum to assess progress and bring essential issues to the Acquisition Decision Authority (ADA).

Over the past year, we initiated program reviews of our largest programs, including 37 quick-look reviews. We held eight ARBs in FY 2008 and have had 20 ARBs in FY 2009. These reviews have provided visibility at the highest levels and a disciplined process to get documented decisions and approvals to proceed. We currently have five ARBs scheduled, and 17 ARBs are in planning. The Secretary and I are planning program discussions with level 1 (\$1 billion in life cycle costs) and select level 2 (between \$300 million and \$1 billion in life cycle costs) programs that have not completed or have not been scheduled for an ARB. We have also applied the principles and practice of the

Acquisition Review Board to the oversight of the additional acquisitions DHS is making using the funds from the American Recovery and Reinvestment Act. I have personally chaired six ARBs tailored to the review of those investments as a key element in the responsible stewardship of those funds. I want to express my appreciation to the Senate Homeland Security and Governmental Affairs Committee and the Senate as a whole for supporting our request in the FY 2010 budget to fully staff the APMD; as well as approving the staff positions for the Office of Selected Acquisitions, our newest procurement organization dedicated to the proper and secure processing of classified programs at DHS.

OVERVIEW

In the past, DHS Inspector General (IG) and Government Accountability Office (GAO) reports have pointed out a continued need for improvement in DHS acquisition programs. We appreciate the oversight, which give us more information to continue to improve our acquisition program. However, those reports are a look backward, and I think it is important to review the achievements to date as well as the ambitious path forward that DHS is on with its acquisition program. I am proud of the progress DHS has made to date in building a strong acquisition program. DHS has developed and implemented some key building blocks to a world-class acquisition program. These include:

- Expanding DHS's Chief Procurement Office from strictly a procurement office to an acquisition office. This is not just a matter of semantics. It recognizes that the root cause of DHS' challenges in acquisition is not in the contract itself, the

root cause is often in the initial requirements process. This initiative adds program managers, test and evaluation experts, cost estimators, logisticians, and systems engineers to the DHS workforce to ensure DHS's acquisition programs are developed with sound principles at every stage of the acquisition process.

- Developing a certification program for acquisition personnel that requires necessary experience, training, and education to ensure they have the necessary skills to perform their duties effectively.
- Designing an Acquisition Professional Career Program to bring entry-level contract personnel into the Department. The program began in 2009, and DHS will have 100 new contracting professionals in the Department by the end of this fiscal year.
- Establishing the Office of Procurement Operations to manage the contracting spending of the headquarters components. The contracting needs for headquarters quickly grew from a few hundred million to over \$5 billion in the first years of the Department. The Office of Procurement Operations provides the properly trained and certified contracting staff to manage this operational contracting workload.
- Designing and implementing a test and evaluation program for the Department's major acquisition programs. The test and evaluation program provides a formal

structure to ensure that appropriate developmental and operational testing is built into DHS' acquisition programs. It also provides an independent review of test and evaluation planning, including specific authorities for the Operational Test and Evaluation director. The current position is held by a seasoned test and evaluation professional working from the Office of the Under Secretary for Science and Technology.

- After developing a certification program for program managers, working diligently to ensure a properly certified program manager is running each of its major acquisition programs. The percentage of properly certified program managers running the 42 largest (Level 1) programs has increased from approximately 20 percent to more than 80 percent since the start of this certification program. Additionally, DHS is committed to ensuring every Level 1 program is run by a properly certified program manager by the end of this calendar year.
- Completing a comprehensive revision of its acquisition review program. The original program was modeled after the Department of Defense, and targeted developmental, hardware acquisition programs. In reality, DHS' acquisition is generally service and information technology, not developmental hardware. The revised acquisition review program is tailored to match DHS' actual spending, and effectively queues programs for leadership review and decision based on milestones and risk management.

- Realizing a net increase of more than 300 contracting personnel over the last three years through intense efforts to recruit and retain staff.
- Developing and implementing an electronic system, which provides information to senior leadership on the cost, schedule, and performance of DHS' acquisition programs. This electronic system provides timely and succinct management information. The system is key to timely action and intervention in managing risk of cost, schedule or performance slippage in DHS's acquisition programs.

CLOSING

It is important to note that DHS developed and implemented all the initiatives I've outlined above while simultaneously managing an existing acquisition workload that has grown to over \$15 billion in the first six years of the Department. We are proud of our progress to date, and we remain committed to continuous improvement and dedicated management of DHS' acquisition programs.

While we have strengthened many aspects of our acquisition program over the first six years of the Department, we will continue to seek improvements in our processes and provide our acquisition professionals the tools they need to both meet our mission and achieve acquisition excellence.

Thank you, Mr. Chairman and members of the subcommittee for your interest in and continued support of the DHS acquisition program. Thank you for the opportunity to testify before the subcommittee about the DHS acquisition program. I am glad to answer any questions you or the members of the subcommittee may have.

HOLD FOR RELEASE
UNTIL PRESENTED
BY WITNESS
August 5, 2009

**Statement of
William P. McNally
Assistant Administrator for Procurement
National Aeronautics and Space Administration**

before the

**Subcommittee on Oversight of Government Management, the Federal Workforce, and the
District of Columbia
Senate Committee on Homeland Security and Governmental Affairs**

United States Senate

Thank you for the opportunity to testify before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia regarding NASA efforts to staff, train, and retain its acquisition workforce.

NASA missions and projects are generally at the cutting edge of science and technology and typically involve the development of first of a kind flight hardware, which presents many challenges that are unique to the Agency. Recruiting, developing, and retaining a qualified talent pool is critical to meeting NASA's robust agenda. NASA has a systematic approach and programs in place to provide the acquisition workforce required to meet the challenges associated with supporting the Agency's broad portfolio of human spaceflight, exploration, science and aeronautics activities.

Succession Planning

Succession planning is an integral part of the Agency's ongoing, continual workforce planning processes. NASA's strategic workforce goal is to assure a high-performing and flexible, mission-aligned workforce. NASA's corporate strategy is to maintain a pipeline of skilled personnel that can be used to fill current and future vacancies. An overarching goal of the NASA Office of Procurement is ensuring that the mission is successfully executed by effectively and efficiently managing the acquisition process. Recruiting, developing, and retaining qualified and capable acquisition personnel, including new leaders, as necessary, is critical for mission success. Senior leaders at NASA Headquarters and at the NASA Centers are personally involved in succession planning. The NASA Headquarters Office of Procurement partners with the NASA Headquarters Office of Human Capital Management on workforce planning issues, including succession planning and workforce development.

NASA succession planning strategies for acquisition personnel fall under three categories: 1) recruitment/hiring; 2) training and development; and, 3) retention initiatives. As NASA recruits and hires personnel to maintain its current staffing levels, much of its focus is on hiring contract specialists with strong cost/pricing and negotiation skills and program and project managers

capable of achieving the highest possible level of mission success. My statement will briefly discuss each category.

Recruitment and Hiring Practices

Much of NASA's recruiting has been focused on entry- and mid-level personnel through its cooperative education and intern programs. NASA has a well established "brand" and name recognition. Individuals are drawn to NASA's overall mission, including its scientific, exploration, and aeronautics programs. NASA centers have used cooperative education programs to bring college students on board at the entry level. The NASA Contracting Intern Program (NCIP) has been highly successful in bringing entry-level personnel on board. The NASA Headquarters Office of Procurement administers the NCIP which is targeted towards recent college graduates in business-related fields. The NCIP provides structured training through formal coursework in contracting, diverse rotational assignments, and extensive on-the-job training. Participants work under the guidance of qualified procurement personnel performing duties directly related to the field of procurement. The NCIP was developed to serve as a training ground for future professionals within the NASA procurement community with a goal of developing a valuable resource pool of candidates for employment at one of the NASA Centers nationwide.

NASA also has numerous program management hiring programs at the Agency level and at the individual field Centers that seek to bring in the best and brightest for needed research and development, engineering, and science-related positions.

Training and Development

Acquisition personnel at NASA have access to comprehensive training programs and participate in all the core acquisition training that the Office of Management and Budget (OMB) requires for civilian agency acquisition workforce. Early on, NASA recognized the value of training. For example, in 1995, NASA established mandatory training requirements and a certification program for the procurement workforce that was modeled on the Department of Defense's (DOD) training and certification requirements. NASA's current training and certification program is based on the requirements for the Federal Acquisition Certification in Contracting (FAC-C) Program. Few changes were needed to fully implement the FAC-C Program.

Additionally, NASA has established a career path for procurement personnel at each level: Entry, GS-5 through GS-7; Intermediate, GS-9 through GS-12; and Advanced, GS-13 and above. These paths provide a framework for career development that procurement personnel and their supervisors use to identify suitable training classes and developmental opportunities. Personnel create individual development plans (IDPs) which set forth the training (formal and informal), developmental opportunities (i.e. rotational assignments), mentoring relationships, and professional association involvement to be pursued as they progress during their careers at NASA. IDPs are reviewed and updated as necessary to reflect completed training, work assignments, and changing individual needs.

Per the Office of Federal Procurement Policy (OFPP) Letter 05-01, NASA has developed a robust procurement training program that follows the curriculum established by the DOD. NASA procurement personnel also participate in a variety of developmental activities that include: rotational assignments with increased responsibilities; complex work assignments, such as serving on source evaluation boards for competitive procurements; and, mentoring relationships to learn coaching skills and to provide advice and guidance to more junior level personnel.

For program and project managers, NASA developed the Academy of Program/Project and Engineering Leadership (APPEL). APPEL contributes to NASA's mission by promoting individual and team excellence in program/project management and engineering through the application of learning strategies, methods, models, and tools. It supports individual practitioners as well as NASA project and program teams at every level of development through its four primary activities: Curriculum, Knowledge Sharing, Performance Enhancement, and Research and Advanced Concepts. APPEL uses a blended learning approach, recognizing the necessity of creating many opportunities for learning in order to address the full range of learning styles and modes. The APPEL curriculum employs state-of-the art methodologies based on the best empirical research and the latest developments in industry. More recently, NASA has established a new Program Manager Certification Process that is being applied across the Agency for its major projects and programs. This process has been endorsed by OMB and has been called a model example for Federal agencies. APPEL lessons-learned are also infused back into NASA technical workforce development through the application of interactive case studies; leveraging of experienced Agency, Industry, and Academic practitioners; use of multiple learning formats to promulgate learning across the Agency; and, the collection of data from learning metrics that capture improvements at all levels of individual and team performance.

Ensuring leadership continuity is a key aspect of succession planning and NASA uses several programs to develop leaders. To this end, NASA has established many career rotation assignments for its most senior leadership at the various Centers to ensure the continuation of highly competent leadership at these key institutions. NASA also has several key leadership development programs to help develop future generations of senior Agency leaders, including:

- The Senior Executive Service Candidate Development Program (SESCDP) is used to prepare personnel to become members of the Senior Executive Service Candidates. I was proud to have one procurement employee recently assigned to the Office of Federal Procurement Policy for a three-month rotational assignment.
- The Mid Level Leadership Program (MLLP) will launch in December 2009. High potential GS-13 to GS-14 personnel will be competitively selected for the opportunity to develop critical leadership skills through practical application and developmental rotations.
- The NASA Foundations of Influence, Relationships, Success and Teamwork (FIRST) Program is a pilot program for GS-11 to GS-12 personnel as an entry level to leadership within the Agency.

The NASA Centers have additional local leadership development programs as well as leadership training to meet their center and mission unique requirements, which leverage the Agency-level activities described above.

Retention Strategies

NASA uses several retention strategies to maintain its acquisition workforce. Key strategies include new employee orientation, mentoring programs, awards, work and family programs, and education assistance.

Recent hires attend new employee orientation programs both at Headquarters and at the field Centers. Most NASA Centers assign mentors to new hires. Mentoring programs are not limited to new employees, but are available to others who seek career growth or improved job performance.

Mentors gain a sense of satisfaction from helping less experienced personnel in their career development, which aids in the retention of more senior level employees.

Work and family life initiatives include flexible and alternative work schedules, telecommuting, part time employment and job sharing. Education benefits are used by acquisition personnel to pursue 4-year or more advanced degrees. NASA may also make payments on student loans for eligible employees.

NASA Views of S. 736, the Federal Hiring Process Improvement Act

Consistent with testimony provided by the Office of Personnel Management (OPM), NASA concurs with the intent of S. 736, the Federal Hiring Process Improvement Act, as introduced on March 30, 2009, and, in fact, the Agency is already doing much of what the bill would require. For example, the S. 736 would require the head of each executive Agency to develop a strategic workforce plan as part of the Agency performance plan. The NASA Office of Human Capital Management has an entire division focused on providing planning support for the Agency along with submitting detailed functional gap analysis to OPM. These proposed plans assist individual NASA centers in identifying critical skills shortages and recruitment strategies in attracting qualified candidates.

The bill would also direct the Agency head to develop processes that allow the applicants to submit a résumé and answers to brief questions to complete an application and that do not require lengthy writing requirements such as knowledge, skills and ability (KSA) essays as part of the initial application; and employ mechanisms whereby each applicant shall receive timely notification. NASA's hiring program operates through a customized automated staffing system (NASA STARS) that is fully integrated with OPM USAJOBS. Consequently, the Agency is responsive to its managers' and applicants' unique requirements, while at the same time, ensuring conformity with government wide vacancy announcement requirements. Under NASA STARS, applicants do not complete KSA narratives. Evaluations are made directly from information provided in the resume. Furthermore, applicants receive an initial email acknowledging receipt of their resume, and are provided a link to log onto USAJOBS to check the status of their applications. NASA STARS includes an actual "Vacancy Builder" tool which consists of pre-populated plain language templates. In combination with this tool and in an effort to capitalize on recently developed USAJOBS vacancy announcement templates, we are reviewing common occupations across the Agency and are in the process of developing NASA specific vacancy announcement templates.

In addition, NASA has been heavily engaged in responding to the recent OMB and OPM mandate to establish an Agency Hiring Reform SWAT Team. The team meets weekly and is currently assessing all major components of the hiring process against the government-wide 80 day standard, reviewing management engagement and satisfaction data, and as mentioned, developing plain language vacancy announcement templates. Finally, NASA has recently published a comprehensive report on its on-boarding process, which consists of detailed recommendations in reducing the length of time it takes for employees to be fully oriented and productive after accepting a job offer as well as their overall orientation process into the Agency.

Conclusion

In conclusion, NASA will continue to pursue its missions that push state-of-the-art technology, while also maintaining American leadership in space. The programs and initiatives that we have in place for our acquisition personnel will provide a qualified and capable acquisition workforce to meet the current and future challenges and complexities of NASA's new missions.

Again, thank you for the opportunity to appear before this Subcommittee today. I would be pleased to respond to any questions that you may have.

STATEMENT OF
JOHN R. BASHISTA
DEPUTY DIRECTOR, OFFICE OF PROCUREMENT AND
ASSISTANCE MANAGEMENT
U.S. DEPARTMENT OF ENERGY

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

AUGUST 5, 2009

Mr. Chairman, and members of the Committee, thank you for the opportunity to come before you today to address the Department of Energy's (DOE) efforts to build, strengthen, and maintain a high-quality acquisition workforce.

As the largest civilian contracting agency in the Federal government in terms of annual contract obligations, DOE must use sound contract placement and administration practices that rely heavily on a stable, experienced acquisition workforce to effectively support the Department's core missions. To this end, the Department has invested heavily in strategies to attract, train, and retain the best and brightest talent into its acquisition workforce.

The downsizing of the acquisition workforce in the 1990's throughout the Federal government was followed by a dramatic increase in workload. Between 1998 and 2006, the Department's contract spending increased by 71%, while the size of the Department's

acquisition workforce remained relatively constant. This strained the acquisition workforce and added increased risk to achievement of our desired acquisition outcomes. To address this challenge, the Department has undertaken a number of initiatives to better leverage existing acquisition resources by creating efficiencies through the use of technology, and by reengineering and standardizing internal processes. Although these initiatives are important, my comments today will focus on the efforts and strategies we now have underway to increase and develop our acquisition workforce.

The fierce competition among federal agencies for a limited universe of experienced acquisition talent has inhibited agencies' ability to quickly fill critical vacancies. While the Department is certainly a participant in this battle for talent, we are largely focusing our efforts on attracting new entrants into the acquisition profession. Fundamental to this approach is aligning our recruiting efforts with the career expectations of the next generation of acquisition professionals, which include professional accreditation, career development and advancement opportunities, project-based work opportunities, use of technology, flexible work arrangements, and job portability.

Over the past several years, the Department's recruiting efforts have emphasized active participation in broader federal initiatives such as Office of Personnel Management (OPM) sponsored Hiring Fairs, the Federal Career Intern Program, OPM's Central Register Pilot Program for entry-level contract specialists, and the Department of Veteran's Affairs "Coming Home to Work Program." DOE is also investing in recruitment efforts at local colleges and universities, advertising at local job fairs, and

posting vacancy announcements on USAJobs.gov and commercial job sites. The Office of Procurement is also working with the Department's Office of Human Capital to obtain direct hire authority, which will enhance our ability to recruit and hire qualified staff more quickly. And, last year we gained OPM approval to reemploy annuitants in acquisition positions. This authority has been, and will continue to be, used to fill short-term critical vacancies.

For the past two years, DOE has conducted an annual enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning. This annual assessment is developed from data drawn from the Federal Acquisition Institute's Acquisition Workforce Competency Survey. The assessment involves the active participation of DOE's acquisition managers in identifying and validating competencies, and its results are used for organizational planning. Information from the assessment helps us to identify priorities for Department-wide workforce development efforts and training to improve the capabilities of the acquisition workforce to meet current and future mission needs. The results of these assessments also help frame the Department's annual acquisition workforce training priorities, which are managed under our Acquisition Career Management Program (ACMP).

The ACMP provides a formal, structured approach to career development for DOE's acquisition workforce. As the acquisition environment continues to provide opportunities for growth, it also continues to provide significant challenges, and the workforce must be appropriately trained to meet those challenges. The ACMP is designed to increase the

proficiency of the acquisition workforce through competency-based training and provides a road map to guide acquisition employees through the training, education, and experience needed to advance in the profession.

DOE's Acquisition Career Management Program is actually more vigorous than current requirements in terms of its mandatory training and experience requirements. Under the Department's program, the electives permitted under the Office of Federal Procurement Policy Program have been replaced with specific required classes to address skill gaps within DOE, resulting in a more structured program. Additionally, continuous learning tracks have been developed to ensure that DOE has a cadre of acquisition professionals with specialized skills in such areas as project management, cost and price analysis, and supply chain management.

A key feature of the ACMP is the establishment of the DOE Site Acquisition Career Management Council in 2008. The Council is chaired by DOE's Acquisition Career Manager and its membership is comprised of representatives from each DOE field organization. The Council's responsibilities include maintaining the proficiency and currency of the Program's policies and procedures, education and training sources, and course requirements and curriculum. Another recent improvement has been centralizing the management of training resources within DOE's Office of Procurement to ensure complex-wide training needs are addressed. As a result, more than 90% of DOE's contracting workforce is currently certified under the Federal Acquisition Certification in Contracting Program, compared to 60% as of October 2007.

As part of the Department's initiative to institutionalize strong contract management practices, DOE has identified a number of opportunities for improvement which are outlined in the Department's July 2008 Root Cause Analysis Corrective Action Plan. One such opportunity is the capability to identify and maintain an adequate number of skilled federal contracting and project management professionals to plan, direct, and oversee project execution. To help meet this need, the Department developed an algorithm based on bench marking with other federal agencies. This algorithm will help to identify the appropriate level of staffing and skill mix that is required for a given project, and significantly improve future staffing decisions.

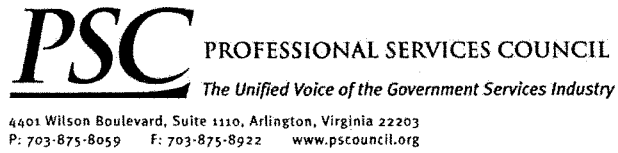
As a result of these efforts, the Department has made significant progress towards closing its resource and skills gaps. Since 2006, the DOE contracting workforce has increased by 30%. In addition, since the beginning of Fiscal Year 2008, more than 500 acquisition and program personnel have received training that targets both certification requirements and identified skills gaps across the spectrum of acquisition skills.

The Department is also leveraging existing authorities to retain critical experience and expertise. These include tuition reimbursement assistance, recruitment and retention incentives, employee reward and recognition programs, alternative work schedules and telecommuting, and employee development programs.

Improving the federal hiring process is a critical element in achieving a strong acquisition workforce. We appreciate the Committee's leadership in focusing attention on the need to improve the hiring process in the Federal government. In fact, the Department is currently working in cooperation with OPM and other agencies to improve the hiring process in all of the areas addressed in S.736. We believe that these changes should significantly improve our ability to recruit and hire acquisition employees.

In closing, I would reiterate and assure this Committee that the Department is committed to ensuring taxpayers' dollars are well spent in the contracting and project management areas through the Department's efforts to develop and sustain a robust, highly skilled, and professional acquisition workforce. We will fulfill that commitment by continuing to take advantage of every opportunity and resource available to attract, hire, develop, and retain the highest-quality professional acquisition workforce.

This concludes my formal remarks. I would be happy to respond to your questions.



STATEMENT OF
DEIDRE A. LEE
EXECUTIVE VICE PRESIDENT OF FEDERAL AFFAIRS
AND OPERATIONS
PROFESSIONAL SERVICES COUNCIL
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE AND
THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
U.S. SENATE
AUGUST 5, 2009

Chairman Akaka, Ranking Member Voinovich and members of the subcommittee, thank you for your invitation to appear before the subcommittee today to discuss strengthening the federal acquisition workforce and the Federal Hiring Process Improvement Act of 2009 (S.736).

Introduction

The Professional Services Council (PSC) is the leading national trade association of the government professional and technical services industry. PSC's more than 330 member companies represent small, medium and large business that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social and environmental, and more. Together, the association's members employ hundreds of thousands of American in all fifty states.

PSC has been a long-time advocate for a highly skilled and well-resourced acquisition workforce and supports efforts to enhance the training and professional development of the federal workforce, particularly in acquisition. PSC also advocates for appropriate and balanced approaches to workforce challenges including recognition of the contributions made by each segment of the multi-sector workforce to accomplish the government's many critical missions.

Having retired from the government in 2008 after 32 years of service in a number of leadership positions related to acquisition, I have witnessed first-hand the challenges faced by the acquisition workforce.

Acquisition Workforce

I want to begin by clearly defining what I mean when I refer to the federal acquisition workforce. Many people make the mistake of defining the acquisition workforce too narrowly, accounting for contracting and procurement employees only. A more accurate description of the workforce includes all the requisite skills and functions that make up the total acquisition team—from those who help define the government's needs to those who award the contract to those who administer and oversee the contractor's performance.

In the early to mid-90's, a lack of recognition of the important role of the acquisition workforce, referred to by some as "shoppers," resulted in statutory direction and administrative action to significantly decrease the workforce both in numbers and skills, particularly in the Department of Defense. During this time period, expecting a post cold war drawdown, DoD downsized across the board. Acquisition reform, the use of technology and "doing more with less" were supposed to enable the smaller cadre to meet the growing demands quickly at a lower cost.

From fiscal years 2001 to 2008, the complexity of acquisitions substantially increased, and obligations more than doubled. The government also transitioned from purchasing mostly products to the preponderance of its purchases being services. Yet the size of the federal workforce remained stagnant. The agencies have not increased the number of trained and skilled acquisition personnel to support the explosive growth because of the failure to acknowledge the strategic role of acquisitions; the lack of positions and funding to hire people; and the lack of experienced, available acquisition personnel.

Challenging new requirements, including contingency contracting in support of Iraq and Afghanistan, an expanded homeland security mission, and the American Recovery and Reinvestment Act stimulus funding, have further stressed the acquisition workforce. In the meantime, the oversight community staff has grown significantly. Who can forget Hurricane Katrina and the post emergency reviews finding over 400 auditors reviewing the work performed by fewer than 40 contracting officials during an emergency situation? Oversight is absolutely necessary and can contribute to improved performance, but taxpayers would be better served if resources were dedicated to the “front-end” process—not just back-end checking. Back-end checking, or as we call it, the “gotcha” approach, is often based on anecdotes rather than a systematic review, and rarely offers actionable conclusions of value to the acquisition workforce.

The Challenges at Hand

While the federal acquisition system works far more effectively and efficiently than many believe, it also faces many challenges that have diminished the trust of policymakers and the public.

The keys to ensuring proper oversight, accountability, and effectiveness of federal acquisition lie in thoughtful policies that strike the right balance between advance planning, resources and compliance. Those policies should be based on sound data and thoughtful debate, rather than on anecdotes or headlines, and should focus on reforms that will truly improve performance rather than simply adding layers of after-the-fact oversight. Thus, the most critical near-term priority must focus on the federal workforce charged with planning, awarding and managing federal contracts and grants.

Developing a well-trained and experienced federal acquisition workforce with the tools, resources and support it needs and deserves is the single most important ingredient for success. It's essential to ensuring the wise and effective expenditures of taxpayer dollars and for developing the kind of collaborative, but appropriate, arms-length partnerships with the private sector that enable government to achieve its missions.

At the same time the government is developing the federal acquisition workforce, a strategy for clarifying the roles of, and ensuring performance from, private sector partners in the multi-sector workforce is essential. The multi-sector workforce,

comprised of well trained and experienced government people along with the proper mix and composition of industry and academia partners, is also essential to immediate and long-term mission success. PSC has long been supportive of efforts to clarify the definition of inherently governmental functions to ensure that only those activities appropriate for contractors to perform have been contracted for; we endorsed the legislature's direction as well as President Obama's executive directives to address this matter properly. We are extremely concerned, however, about current government actions our member companies are experiencing, such as agencies taking work in house without meaningful assessments of whether the work involves critical or core mission skills; the real, total cost to the government; or the impact on the community at large, and small business in particular. Some of these actions appear to be focused on arbitrary goals versus careful and strategic consideration of whether the government or the private sector has the best capability to perform the function and to provide the best value to the taxpayer.

Further, our member companies report pockets of aggressive recruiting of contractor employees by the government, often in acquisition support and related fields, sometimes in ways we think border on the unethical. Arbitrarily converting contractor employees to government positions that are not inherently governmental, or mission critical positions without real analytical rigor, serves neither the agency's mission needs nor the government's or the taxpayers' fiscal interests. Indeed, it is becoming increasingly common for the government to offer contractor employees pay raises well beyond either their experience or the requirements of the work involved, or both. The costs associated with doing so, and the long term impacts on effective workforce management, are substantial.

Progress is being made

The long overdue recognition of the important role of acquisitions such as contained in President Obama's March 4 contracting memo, has helped tremendously to focus attention on the workforce. In this memo, the president directed the OMB Director, in collaboration with agencies, to "assist agencies in assessing the capacity and ability of the federal acquisition workforce to develop, manage, and oversee acquisitions appropriately." Additionally, Congress authorized funding and provided guidance to support an improved acquisition system. Moderate steps toward strengthening the acquisition workforce have been taken and progress is being made in a number of ways. For example:

Intern programs

Intern programs, a recruitment pipeline for federal agencies in the 70's and 80's, are returning. Congress has provided funding and permitted agencies to reallocate funds as appropriate to support these programs. An example is the Department of Homeland Security intern program.

Acquisition Workforce Development

The Acquisition Workforce Development Fund was made permanent for DoD in the National Defense Authorization Act of 2008. Congress established the fund and provided funding flexibilities to DoD to ensure funds were set aside and available for acquisition workforce development. The Senate 2010 NDAA includes additional provisions which would strengthen the DoD Workforce Development Fund. A similar approach for civilian agencies passed the Senate last year but was not enacted.

Training Institutes

The Department of Veterans Affairs established the VA Acquisition Academy, a training program focused on the next generation of acquisition professionals. The academy, in its second year, is built on approaches used in other agencies. Additionally, the Defense Acquisition University and the Federal Acquisition Institute have teamed to provide training and support to the acquisition workforce.

Direct Hiring Authority

Congress has granted direct hiring authority for specific skill shortage categories and some agencies are maximizing this flexibility. The Department of the Air Force reports these flexibilities have allowed them to bring on acquisition workers in about 17 days versus the traditional hiring process which averaged 120 days to on-board a new acquisition worker. I would note, however, that we are hearing of an increasing number of cases in which it appears contracted positions are being targeted for insourcing using direct hire authorities, although the work involved does not really fall into the category of mission critical skills, further illuminating the need for analytical rigor and discipline in the process.

S. 736

I also want to specifically address S.736, "Federal Hiring Process Improvement Act of 2009," sponsored by Senators Akaka and Voinovich and introduced on March 30, 2009.

As you know, S. 736 contains requirements for strategic human capital plans, measurement of federal hiring effectiveness, and timely notification to applicants regarding their standing in the hiring process, including their status and next steps. PSC applauds these needed improvements.

To further strengthen the effectiveness of the new workforce, the bill should also require that strategic human capital plans address the multi-sector workforce, including the right mix of government, industry and academia needed for mission success. Hiring, training and career opportunities are dependent upon the strategic structuring of an acquisition workforce and should not be isolated from the government staffing considerations.

Finally, the bill contains specific requirements for job vacancy announcements and job applications which may result in rigid processes or checklists, thus electing process and

reporting over demonstrated results in hiring, retention and training. These provisions should be adjusted to reflect the desired hiring goals and measurements while leaving flexibility to the agencies on how best to recruit, hire and train for their agency-specific mission.

Challenges Remain

Although progress has been made, much remains to be done. Rebuilding an experienced, skilled federal acquisition workforce and rebalancing the multi-sector workforce will take years of dedicated effort. The following challenges must be addressed to support the multi-sector workforce and to appropriately increase the size, training and competency of the federal acquisition workforce.

Plan for and manage a multi-sector workforce

Agencies must strengthen performance and demonstrate results. Program success is not only dependent upon the total agency acquisition workforce, but also on partners from industry and academia. Strategically established, well-defined approaches for hiring the right people for critical agency functions and awarding and managing the right contracts and grants for partner performance are critical to mission success. We must reinvigorate the civil service so that critical, often-vacant, positions are filled by employees with the skills and know-how to interact with, manage, and oversee contractors, as well as federal employees. A strategic approach to human capital requires agnosticism on whether non-inherently governmental work should be performed by federal employees or contractors. The overriding question is simply: who can get the job done best on behalf of the taxpayers. Insourcing without a strategic assessment of how the mission can best be accomplished and appropriately staffed will further exacerbate the workforce skill imbalance and almost certainly increase costs to the taxpayer.

Further, where there is a direct contractor to government relationship, and where the positions involved are neither inherently governmental or performing work the government absolutely must perform to maintain control of its missions, there should be a firm and mutual "no poaching" policy. Under such a policy, contractors would agree to not recruit government employees to simply "badge flip" them and bill them back to their agency performing essentially the same work they were performing previously and, at the same time, government would not recruit contractor employees to simply "badge flip" and convert to government employment, performing the same work they were doing as contractors. This type of mutual policy is the norm in commercial business relationships. Companies recognize both the impropriety of doing so and the costs such actions create for all concerned. It is time for the government-industry relationship to be marked by a similar ethic and agreement.

Clearly define the federal acquisition workforce

A successful acquisition program requires a coordinated effort comprised of numerous skill sets, including project management and financial personnel, end users, systems engineers, quality control, contracting officers, contract specialists and contractor officer representatives. Although the DoD definition of the acquisition workforce includes all these team members, civilian agencies often do not broadly define their acquisition teams in this manner. Rather, acquisition is interpreted as contracting and procurement people only, resulting in further pressure on this career field. The acquisition workforce must be defined in its totality, so that the strategic human capital plan includes recruiting, hiring, and developing a total team.

Fund the “total” acquisition workforce

Congress must recognize that the acquisition process involves a combination and integration of skills and capabilities, and that the agencies need a comprehensive, cogent, and well-enforced development and training regimen. Congress and the administration must provide stable, recurring resources for existing and new workforce recruitment, training, development and retention.

Put leadership in place

Critical acquisition leadership positions remain unfilled. The Administrator of the Office of Federal Procurement Policy (OFPP), the Administrator of the General Services Administration, and many agency Chief Acquisition Officers and Service Acquisition Executive positions are vacant. These positions must be filled with experienced leaders who can drive a change agenda and develop the needed policies, procedures and workforce. Further, the role of the OFPP Administrator should be expanded to encompass all acquisition functions, rather than being limited to just procurement or contracting. Such a change will reinforce the critical role of acquisition across the government and emphasize Congressional and Administration expectations for program accountability and results.

Streamline the hiring process

Current hiring processes, with pockets of exceptions, take too long, are too complex, discourage mid-level entries, and pass over excellent candidates based upon “process” compliance. The Office of Personnel Management, in conjunction with agency human resource personnel, need to significantly simplify, streamline and modernize hiring. Senator Collins’ amendment to the 2010 National Defense Authorization Act authorizing limited use of retired annuitants in the acquisition workforce, building on authority enacted last year in the GSA Modernization Act, would be helpful in alleviating the immediate personnel shortage and in providing mentors to the new entrants.

Provide cutting edge tools

Technology, including social media, is a part of every-day life. These tools and their

experimental applications contribute to transparency, accountability, process improvement and speed. The acquisition community must be encouraged (and funded) to maximize the use of current technology in accomplishing their jobs. The next generation expects the technology to be readily available and will incorporate these technology applications into their successful program implementation and contract management.

Ensure engaged, meaningful oversight

Accountability must begin with a system that enables performance and rewards excellence. But it must also tolerate innovation. Today's federal acquisition workforce is overworked, under-trained, under-resourced and under-supported. Furthermore, the federal acquisition environment has become extremely risk averse and leaves little room or excuse for honest mistakes. Performing at the highest levels—which is what we ask of the federal workforce—is impossible without innovation and responsible risk-taking. A contracting officer who does not uphold every single audit "recommendation" should not find the remedy for exercising his or her best judgment to be a referral to the Inspector General for personal investigation. The understandable zeal for accountability has frequently spawned a "gotcha" environment that has had a palpable effect on federal employees in general and government acquisition professionals in particular. A breakdown in communication between the oversight communities and the acquisition community is exacerbating the problem. In the vein of "independence," some elements of the defense oversight community have largely withdrawn from collaborative problem solving, early reporting, and open discussion and resolution of negotiable items. Independence does not equal isolation. Both the federal workforce and contractors should support serious innovation in both good times and bad. Sending that message could do more to strengthen the federal workforce than almost anything else.

The acquisition workforce "crisis" did not develop overnight, nor will it be resolved in a few months or even a few years. We do not need more reviews, competency studies, further discussion of who should or should not be counted in the acquisition workforce, or arbitrary new hiring goals. Nor can we imagine successful government without trained, skilled and experienced federal employees who skillfully plan, develop and manage the multi-sector workforce. Action is needed now. Following are PSC's recommendations that would put us on the right path to the workforce of the 21st century.

Recommendations

1. Demand rigor in planning the multi-sector workforce. OFPP should issue clear executable guidance on the phrase "inherently governmental" as required by the President's March 4 memo. Agencies should then develop strategic plans that reflect a balanced workforce focused on hiring for inherently governmental and critical core

positions and also address the full cost comparisons of other positions before making conversions.

2. OFPP should define the federal acquisition workforce to include the broad range of skills needed for the life cycle of a successful acquisition. An OFPP letter should be issued immediately with appropriate legislative and or regulatory language to follow.

3. Agencies should work with Congress and the Administration to reflect the proper workforce size and budget requirements, including recruiting, retention and training needs to support personnel funding in FY 2010 and beyond.

4. Congress should amend the OFPP Act to expand the role of the administrator to include "acquisition" in its broadest context and should ensure that agencies recognize and support the strategic role of acquisition in their agency.

5. The president should quickly nominate and the Senate should confirm an OFPP administrator. The Senate should confirm the president's GSA administrator nominee. Fill other key positions with experienced, qualified acquisition professionals.

6. Hire now—at all experience levels for critical skill sets. To accomplish this, the hiring process has to be made easier and more responsive—almost overnight.

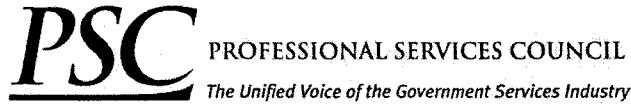
7. Fund technology and provide tools. OMB should grow the leveraged applications developed by the Integrated Acquisition Enterprise and the forward leaning transparency and accountability functions sponsored through the Chief Information and Technology Officers. Congress should appropriate funds directly to alleviate the current "pass the hat" funding limitation.

8. Reestablish oversight as an integral part of the acquisition team and a partner in the government's continuous improvement process. Provide acquisition training to the oversight and, particularly, the audit community, emphasizing that the oversight community can and should be a key partner with the acquisition community—which can be done without any compromise of their independence.

Attached to my statement are three documents relevant to the multi-sector workforce:

- April 7, 2009 PSC Letter to Defense Secretary Gates
- June 9, 2009 PSC Letter to Defense Deputy Secretary Lynn
- June 15, 2009 PSC paper titled "A Proper Approach to Insourcing"

Thank you for the invitation to provide these views. I would be happy to answer any questions the subcommittee may have.



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Robert M. Gates
Secretary of Defense
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April 7, 2009

Dear Secretary Gates:

On behalf of the more than 330 member companies of the Professional Services Council (PSC), the nation's largest trade association of government services contractors, I am writing today to express our desire to assist with your initiative to rebuild some of DoD's most critical human capital capabilities. PSC has long advocated for the reinvigoration of the federal acquisition workforce to include key technical and associated skills that are so fundamental to the effective execution of DoD's missions. To the extent this initiative leads to a reasoned and thoughtful effort to rebalance internal capabilities in targeted functions and addresses the significant critical skills gaps the department faces, it could be of significant value to the department, our men and women in uniform, and the taxpayer. At the same time, many of the support service contracts referenced in your remarks yesterday do not fall into or near the category of "critical capabilities" and thus, any decision to insource this work should be accompanied by sound analyses that demonstrate the cost savings and/or performance improvements that will result.

We share the concern that the department's contracting workforce has been under-resourced for too long; and we are equally concerned about the slow but steady atrophy of key technical capabilities (systems and other engineering, cost and pricing, etc.) across the department's broader, and much larger, acquisition and technical workforce. As such, your initiative to address these shortfalls offers a unique opportunity for a fresh approach to the department's human capital challenges based on today's marketplace realities. Its implementation must be driven by realistic, forward-looking strategic human capital planning that focuses on truly critical positions and capabilities with the goal of building the department and workforce of the future, and not seeking to reinvent the department or workforce of the past. Moreover, it must also be underpinned by a commitment to ensuring that the outcome will be higher performance and, where appropriate, lower costs.

To achieve those important goals, we also believe that several key principles should guide the initiative's implementation:

- I. The department's first step should be to carefully and fully assess the extent to which any "inherently governmental" functions are currently being performed by contractors. While we are not aware of any evidence suggesting that this practice is widespread, to the extent it exists at all, those functions should be of highest priority for action.
- II. Each component of the department should submit or update a human capital plan that carefully maps the most critical positions in their organization that are not inherently governmental. These positions are those that are essential to the department's ability to manage and oversee its missions, activities, and contracts, and may vary from component to component. A broad brush approach which assumes that all contractors providing contract support should be "insourced" is unrealistic and unnecessary. Likewise, while many program offices lack adequate experienced technical staff to evaluate and oversee the work of non-government technical experts, it is also unreasonable to assume that all such contractor support is inappropriate or even undesirable.

The key is to identify those specific positions that must be performed internally and to create the proper balance between contracted and in-house performance to ensure appropriate and necessary evaluation, oversight and performance. In fact, many of those skills are in short supply throughout the economy, even during these difficult economic times. Thus, the department's efforts must be targeted to its real needs and to realistic goals.

- III. Decisions to convert these carefully targeted, non-inherently governmental positions from contract to organic performance should be accompanied by a clear justification of need (i.e., truly mission critical).
- IV. For positions that do not involve these clearly identified, critical skills, any decision to convert contracted work to internal performance should be accompanied by a clear, analytically sound assessment of the fully burdened costs associated with the conversion, the availability of personnel to perform the work, and the performance improvements that will be attained. Absent such analyses, there is a real risk that presumption will rule over facts, and that the best interests of the taxpayers and the warfighter will not be served.
- V. The conversion of contracted functions or positions from contracted to internal performance must also be done in a fair and balanced manner. Just as many government entities today limit what contractors can offer federal employees to leave the government, so too must DoD activities be limited in a similar way as to what they can offer contractor employees as an incentive to come into the government. Out of fairness to both the government and the companies, the playing field must be leveled.

As I noted above, we support your efforts to address the workforce challenges facing the department and look forward to working with you and your team to ensure the successful implementation of your initiative. These are issues that impact us all and we stand ready to work with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Soloway". The signature is stylized with a large, looped initial "S" and a cursive "Soloway".

Stan Soloway
President and CEO

PSC PROFESSIONAL SERVICES COUNCIL
The Unified Voice of the Government Services Industry

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The Honorable William J. Lynn
 Deputy Secretary of Defense
 United States Department of Defense
 1010 Defense Pentagon, Room 3E944
 Washington, DC 20301-1010

Via Fax: (703) 697-7374

Dear Secretary Lynn:

I am writing to follow-up on my April 7 letter to Secretary Gates, our meeting of April 16, and your subsequent May 28 guidance on the insourcing of currently contracted activities. As you know, we fully support the department's efforts to appropriately rebalance its workforce to ensure it has adequate and capable in-house resources to ensure optimal execution of its many critical missions. To that end, we recognize the need to strategically assess the department's current personnel posture, skills shortfalls, and long-term demographics and workforce development needs.

However, there are elements of your May 28 guidance that raise a number of important questions that we would appreciate discussing with you directly. While we recognize that elements of the guidance are required by statute and separate from the initiative outlined by the secretary in his budget announcement, the two initiatives are inextricably linked. For example, we are concerned that the May 28 guidance does not adequately clarify, discuss or identify a range of critical decision elements and options that should guide any insourcing—or outsourcing—initiative. Moreover, while not specifically identified in the legislation, those decision elements and options are entirely consistent with the statute and vital to ensuring that decisions made are in the best interests of our men and women in uniform and the taxpayers.

Specifically, our concerns include:

- The limited focus on utilizing competition as a tool to drive performance and a concomitant lack of focus on measuring and holding public or private entities accountable for performance. This is particularly true for contracts where performance has been determined poor. The guidance does not even identify recompetition as an appropriate option, despite appropriate efforts elsewhere in DoD and other agencies to drive more competition.
- The lack of a clear definition of "closely associated with inherently governmental functions" and how, through a strategic assessment, to determine which positions meeting that definition need to be considered for insourcing, rather than assuming all such functions must be insourced.
- In the case of work performed by federal employees anytime in the past five years, the guidance does not address the benefits of ongoing competition, or require realistic assessments of workforce availability or analyses of how insourcing will drive higher performance.
- The guidance appropriately addresses the importance of considering cost in most insourcing decisions, but does not address the importance of assessing total costs; clearly, a full accounting, or even a reasonable estimate, of the government's total costs of personnel, benefits, and overhead (including personnel, pay, and other systems and offices), as well as lifetime benefits (and not to mention the



MERGED 2008



effects of using grade increases as hiring incentives) is essential to ensuring that the taxpayer's interests are best served.

- The guidance implies, or in some areas explicitly states, that contractors will not be allowed to complete work on existing contracts and/or be given award terms that they have legitimately earned. This seems to undercut basic fairness.

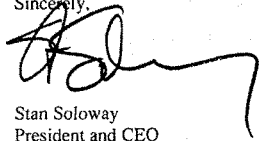
As I said, we are very supportive of the department's overall strategic direction to rebalance its workforce and ensure it has the kind of critical skills to execute its missions. Our hope is that we can work collaboratively to achieve that vital goal.

To that end, as the primary national association representing the industry most affected by the insourcing debate, and on behalf of our more than 330 member companies, I would appreciate the opportunity for a small delegation of our leadership to meet with you to discuss these questions in more detail. We believe such a dialogue will be crucial as we move forward together through this process.

I will be in contact with your office to determine when such a meeting might be arranged. In the meantime, my thanks, as always, for your time and thoughtful consideration.

I look forward to continuing the dialogue.

Sincerely,



Stan Soloway
President and CEO

Cc: Dr. Ashton Carter, USD/AT&L
Robert Hale, USD/Comptroller



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A PROPER APPROACH TO INSOURCING

OVERVIEW:

President Obama said in his inaugural address that the issue is not whether government should be larger or smaller but whether it can work better for the American people. However, much of the current debate has focused on the false choice of whether there must be more government employees for numbers sake or whether government should rely on the private sector to address the increases in agency workload or mission requirements. The FY09 Omnibus Appropriations Act (P.L. 111-8) and the FY08 National Defense Authorization Act (NDAA) (P.L. 110-181) included provisions requiring guidelines and procedures to ensure that agencies give priority consideration to using federal employees to perform new functions and functions currently performed by contractors that could be performed by federal employees.

Historically, the agencies' decisions on the allocation of work has been made after careful consideration of whether the government or the private sector has the best capability to perform the function and to provide the best value to the taxpayer. The recent legislation, however, arbitrarily requires insourcing even if the private sector can demonstrably perform the work better or at a best value price.

RECOMMENDATION:

PSC recommends that agencies be required to conduct an analysis of work to be performed that focuses on numerous factors affecting the performance decision and who can best perform the work before determining whether to insource it.

In addition to those few positions considered "inherently governmental" that must always be performed by government employees, agencies should identify those mission critical positions to be filled by government employees to ensure agencies can successfully achieve their mission and manage their contractors. Based on such findings, agencies should establish an appropriate workforce mix comprised of government and private sector employees.

For those positions not deemed inherently governmental or mission critical, agencies should be required to analyze and demonstrate cost savings associated with initiatives to insource work currently provided by the private sector. Such cost savings should be based on a thorough "apples-to-apples" comparison between the public and private sector employees. Criteria to be evaluated must include compensation, health and retirement benefits, plus overhead, facilities, equipment, and supplies.

DISCUSSION:

PSC's approach is consistent with the guidance issued by the Department of Defense in April 2008 to implement the FY08 NDAA language, and the requirements in another statute (10 U.S.C. Section 129a) to conduct a cost-evaluation. DoD's guidance also requires an analysis of workforce capabilities prior to insourcing and a determination of the most appropriate utilization or combination of government and contractor employees. There are no comparable analytical requirements on the civilian agencies.

With no civilian agency counterpart to 10 U.S.C. Section 129a, the Omnibus Appropriations language is not tempered by any requirement for the same common sense analysis used by DoD. Such comparable guidance should be adopted administratively as soon as possible, as well as being included in future appropriations bills. Congress should endorse applying the DoD implementing guidance as a model for the civilian agencies.

PSC only asks that when the government makes a determination whether to contract for a function or utilize government personnel for other positions, that the decision be based on rational and fair criteria—including who can best perform the work at the best value to the taxpayer.

For more information contact Roger Jordan (jordan@pscouncil.org) or Michele Kaplan (Kaplan@pscouncil.org) at 703-875-8059.

6-15-2009

BACKGROUND
STRENGTHENING THE FEDERAL ACQUISITION WORKFORCE:
GOVERNMENT-WIDE LEADERSHIP AND INITIATIVES
AUGUST 5, 2009

BACKGROUND

The amount of money the federal government spends acquiring products and services has increased dramatically over the past decade to over \$500 billion in Fiscal Year 2008.¹ Additionally, agencies are expected to award approximately \$60 billion in contracts under the American Reinvestment and Recovery Act.² Despite the rapid growth in contract spending, the acquisition workforce charged with creating and overseeing these contracts has remained relatively constant,³ putting mission critical activities and taxpayers' funds at risk. In addition, as with the rest of the federal workforce, the acquisition workforce is facing an impending wave of retirements that will further diminish its ranks.⁴ Over half of the contracting series workforce will be eligible to retire in fiscal year (FY) 2017,⁵ just eight years from now.

Recognizing the significant challenges associated with government procurement, the President issued a Memorandum on Government Contracting on March 4, 2009, that calls on federal agencies to improve the efficiency and effectiveness of their acquisition practices.⁶ The Office of Management and Budget (OMB) on July 29, 2009, issued the first of two sets of guidance as a result of the Presidential Memorandum.⁷ The first set provided guidance on reviewing existing contracts and acquisition practices, including cost savings through strengthening the acquisition workforce as a method to improve effective acquisitions practices.⁸ Specifically, the memorandum mentions hiring, training, restructuring, and retention of the acquisition workforce.⁹ More detailed guidance on the acquisition workforce is expected this fall.¹⁰

¹ USASpending.gov, *Contracts: Total Spending*, <http://www.usaspending.gov/fpds/index.php?reptype=a>

² Elizabeth Newell & Robert Brodsky, *Big Spenders*, *Government Executive Magazine* (June 15, 2009), http://www.govexec.com/story_page.cfm?filepath=/features/0609-15/0609-15s4.htm&oref=search.

³ Federal Acquisition Institute, *Annual Report on the Federal Acquisition Workforce FY 2007* at 16 (May 2008), http://www.fai.gov/pdfs/FAI_2007_Workforce_Annual_Report.pdf. Note: The FY 2008 report was released on July 31, 2009, and is available at

http://www.fai.gov/pdfs/FAI%20FY08%20Annual%20Report%20_Final%2029%20jul%202009.pdf.

⁴ *Id.* at 9-18.

⁵ *Id.* at 18.

⁶ White House Memorandum for the Heads of Executive Departments and Agencies on Government Contracting, http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-Subject-Government.

⁷ Executive Office of the President, Office of Management and Budget, Memorandum for the Heads of Departments and Agencies, *Improving Government Acquisition* at 1 (July 29, 2009), http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m-09-25.pdf.

⁸ *Id.* at Attachment 1 at B.

⁹ *Id.*

¹⁰ *Id.* at 1.

Prior Hearings

The Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia held a hearing on building and strengthening the federal acquisition workforce on February 14, 2008.¹¹ Representatives from the Office of Federal Procurement Policy (OFPP), Federal Acquisition Institute (FAI), and the Defense Acquisition University testified.

At that hearing, many of the relevant data gathering initiatives and proposed solutions were just being formed. These initiatives included:

- Require agencies to do human capital planning to better assess their acquisition staffing needs;
- Conduct outreach and recruit from high schools and colleges;
- Establish/improve flexible hiring authorities;
- Establish/improve mentoring and internship programs;
- Augment training and conduct learning seminars to share best practices and improve the proficiency of the acquisition workforce;
- Continue the SHINE program— a government-wide initiative dedicated to recognizing individual employees and team achievements of acquisition excellence within the acquisition workforce;
- Develop a clear and navigable acquisition career track;
- Assess where acquisition employees go when they leave their agencies/conduct exit interviews; and
- Consider the establishment of performance-based acquisition.

The witnesses testified that many of these programs would be implemented in 2008 or 2009. This follow up hearing will focus on determining the status of those initiatives, the implementation of new statutory requirements, how these efforts are being led and coordinated government-wide, and what additional tools the largest contracting agencies need to recruit, train, and retain a high quality acquisition workforce.

*Recent Legislative Changes affecting the Federal Acquisition Workforce*¹²

In 2003, the Services Acquisition Reform Act was signed into law and created the Acquisition Advisory Panel (AAP), which was charged with reviewing government-wide acquisition laws, regulations, and policies.¹³ The AAP issued its final report in January 2007.¹⁴ That report

¹¹ Building & Strengthening the Federal Acquisition Workforce: Hearing before the Oversight of Government Management, the Federal Workforce, & the District of Columbia Subcommittee of the Senate Committee on Homeland Security & Governmental Affairs, S. Hrg. No. 110-424 (February 14, 2008), <http://www.access.gpo.gov/congress/senate/senate12sh110.html>.

¹² This hearing will not address the Defense Department's acquisition workforce, which is subject to many distinct requirements. See National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181 (Jan. 28, 2008), for many of the new Department of Defense acquisition workforce requirements.

¹³ Enacted as part of the National Defense Authorization Act for Fiscal Year 2004, Pub. L. No. 108-136, 117 Stat. 1663 (2003).

included 89 recommendations for improving federal acquisition, including 13 for improvements to workforce skills, metrics, management, and development. Congress and the Executive Branch have launched initiatives to respond to the recommendations. In particular, the annual National Defense Authorization Act has become a vehicle for government-wide, as well as Department of Defense (DoD), acquisition reform. The relevant portions of recent legislative provisions affecting the federal acquisition workforce follow.

Fiscal Year 2008 National Defense Authorization Act¹⁵

The relevant sections affecting the federal acquisition workforce:

- Section 855 (a) requires the Administrator for Federal Procurement Policy to designate a member of the Senior Executive Service to serve as the Associate Administrator for Acquisitions Workforce Programs, within FAI. The Associate Administrator is responsible for supervising the acquisitions workforce training fund; developing a government-wide strategic human capital plan for the acquisition workforce; reviewing and providing input to agencies' acquisition workforce succession plans; recommending programs, policies, and practices to increase the quantity and quality of the acquisition workforce; and other duties as assigned.
- Section 855 (b) through (d) require agencies to establish and operate acquisition and contracting training programs. The Administrator for Federal Procurement Policy is required to issue government-wide policies to promote the development of performance standards for training and uniform implementation of training, with due regard for the differences among agencies. The Administrator also is required to evaluate the implementation of the training programs and ensure that agencies collect and maintain standardized information on the acquisition workforce.
- Section 855(e) requires the Chief Acquisition Officer for each executive agency to develop a succession plan for the recruitment, development, and retention of the agency's acquisition workforce.
- Section 855(f) requires the Administrator for Federal Procurement Policy to ensure that there are enough federal employees trained in the acquisition of architect and engineering services.
- Section 855(g) requires the Administrator for Federal Procurement Policy, in coordination with the Director of the Office of Personnel Management (OPM), to encourage executive agencies to "utilize existing authorities, including direct hire authority and tuition assistance programs, to recruit and retain acquisition personnel and consider recruiting acquisition personnel who may be retiring from the private sector, consistent with existing laws and regulations."

¹⁴ Acquisition Advisory Panel, *Report of the Acquisition Advisory Panel to the Office of Federal Procurement Policy & the United States Congress*, (January 2007), <http://www.acquisition.gov/comp/aap/finalaapreport.html>.

¹⁵ Pub. L. No. 110-181 (Jan. 28, 2008).

Fiscal Year 2009 National Defense Authorization Act¹⁶

Section 321 requires OMB to review current definitions of “inherently governmental function” and develop a single, uniform definition of the term, which will apply to all agencies and departments. OMB is required to develop criteria that each agency head will use to identify the positions performing inherently governmental functions.

Also, Section 869 authorizes the preparation and completion of an Acquisition Workforce Development Strategy Plan, the purpose of which is to increase the size of the acquisition workforce and operate a government-wide acquisition intern program for civilian agencies. The plan is required to be completed within one year from enactment of the Act and to be funded from the Acquisition Workforce Training Fund.

GOVERNMENT-WIDE ACQUISITION WORKFORCE LEADERSHIP AND COORDINATION

It is important to understand the roles and relationships among the key policy-setting agencies affecting the federal acquisition workforce in order to determine who should be leading government-wide acquisition workforce reform efforts and who should be held accountable for the success or failure of such reforms.

The Office of Management and Budget

OMB develops and executes a government-wide management agenda that includes information technology, financial management, procurement, performance, and human resources.¹⁷ In this capacity, OMB oversees agency management of programs and resources to achieve legislative goals and Administration policy. It also oversees agency program evaluation activities to determine their net effects, success or failure, and how agencies respond to these findings by making management improvements and developing new budget and policy proposals. Thus, OMB has the ability to hold agencies accountable for acquisition workforce reforms through performance management tools and setting government-wide policies.

In addition, located within the OMB is the Office of Federal Procurement Policy (OFPP). OFPP was created in 1974 to set acquisition policy across executive branch agencies, including recommending and promoting programs for the recruitment, training, career development, and performance evaluation of procurement personnel.¹⁸ The FY 1996 National Defense Authorization Act, also called the Clinger-Cohen Act, created an Acquisition Workforce title in the Office of Federal Procurement Policy Act.¹⁹ The law applies to all contracting and purchasing positions and any other positions in which significant acquisition-related functions

¹⁶ Pub. L. No. 110-417 (Oct. 14, 2008). The Act also contains provisions affecting the Defense Department’s acquisition workforce. For example, Sections 833 and 834 provide DoD with expedited hiring authority for acquisition professionals through FY 2012 and require DoD to establish policies and issue guidance to ensure the proper development, assignment, and employment of members of the armed forces in the acquisition field to attract a sufficient number of high-quality, qualified, trained acquisition professionals.

¹⁷ See generally <http://www.whitehouse.gov/omb/management/>.

¹⁸ H.R. Conf. Rep. No. 93-1268 (August 7, 1974). See also http://www.whitehouse.gov/omb/procurement_default/.

¹⁹ Pub. L. No. 104-106.

are performed. The law requires agencies to define the education, training, and experience necessary for career progression within the acquisition workforce, including mandatory coursework and on-the-job training. The OFPP Administrator is responsible for promoting uniform implementation of the law's requirements by civilian agencies and for establishing qualification standards applicable to positions covered by the law.

OFPP has issued circulars, memoranda, and policy letters requiring agencies to undertake certain acquisition workforce assessments and planning, but does not have traditional enforcement powers.²⁰ The OFPP is authorized 16 full-time employees and currently lacks a presidentially appointed Senate confirmed Administrator.²¹

The General Services Administration

Viewed as the U.S. Government's "lead purchaser," the General Services Administration (GSA) leverages the buying power of the federal government to the benefit of taxpayers and the federal entities it serves. GSA manages the government's assets, delivers acquisition services, and develops management policies.²²

Regarding acquisition, GSA provides information on best practices, tools, policies, and initiatives, as well as contracting requirements.²³ GSA also houses the Training for Acquisition Workforce programs, which provides learning opportunities for the federal acquisition workforce through the Federal Acquisition Institute.²⁴ The Training for Acquisition Workforce program also evaluates the effectiveness of training and career development programs for acquisition personnel.

The Office of Personnel Management

OPM's mission is to ensure that the federal government has an effective civilian workforce. In part, OPM has a responsibility to advocate for innovative human resources practices, attract and develop the best people for Federal service, encourage professional development and recognition opportunities, and ensure that taxpayer dollars are spent wisely.²⁵ Thus, OPM has an important role in addressing government-wide federal acquisition workforce issues.

In addition to its broad workforce role, OPM determines the critical hiring needs for direct hire authority, a tool that may be employed to recruit additional federal acquisition employees.²⁶ OPM is tasked with providing intensive program oversight and assistance to agencies performing workforce planning. To address some of its responsibilities for enhancing the federal acquisition

²⁰ See, e.g., Office of Management & Budget, Policy Letter 05-01, Developing & Managing the Acquisition Workforce (April 15, 2005), http://www.whitehouse.gov/omb/procurement_policy_letter_05-01/.

²¹ http://www.whitehouse.gov/omb/assets/procurement/org_chart_ofppl.pdf.

²² See generally <http://www.gsa.gov>.

²³ See generally <http://www.gsa.gov/acquisition>.

²⁴ *Id.*

²⁵ See generally http://www.opm.gov/about_opm/.

²⁶ http://www.opm.gov/Strategic_Management_of_Human_Capital/fhfr/FLX03020.asp. In addition, Section 4 of the General Services Administration Modernization Act, Pub. L. No. 109-313 (2006), granted agencies authority, after consulting with OPM and OFPP, to approve reemployment of annuitants in acquisition-related positions.

workforce, OPM established a pilot program with the Federal Acquisition Institute to streamline the hiring of entry-level contract specialists, streamline on-line assessments and use of its webpage for the acquisition community, and create a centralized hiring strategy to share acquisition applicants' resumes among agencies.²⁷

²⁷ Recruiting & Hiring the Next Generation of Federal Employees, Hearing before the Oversight of Government Management, the Federal Workforce, & the District of Columbia Subcommittee of the Senate Committee on Homeland Security & Governmental Affairs, 110th Cong. (May 8, 2008) (statement of Angela Bailey, OPM Deputy Associate Director for Talent & Capacity Policy), http://www.opm.gov/News_Events/congress/testimony/110thCongress/5_08_2008.asp.

AGENCIES WITH SIGNIFICANT CONTRACT EXPENDITURES AND AT HIGH RISK FOR INEFFECTIVE ACQUISITION MANAGEMENT

The Department of Energy (DOE), the Department of Homeland Security (DHS), and the National Aeronautical and Space Administration (NASA) are three of the Federal government's top five agencies based on fiscal year (FY) 2009 contract spending.²⁸ In addition to having significant contract expenditures, these agencies are on the Government Accountability Office's (GAO) high risk list for inadequate contract management and oversight, with DOE and NASA on the list since its inception in 1990.²⁹

Department of Homeland Security

DHS spends nearly 40 percent of its over \$40 billion annual budget through contracts.³⁰ The Department identified acquisition workforce staffing levels as a serious challenge and, began several initiatives to address this, including an acquisition intern program. The acquisition intern program is designed to recruit, train, certify, and retain acquisition workforce professionals. DHS wants to expand the number of program participants to 100 in the near term.³¹ Despite this and other efforts, the Department reportedly continues to rely on contractors to fill key positions in the acquisition process and is at risk for continued acquisition mismanagement.³² Building and strengthening the DHS acquisition workforce continues to be an area requiring attention.

In addition, a recent DHS Inspector General (IG) report details the ongoing challenges facing FEMA's acquisition workforce.³³ Despite significant efforts to improve the acquisition workforce, the IG found that FEMA does not have the necessary plans and policies or a well-prepared workforce that it requires to respond to significant disasters.³⁴ That report recommended that FEMA's Office of Acquisition Management undertake a long list of planning and preparation activities including developing and implementing detailed acquisition workforce policies and procedures, initiating a formal mentoring program, and developing and implementing a strategic acquisition workforce plan to include succession planning and a comprehensive staffing analysis.³⁵

²⁸ See <http://www.usaspending.gov/fpds/tables.php?tabtype=t1&subtype=at&rowtype=f>. The other two departments are the Department of Defense (ranked number 1) and the Department of Health and Human Services (ranked number 5).

²⁹ Government Accountability Office, *High Risk Series: An Update*, GAO-09-271 at 5 (January 2009). DOE and NASA contract management are on the high-risk list, in addition to the implementation and transformation of DHS, which highlights contract management.

³⁰ Improving the Ability of Inspectors General to Detect, Prevent, and Prosecute Contracting Fraud, Hearing before the Ad Hoc Subcommittee on Contracting of the Senate Homeland Security & Government Affairs Committee, 111th Cong. (April 21, 2009) (statement of Richard Skinner, DHS Inspector General).

³¹ Department of Homeland Security, *Fact Sheet: U.S. Department of Homeland Security Announces 6.8 Percent Increase in Fiscal Year 2009 Budget Request* (Feb. 4, 2008), http://www.dhs.gov/xnews/releases/pr_1202151112290.shtm.

³² Government Accountability Office, *High Risk Series: An Update*, *supra* n.29.

³³ DHS Office of the Inspector General, *Challenges Facing FEMA's Acquisition Workforce*, OIG-09-11 (Nov. 2008), http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_09-11_Nov08.pdf.

³⁴ *Id.* at 1.

³⁵ *Id.*

Department of Energy

Each year, DOE spends approximately 90 percent of its budget on contracts.³⁶ As noted above, the Department has been on the GAO high risk list since GAO started its assessment in 1990. According to GAO, DOE's "record of inadequate management and oversight of its contractors resulted in the high-risk designation for contract management."³⁷

DOE has worked to improve over the last two years, resulting in GAO narrowing the high-risk designation to its two largest components; however, those two components account for most of its funding. Thus, although DOE has increased the number of contract specialists employed at the Department, the increase in workforce has not kept pace with the increase in the Department's procurement obligations. The Department of Energy IG found a 20 percent increase in acquisition staff since FY 1998 and a 61 percent increase in procurement obligations over the same time period.³⁸ Department procurement officials reportedly continue to acknowledge institutional barriers that make acquisition workforce recruitment and retention a challenge.³⁹ The DOE IG concluded that the Department's staffing efforts should be intensified and suggested using all existing and emerging techniques for recruitment and retention as well as exploit any cross-training opportunities with existing employees and expedite hiring determinations.⁴⁰ In addition, a recent National Academy of Public Administration report found that the Department needs to better integrate three of its mission-support functions: human resources, contracting, and financial management.⁴¹

National Aeronautical and Space Administration

Each year, NASA spends almost 90 percent of its annual budget on the acquisition of supplies and services in order to fulfill the agency's mission.⁴² In 1990, GAO designated NASA's contract management as high risk in view of persistent cost growth and schedule slippage in the majority of its major projects.⁴³ NASA recently has made a concerted effort to improve its acquisition management. In 2007, NASA developed a comprehensive plan to address systemic weaknesses related to how it manages its acquisitions.⁴⁴ However, GAO's recent work has shown that NASA continues to lack effective project management. According to GAO, it needs to adopt best practices that focus on closing gaps in knowledge about requirements, technologies,

³⁶ Government Accountability Office, *High Risk Series: An Update*, *supra* n. 29 at 75.

³⁷ *Id.*

³⁸ DOE Office of the Inspector General, *Special Report: The Department of Energy's Acquisition Workforce and its Impact on Implementation of the American Recovery and Reinvestment Act of 2009*, IG-RA-09-02 at 2-3 (March 2009), <http://www.ig.energy.gov/documents/IG-RA-09-02.pdf>.

³⁹ *Id.* at 3.

⁴⁰ *Id.* at 5.

⁴¹ National Academy of Public Administration, *Department of Energy: Managing at the Speed of Light - Improving Mission-Support Performance* (July 2009), http://www.napawash.org/pc_management_studies/DOE/Proc_HR_FM/DOE_Managing_Speed_Light_July2009.pdf.

⁴² Government Accountability Office, *NASA's System for Tracking Foreign Contracts and Subcontracts*, GAO-07-142R (Nov. 9, 2006), <http://www.gao.gov/new.items/d07142r.pdf>.

⁴³ Government Accountability Office, *NASA: Projects Need More Disciplined Oversight & Management to Address Key Challenges*, GAO-09-436T (March 5, 2009), at 1, <http://www.gao.gov/new.items/d09436t.pdf>.

⁴⁴ *Id.*

funding, time, and other resources before it makes commitments to large-scale programs.⁴⁵ Management of contractor performance continues to be a problem at NASA.

CURRENT LEGISLATION:

S. 736, Federal Hiring Process Improvement Act of 2009

Senator Akaka introduced the bill, cosponsored by Senator Voinovich, to facilitate the recruitment of a qualified federal workforce, including acquisition professionals, by streamlining the recruitment and hiring process. The bill would require federal agencies to: post clear job announcements; accept resumes and not require Knowledge, Skills, and Ability essays; give applicants timely notice of their status; keep an inventory of applicants willing to be considered for other federal jobs; and make an offer no later than 80 days after the decision to fill a vacancy, among other provisions.

ADDITIONAL RESOURCES

Framework for Assessing the Acquisition Function at Federal Agencies, Government Accountability Office, GAO-05-218G (September 2005).

Acquisition Workforce: Status of Agency Efforts to Address Future Needs, Government Accountability Office, GAO-03-55 (December 18, 2002).

Federal Acquisitions and Contracting: Systemic Challenges Need Attention, Government Accountability Office, GAO-07-1098T (July 17, 2007).

Oversight Plan Needed to Help Implement Acquisition Advisory Panel Recommendations, Government Accountability Office, GAO-08-160 (December 2007) and GAO-08-515T (February 27, 2008).

High Risk Series: An Update, Government Accountability Office, GAO-09-271 (January 2009).

Federal Contractors: Guidance on Award Fees has Lead to Better Practices, but Is Not Consistently Applied, Government Accountability Office, GAO-09-630 (May 2009)).

Department of Homeland Security: Progress and Continuing Concerns with Acquisition Management, Government Accountability Office, GAO-08-1164T (September 17, 2008) and GAO-07-990.

Department of Homeland Security: Billions Invested in Major Programs Lack Appropriate Oversight, Government Accountability Office, GAO-09-29 (November 18, 2008).

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The Project Management Institute (PMI) is grateful for the opportunity to submit a statement as part of the hearing, “Strengthening the Federal Acquisition Workforce.” Thank you Chairman Akaka and the Ranking Member Voinovich, for scheduling this hearing and bringing the human capital needs of the federal acquisition workforce to light.

PMI is a non-profit professional organization that advocates for its members and credential holders trained as project managers throughout the world. We currently have nearly 500,000 members and credential holders in 175 countries including over 711 in Hawaii and 12,800 in Ohio. We estimate there are over 88,000 federal employees doing project and program management in the federal government today.

PMI is recognized as the global leader in project management; our credentials and standards are recognized and requested throughout the world by industry and governments. Project management is a defined professional discipline, which effectively, “initiates, plans, executes, controls, and closes” projects. In addition, program management uses these skills and others to manage groups of projects under a specified program. Finally, portfolio management looks at the strategies of the organization and determines what are the best projects and programs to ensure success of the organization’s goals. Together, we refer to these three disciplines as project management.

A recent study by Booz Allen Hamilton found six reasons why major projects (over \$500 million) in both the public and private sector fail. The top reasons are the result of poor project management in the acquisition and procurement process. The biggest problems are organizations not taking ownership of projects and being thoroughly invested in success; second is insufficient coordination amongst those responsible for establishing project requirements, procurement and implementation of projects; third, insufficient risk management; fourth, changes to scope because the initial terms were not properly identified. Certified, qualified project managers have the knowledge and skills to overcome these deficiencies that lead to failure, waste and abuse.

Certified project managers bring real skills to the federal government. Individuals with the Project Management Professional (PMP®) or Program Management Professional (PgMP®) credential have been given an accreditation which demonstrates their knowledge to schedule projects, manage risk, manage costs, conduct earned value evaluations, manage human capital, and communicate with stakeholders. These are critical skills to getting the right job done correctly, in less time and with lower costs.

Today’s acquisition workforce needs the skills that come with project management training and best practices. Congress required project management competencies for all acquisitions personnel in government in PL 108-136, the Service Acquisition Reform Act, identified in the OBM required program Federal Acquisition Certification-Project/Program Management, led by the Federal Acquisition Institute. The purpose of the FAC-P/PM is to establish general training and experience requirements for



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acquisition program and project managers in civilian agencies and to focus on essential competencies that are needed by these positions. The Federal Acquisitions Institute aligned some of the requirements of FAC-P/PM with PMI's credentials. We hope to continue our work with FAI and federal agencies to ensure the sound project management in acquisitions can produce results for the federal government.

With FAC-P/PM now in place more agencies are focused on the need to improve project management, and therefore, we believe that Congress should request a study by the Government Accountability Office to identify best practices which can be used by agencies who are less mature in establishing, implementing and using project management throughout the organization.

When talking about the topic of project management, executives and Congressional decision-makers typically think of acquisitions or IT. The use of and need for project management skills goes much further, beyond basic acquisitions or procurement undertakings and does not solely reside within the IT departments of agencies. Project managers are integral parts of all agencies in all levels. Project managers are asked to manage considerable efforts often times with little training and undefined authority. Project managers most often are responsible for spending and overseeing projects that exceed \$100 million of taxpayer money. For organizations these are very important people and their skills are highly valued.

PMI's Proposal for the Federal Workforce

The federal government's project and program management community consists of people who oversee budget authorities of approximately \$2.55 trillion dollars. According to a 2008 report by the Council on Excellence in Government, a large portion of those people do not have any certification in program management, while about half said they never received any training in program management at all. This problem can be solved.

Project management skills should be a critical area for agencies to focus on in human capital strategic plans. We hope the legislation recently passed by the Homeland Security and Governmental Affairs Committee, S.736, the Federal Hiring Process Improvement Act of 2009 will require agencies to focus on their project management skills needs.

In addition, a formal job classification for project and program managers should be established across government. This will significantly improve the recruitment of project and program managers. Project managers will also have a clearer understanding of their role and position in government and it will allow for an established discipline that can be developed and tracked throughout the government.

The government can also help itself retain its project managers if there is a career path for continued development. A career path should include an apprenticeship program to



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promote knowledge sharing and provide younger project managers with access to senior management – improving lines of communication. A career path would include the formal job classification and benchmarks for becoming an agency project, program and portfolio manager as well as education and experience requirements and continuous learning.

PMI has developed a career framework, PathPro®, for use by organizations that identifies job definitions, skills, competencies, job titles, job descriptions, project profiles, proficiency assessments, career paths, and reporting capabilities necessary to build a career path for each level of project, program and portfolio management. This tool can be used at no charge by OPM and federal agencies in developing career paths within their organizations.

We also have several recommendations for best practices and training. These recommendations will also reduce waste and fraud, increase transparency and demonstrate that the government is working. Our recommendations include:

- Through OPM and OMB adopt globally recognized project management standards for use throughout the federal government as frameworks to develop agency policies and practices.
- Allow agencies to pay for external certification of their project managers.
- Require project management as part of one of the five core criteria within the Senior Executive Service (SES) Program.

Conclusion

We look forward to working with the subcommittee and the Obama Administration to implement our proposals. We can assist in establishing a framework for the career path and networking with experienced project managers both internal and external to the public sector. In addition, PMI can provide and identify the best practices our members and credential holders have proven the ability to execute.

The American people want good results from their government. We believe increased use of project, program and portfolio management will make those results possible.

Again, we thank Chairman Akaka and Ranking Member Voinovich as well as the Subcommittee on Oversight of Government Management, the Federal Workforce and District of Columbia for the opportunity to submit this statement.

Post-Hearing Questions for the Record
Submitted to the Honorable Jeffrey Zients
From Senator George V. Voinovich

“Strengthening the Federal Acquisition Workforce: Government-wide
Leadership and Initiatives”

August 5, 2009

1. The National Defense Authorization Act of 2009 requires the Associate Administrator for Acquisition Workforce Programs to formulate an Acquisition Workforce Development Strategic Plan. This plan is required to include, among other items, a specific and actionable 5-year plan to increase the size of the acquisition workforce. How will the Office of Federal Procurement Policy ensure agency compliance with the plan’s provisions?

Response: OMB is committed to supporting the acquisition workforce through better planning, improved training and development, and increased recruitment and retention efforts. The Acquisition Workforce Development Strategic Plan required by the NDAA 2009 will call for a robust agency planning process, led by OFPP, that will focus agency human capital efforts on increasing and assessing the capacity and capability of the acquisition workforce -- including contract specialists, program managers, and contracting officers technical representatives. This planning will help agencies meet their unique acquisition challenges while supporting the appropriate selection of contract type and maximizing competition, as called for in the President’s March 4th Memorandum on Government Contracting. In this memorandum, the President specifically identified the acquisition workforce as a critical resource in strengthening the agency’s acquisition practices, and OFPP will work with the Chief Acquisition Officers and Senior Procurement Executives to assist agencies in developing and meeting specific hiring and development goals to support improvements in federal contracting.

2. Several months ago, I asked Deputy Director Nabors to report on which agencies will need larger workforces to carry out responsibilities under the Recovery Act. While I have not yet received those details, I understand that, for example, the Department of Energy’s budgetary authority through fiscal year 2010 has increased significantly as a result of the Recovery Act. What initiatives have been implemented across the government to recruit additional professionals to administer the billions in new spending associated with the Recovery Act?

Response: The Recovery Accountability and Transparency Board has statutory responsibility for reviewing whether there are sufficient, qualified acquisition personnel with adequate training overseeing the Recovery Act funds. I understand the Recovery Board recently conducted a survey of agencies to gather information regarding the size and qualifications of the acquisition workforce managing Recovery efforts, and is working with the Office of Personnel Management (OPM) to host a hiring fair in the Washington, DC area in October. OFPP has coordinated with the Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs) to make agencies aware of this opportunity. Additionally, in March, OFPP provided the CAOs and SPEs information regarding acquisition workforce hiring flexibilities and co-sponsored, with OPM, an

agency workshop on meeting the workforce needs of the Recovery Act. OMB remains committed to supporting this workforce and will work closely with the agencies to promote growth in both numbers and skills.

3. During Congressional consideration of the American Recovery and Reinvestment Act, I expressed concern that agencies receiving funding through the Recovery Act may not have the infrastructure to obligate such massive infusions of additional budgetary authority in an effective or efficient manner. In light of the difficulty many federal agencies are encountering in their normal acquisition activities, what effect do you think implementing the Recovery Act will have on a critical workforce that the Professional Services Council characterized in its prepared testimony as “over-worked, under-trained, under-resources, and under-supported?”

Response: OMB recognizes that the Recovery Act has increased the workload of an already stretched acquisition workforce and is committed to improving the capacity and capability of this critical resource. Skilled members of the workforce are needed to promote the principles of competition and transparency that the Act requires. Agencies have been working quickly and effectively to obligate funds with unprecedented speed so that these dollars can have a stimulative impact on the economy. However, OMB remains committed to supporting and recognizing this workforce as they manage their Recovery efforts and other acquisitions.

4. The Federal Acquisition Institute is located within the General Services Administration (GSA) but receives policy direction from the Office of Federal Procurement Policy (OFPP). How do OFPP and GSA collaborate regarding the Federal Acquisition Institute, and do you believe the Federal Acquisition Institute is properly located at GSA?

Response: OFPP, in consultation with the Chief Acquisition Officers Council, sets acquisition workforce policy and establishes the strategic direction for acquisition workforce human capital activities that are implemented by the Federal Acquisition Institute (FAI). OFPP, through the FAI Board of Directors, prioritizes the activities funded by the Acquisition Workforce Training Fund, which supports many of these implementation efforts, and works closely with GSA on these and other activities. OFPP is in the process of hiring an Associate Administrator for Acquisition Workforce Programs, in accordance with the National Defense Authorization Act for FY 2008, who will provide additional, focused leadership to FAI and the administration of the AWTF.

GSA serves as a member of the Chief Acquisition Officers Council, its Human Capital Working Group, the FAR Council, and the FAI Board of Directors so is well-positioned to manage the operations of FAI's government wide mission.

5. The Office of Federal Procurement Policy (OFPP) and the General Services Administration (GSA) both have responsibilities regarding procurement regulations. How are those responsibilities divided and how do OMB and GSA collaborate regarding the Federal Acquisition Regulation (FAR)?

Response: OFPP and GSA both play important roles in the development and implementation of the Federal Acquisition Regulation, which is the government-wide regulation addressing the acquisition of goods and services. FAR rules are developed through a structured and highly collaborative process that is overseen by the Federal Acquisition Regulatory Council (FAR Council). OFPP leads the activities of the FAR Council, whose other members include GSA, the Department of Defense, and the National Aeronautics and Space Administration (NASA).

FAR rules are drafted by interagency teams that specialize in different aspects of the FAR, such as strategy, implementation, finance, small business, information technology, and law. Team rules are approved by two councils, the Civilian Agency Acquisition Council (CAAC), which represents civilian agencies (other than NASA), and the Defense Acquisition Regulations Council, comprised of officials from the Defense Services and NASA. OFPP reviews changes approved by the CAAC and DARC (as well as individual agency FAR supplements for consistency with law and Executive Branch policy) and provides advice to OMB's Office of Information and Regulatory Affairs (OIRA) for their review of acquisition regulations under Executive Order 12866. After OIRA completes its review, the rules are published in the *Federal Register*. For FAR changes involving priority policy issues, OFPP often provides a liaison to the drafting teams for additional background and support. For its part, GSA, in addition to serving on the FAR Council, chairs the CAAC, leads or supports each of the FAR teams, and manages publication of the FAR through the FAR Secretariat.

6. As a mid-level office within the Office of Management and Budget (OMB), do you believe the Office of Federal Procurement Policy (OFPP) has the authority it needs to provide direction and oversight across the government regarding acquisition processes?

Response: Yes – the OFPP Act gives the office significant, government wide acquisition authorities, and OFPP provides additional direction through leadership of the Chief Acquisition Officers Council, the FAR Council, and FAI. Additionally, the Administrator for Federal Procurement Policy is a Senate-confirmed official who will work closely with me and my team to provide direction and leadership to the agencies on improving acquisition management practices. The President recently announced the nomination of Dan Gordon to serve as the Administrator for Federal Procurement Policy, and I look forward to working with you on his confirmation process. I will work with Mr. Gordon, if confirmed, to continually assess if changes to OFPP's authorities are needed to ensure that the federal acquisition system is efficient, effective, and transparent.

7. The Federal Acquisition Institute is responsible for managing the Acquisition Workforce Training Fund, which is financed by fees collected by civilian agencies. Does the Office of Federal Procurement Policy (OFPP) or the General Services Administration (GSA) manage the fund, and are there any current issues with agencies contributing to the fund?

Response: In accordance with the original authorizing legislation for the AWTF – the Services Acquisition Reform Act (SARA) – the GSA Administrator establishes the fund and manages it

through FAI to support the training of the non-DoD acquisition workforce. The GSA Administrator is required to consult with the Administrator for Federal Procurement Policy in managing the fund and does this generally through the FAI Board of Directors. Because GSA has a government-wide responsibility in its management of FAI, OFPP established the FAI Board of Directors in 2003 to provide FAI broad input from key civilian agency procurement stakeholders (generally 8 agencies representing small, medium, large agencies). One of the Board's principal responsibilities is to provide direction to FAI on the use of the AWTF and does this by reviewing spending plans, establishing priorities, and giving general management direction.

I am not aware of any issues regarding agency collections.

**Post-Hearing Questions for the Record
Submitted to Ms. Nancy H. Kichak
From Senator George V. Voinovich**

**“Strengthening the Federal Acquisition Workforce: Government-wide
Leadership and Initiatives”**

August 5, 2009

- 1. The Office of Personnel Management (OPM) has significant tools and flexibilities that may be made available to agencies for building their respective acquisition workforces, such as direct hire authority and recruitment and retention bonuses, without the need for agencies to request additional statutory authority. What efforts have OPM made to inform agencies of these tools, and are additional tools needed across the government?**

Response: In addition to the direct hire authority and recruitment and retention bonuses, Congress also has authorized the heads of Executive agencies to grant dual compensation waivers to acquisition personnel if (1) the employee is uniquely qualified, (2) the agency is experiencing exceptional difficulty in recruiting, or (3) the agency has a temporary emergency hiring need.

OPM has been in the forefront of the effort to strengthen the Federal Government’s acquisition capacity. We have been collaborating for some time with the Federal Acquisition Institute (FAI) and the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) on initiatives related to this effort.

We produced two “Working for America” commercials to showcase careers in acquisition. These advertisements are posted on the websites of both OPM and FAI.

OPM also regularly hosts workshops for the acquisition community on a variety of topics, such as hiring flexibilities, talent resources, workforce planning, and recruitment strategies. These workshops are webcast.

OPM also helped design and develop recruitment materials, including a brochure, a career fact sheet, a branded banner display, and promotional items.

Because of our partnership efforts, agencies with acquisition workforce needs are well aware of the tools and flexibilities available to them to recruit and retain a qualified acquisition workforce. At this time, we do not feel additional statutory hiring authorities are needed for the acquisition workforce, although we agree with OMB Deputy Director Zients that there are additional measures that can be taken to develop and implement more effective strategies for recruiting and retaining acquisition workers.

2. **What plans does the Office of Personnel Management have to address the fact that, over the next eight years, more than 50 percent of the Federal acquisition workforce will be eligible for retirement?**

Response: OPM plans to continue its training and technical assistance to all Federal agencies to assist in planning for and mitigating the effects of large-scale attrition in the acquisition workforce. OPM has designated the Federal acquisition workforce as a mission-critical occupation and requires agencies covered by the Chief Financial Officers Act to (1) monitor the number of acquisition positions funded and on board, (2) estimate one to three years' attrition, including projected retirements, and (3) implement action plans to fill the gaps. Additionally, the Office of Federal Procurement Policy has worked with OPM to require agencies to assess the competencies of the acquisition workforce, factor in retirement eligibility, and determine how to close competency gaps. This data is reported to OPM as part of the Systems, Standards and Metrics (SSM) reports submitted with the annual Human Capital Management Report (HCMR). For 2009, the SSM report on the acquisition occupations has been expanded and agencies will report on the current and targeted number of acquisition professionals holding Federal acquisition certifications in accordance with OMB Office of Federal Procurement Policy memoranda.

OPM's Human Capital Officers (HCOs) use HCMR results to target ongoing consulting services to agencies' priority needs. Succession management for large-scale attrition in the acquisition workforce will continue to be a priority for HCO activities over the coming years. In addition, OPM will partner with OMB to provide training and technical assistance to the acquisition community on workforce issues. Examples include recent training OPM provided on workforce planning for the acquisition workforce. OPM is also determining the feasibility of capturing acquisition-related work done by employees in other occupational series to gain more accurate data on the full level of acquisition work done in the Federal Government. This information would then be compared with retirement eligibility for a full assessment of the potential loss over the next 5 to 8 years.

3. **Congress created the Chief Human Capital Council (CHCO) in 2002 to advise and coordinate human resources activities of Federal agencies. What role has the CHCO Council played in addressing acquisition workforce challenges?**

Response: The Chief Human Capital Officers (CHCO) Council's Subcommittee for Hiring and Succession Planning shares information and best practices on strategies to close current and projected competency gaps in mission-critical occupations, including acquisition. In FY 2009, a representative of OMB's Office of Federal Procurement Policy participated in a Subcommittee meeting to explore strategies to address acquisition workforce challenges. A more formal link between the Chief Acquisition Officers Council and the CHCO Council is being developed for FY 2010 to build a partnership approach to managing this vital Federal occupation.

4. **Senator Akaka and I have worked with a number of our colleagues to correct a statutory anomaly that creates a disincentive for employees nearing the end of their careers to phase into retirement by working part-time schedules. How might this legislation, S. 469, help address the problem we face with more than half of our acquisition workforce nearing retirement age?**

Response: While this hearing focused on acquisition employees, S. 469 addresses an issue adversely affecting all employees under the older Civil Service Retirement System (CSRS) who would otherwise contemplate working less than full time at the end of their careers. Fortunately, the provisions of law applicable to part-time service under the newer Federal Employees' Retirement System do not create the same problem under that system.

Prior to 1986, part-time service was granted full-time credit, but the part-time salary rate was used for annuity computation purposes. This resulted in the possibility of an unintended windfall when individuals worked part-time for long periods, and then worked full-time during the period during which they were earning their "highest-3-year" average salary. The 1986 change in the law was intended to prevent such abuses in the future.

However, under pre-1986 law, when the order of work was reversed, there was an inequity to the employee. If an individual worked a full career as a full-time employee and then worked part-time during any of the three-year period immediately prior to retirement, then the high-three was artificially low, and the individual's annuity was adversely affected.

When the law was amended, pre-1986 service was "grandfathered." This was to avoid the complaint that rights already earned would be taken away. However, it also "grandfathered" the inequity that was possible under the old law, but with a twist.

If an individual worked part-time or full-time prior to 1986 and retires now after working full-time at the end of his or her career, the individual still gets the benefit of the full-time "high-three" computation. However, if an individual has pre-1986 service (whether full-time or part-time), that service is still computed using the pre-1986 rules. As a result, while the pre-1986 abuse was avoided prospectively, the pre-1986 provisions still affect individuals who work part-time at the end of their careers, even if they never worked part-time prior to 1986.

The result is that anyone under CSRS (since everyone under CSRS does have pre-1986 service) has an inappropriate annuity reduction if they work part-time service at the end of their career. This creates a human resources problem, because individuals who are eligible to retire (or will soon become eligible) do not want to work on a part-time basis, even if it would otherwise be in the employer's interest.

Your bill, S. 469, addresses this problem by establishing a single high-three average salary to be applicable to all service under CSRS. It is a responsible solution to these

unfortunate provisions under CSRS law that act as a severe disincentive to employees who would otherwise be interested in continuing their employment on a less than full-time basis at the end of their careers. By eliminating this undesirable disincentive, acquisition professionals (and other employees) who do not wish to continue working on a full-time basis but are not yet ready for full retirement can be accommodated. These individuals will be valuable not only for their own personal contributions, but also to mentor and provide training to less experienced employees.

**Post-Hearing Questions for the Record
Submitted to the Honorable Elaine Duke
From Senator George V. Voinovich**

**“Strengthening the Federal Acquisition Workforce: Government-wide
Leadership and Initiatives”**

August 5, 2009

1. Does the Department of Homeland Security (DHS) partner with any universities as part of its acquisition recruiting efforts?

Response: Our current emphasis is on universities in economically depressed areas. Our immediate recruitment focus is at college career fairs. In fiscal year 2009, we attended 96 separate career events, including career fairs and targeted information sessions with candidates from these universities. We focus recruitment at the nation’s top universities in all geographic regions of the United States, and this focus includes an emphasis on Historically Black Colleges and Universities, universities with significant Hispanic student populations, universities with significant Asian student populations, and universities with significant Native American student populations. We traditionally recruit at universities in the Washington, DC, area and the mid-Atlantic region during each recruitment cycle, and we also target select locations around the country (e.g., University of California Los Angeles, Ohio State, Michigan, Texas, and Georgia Tech, among many others) on a cycle-by-cycle basis. DHS does not have a formal university recruiting partnership outside of applying to participate in career fairs and similar events at several different colleges across the country. As the program matures, we anticipate scaling back the focus on career fairs and increasing our involvement in targeted college societies (engineering societies, business fraternities, etc.) so we may continue to increase applicant quality and maximize recruitment efficiency.

2. Both the Department of Homeland Security (DHS) Inspector General (IG) and the General Accountability Office (GAO) have noted that you have taken some steps to address the Department’s acquisition workforce challenges; however, both also note that those challenges have not been overcome. What actions are currently underway to address concerns raised by GAO and the DHS IG about the Department’s acquisition workforce?

Response: DHS is implementing five specific actions to improve its ability to effectively manage its current initiatives and plan strategically for the DHS acquisition workforce.

1. DHS has established an interim working definition of the acquisition workforce that accurately reflects the employees performing acquisition-related functions to guide current efforts, while continuing to formally add career fields to the definition.

DHS has established the following interim workforce definition: Positions within the Department that devote a minimum of 50 percent of time and responsibilities to

performing acquisition duties. Currently, DHS has established two acquisition workforce career fields and one acquisition workforce specialty: (1) contract specialists, (2) program managers, and (3) contracting officer's technical representatives. Further, the Department has initiated the expansion of the workforce to include Test and Evaluation, Logistics, Systems Engineering, and Business Cost Estimating/Financial Management. DHS will continue to formally add career fields to the definition as it expands into those fields.

2. DHS is leveraging the successful execution of the Department-wide Acquisition Professional Career Program (APCP) to help build the broader acquisition workforce.

We expanded the program to a cumulative total of 100 participants by the end of fiscal year (FY) 2009, including the first group of technical track participants (engineers and program managers) in addition to the business track (contract specialist) participants we hire. As we define additional acquisition career fields, the APCP will expand to include participants from these specific series. Our goal is to grow this program to 300 positions by FY 2011 to fill critical acquisition positions. Furthermore, we are partnering with the Federal Acquisition Institute to develop a plan and execute a strategy to recruit mid-level career professionals seeking to transition to an acquisition career field.

3. DHS is developing a comprehensive implementation plan to execute the existing DHS acquisition workforce initiatives.

The implementation plan includes elements such as performance goals, time frames, implementation actions and related milestones, and resource requirements. The initiatives and associated plan are noted below:

- Further expand the definition of the Acquisition Workforce by developing the Test and Evaluation, Logistics, Systems Engineering, and Program Cost Analysis certification programs. The DHS Office of the Chief Procurement Officer (OCPO) Acquisition Workforce Branch has a comprehensive milestone plan to expand to the following career fields: Test and Evaluation (completed third quarter FY 2009), Logistics (third quarter FY 2010), and Business Cost Estimating/Financial Management (fourth quarter FY 2010). The Systems Engineering milestone plan is still under development.

- Partner with the Office of Federal Procurement Policy and other Federal agencies on strategies to determine the quantity of acquisition personnel needed by acquisition series. This partnership is on-going and thus far is focusing on the number of contract specialists, program managers, and contracting officer technical representatives required by agency. The overarching goal is to develop a data-driven algorithm agencies may use in developing an estimate of total acquisition workforce size.

- Leverage the successful execution of the Department-wide Acquisition Professional Career Program (APCP) to help build the broader acquisition workforce.

- Continue the successful leveraging of the direct hire and reemployed annuitant hiring flexibilities to expedite hiring and to fill critical vacancies. This is a continuous process that is on-going. Both authorities are being utilized in accordance with the statutes and policies set by the Office of Personnel Management and the Office of the Chief Human Capital Officer.
 - Grow the centralized hiring concept through assumption of the lead role in all Department-wide acquisition-related vacancy announcement postings. The DHS OCPO Acquisition Workforce Branch continues to post centralized vacancy announcements on the "USAJobs" site and creates a DHS central registry. The applications received are forwarded to all components for access to hiring individual applicants. Additionally, OCPO has hired an acquisition workforce professional recruitment coordinator to lead and develop other professional recruitment initiatives.
 - Develop and execute a centralized acquisition workforce training program comprised of certification, targeted, and developmental training opportunities. The DHS OCPO Acquisition Workforce Branch has developed and is executing a Department-wide acquisition workforce training program that focuses on certification, targeted, and developmental training opportunities. For FY 2009, DHS offered 37 separate courses and had approximately 250 class offerings.
 - Publish a DHS course catalog and implement a central registration system. The DHS OCPO Acquisition Workforce Branch has established and published an electronic course catalog. Additionally, a central registration system is on target to be deployed by the first quarter of FY 2010.
 - Identify the totality of the DHS acquisition workforce to enable effective tracking of certifications and improved insight into workforce training needs. DHS is partnering with the CHCO and the Component agencies to develop a strategy to enable workforce identification. The success of this effort will form the foundation of our human capital planning efforts.
4. DHS is establishing a joint CHCO-CPO process for coordinating future acquisition workforce planning efforts with the components for the purposes of informing Department-wide planning efforts.

The OCPO's primary interface with the CHCO is close coordination on the development of the acquisition workforce human capital plan and succession plan as well as on reporting requirements on the Department's use of the Direct Hire and Reemployed Annuitants hiring authorities. In addition, OCPO and OCHCO jointly work on a quarterly Office of Personnel Management requirement for a Contracting Specialist Competency Gap Analysis. Further joint efforts with OCHCO include the current leveraging of the successful work of the Department's Acquisition Career Managers Committee allowing OCHCO membership, thus enabling increased committee focus on recruitment, hiring, training, certification, and retention initiatives. Component members regularly offer feedback and guidance on workforce initiatives.

5. DHS is improving the collection and maintenance of data on the acquisition workforce through the following actions:

- To assess what additional data on current acquisition workforce members, such as attrition data, would help inform workforce planning efforts and then develop a strategy to collect that information. OCPO has leveraged its work in revamping its Operational Status Reports to include additional data points for analysis. Current data collected focuses on key metrics such as authorized, on-board, vacancy, and certification information, but plans call to expand the data collected to include attrition and retirement eligibility data as well.
- To expand the collection of acquisition workforce data to include all positions that DHS determines to be acquisition-related. OCPO is working with OCHCO to utilize an existing system to capture all workforce data. Data specific to Contracting Specialists, Program Managers, and Contracting Officers Technical Representatives is currently captured via the quarterly Operational Status Reports. As additional acquisition career fields are formally defined, data on each defined career field will be specifically captured.

3. The Department of Homeland Security (DHS) has established an Acquisition Professional Career Program for Contract Specialists that allows individuals to serve one-year rotational assignments in three different DHS components to gain a broad perspective of DHS. What do you need from Congress to strengthen this program?

Response: The Acquisition Professional Career Program (APCP) was designed to grow the acquisition workforce within DHS as one means of addressing DHS' shortage of acquisition professionals. The program currently includes entry level positions for contract specialists, program managers, and systems engineers and anticipates expanding future growth into other acquisition career fields such as information technology specialists, test and evaluation specialists, logistics, and program budget cost estimators/financial managers. Thus far, DHS has appreciated and benefited from the support of the Congress in funding the program's initial 100 participants. The Department will need Congress' continued support in fiscal year 2010 and 2011 so that the Program can realize its full strength objective of 300 participants.

In addition to Congress' continued support of APCP, the Department would benefit from congressional support of initiatives that would allow DHS to identify and track the DHS acquisition workforce, support for legislative proposals mandating acquisition certification requirements when managing major acquisitions at DHS, and establishment of a DHS centralized acquisition learning and development center to meet the training and development requirements for the entire DHS acquisition workforce to include contact specialists, program managers, contracting officer technical representatives, and future acquisition workforce positions such as test and evaluation specialists, logisticians, information technology specialists, and program budget cost estimators/financial managers. Last, DHS would benefit from Congress' support of a workforce

development and training fund similar to that provided to the Department of Defense by the National Defense and Authorization Act for Fiscal Years 2008 and 2009.

4. **I understand that Department of Homeland Security (DHS) employees attend recruiting events around the country in an effort to grow the Department's acquisition workforce. What does your recruiting process at these events entail and what results have you seen from these efforts?**

Response: At a standard career fair, candidates meet briefly with two to three DHS acquisition professionals, including one current Acquisition Professional Career Program (APCP) participant. Program parameters are discussed and recruitment literature is provided. Candidates are provided application instructions. We also arrange targeted one-on-one information sessions in which select candidates meet with a DHS acquisition professional to further discuss the program specifics.

Fiscal year (FY) 2009 events yielded 1007 candidates making formal application to the program. A maximum of 52 of these could be hired in FY 2009 in order to remain at the hiring ceiling. We easily filled these 52 positions, including 14 in our first group of technical acquisition careers. Interest in the program is very high, and we are able to fill our first FY 2010 opportunities with candidates recruited at the FY 2009 events.

**Post-Hearing Questions for the Record
Submitted to Mr. Bill McNally
From Senator George V. Voinovich**

**“Strengthening the Federal Acquisition Workforce: Government-wide
Leadership and Initiatives”**

August 5, 2009

- 1. What specific initiatives is NASA using to hire additional acquisition professionals to administer Recovery Act funds, and are you getting the assistance you need from the Office of Management and Budget and the Office of Personnel Management in that regard?**

Response: NASA recruits for its acquisition workforce at the entry-level, mid-level and senior-level to ensure that we have the necessary mix of skills now and in the future. We emphasize the excellent benefits available to all federal employees as well as the development and professional growth opportunities, performance awards and recognition, telework and flexible work schedules, and programs supporting a healthy work/life balance that NASA offers. At this time, we are not hiring acquisition professionals to specifically administer Recovery Act funds.

Additionally, NASA is focused on a talent retention strategy which includes a new employee orientation and on-boarding process, mentoring and coaching, robust leadership development programs, details and rotational assignments, awards and recognition, and unique pay and benefit flexibilities under the NASA Flexibility Act of 2004.

- 2. While NASA’s acquisition management program has been on GAO’s high risk list since 1990, I was pleased that this year GAO indicated that NASA has taken significant steps to improve its acquisition management, including through the development of a corrective action plan. What progress is being made to implement that corrective action plan, and what other steps is NASA taking to remove its acquisition management program from GAO’s high risk list?**

Response: Implementation is addressed in the Plan and is being tracked on an ongoing basis. Significant specific improvements have become an integral part of how the Agency does business. For instance, the monthly Baseline Performance Review (BPR) is a forum to monitor the Agency’s largest and most complex contracts at a Senior Management Review of program and project performance. At these sessions, all large contracts from NASA’s major projects are tracked for: current value compared with original value; award fee status; and current and upcoming significant procurement actions (including undefinitized contract actions, restructures, etc.). Planned procurements that are within a six-month horizon are also highlighted and discussed. The BPR allows the Agency to focus on contract management and proactively address issues. On a quarterly basis, each Mission Directorate is spotlighted, providing a more in-depth

assessment of its portfolio, including associated contracts. This process provides not only individual program assessment but also a method to identify and address systemic programmatic and institutional issues that may affect multiple programs. The BPR is but one part of a suite of integrated policy, process, and management constructs that work together to improve the Agency's acquisition management.

3. **NASA has several acquisition and project management training features that are somewhat unique in the federal government, including training and certification in project management. Has NASA found these skills helpful? Do you believe the acquisition workforce could benefit from increased training in these areas?**

Response: NASA has had a procurement certification program for many years. Similarly, NASA has implemented certification programs for program and project managers and for those individuals serving as contracting officer technical representatives. These programs will enable NASA's acquisition workforce to address any opportunities and challenges the Agency faces in the decades to come. In addition to the core training provided under the certification programs, the Project Management Challenge and the Procurement Training Forum are two of NASA's premier training events. These events provide invaluable knowledge sharing, skills currency, and networking opportunities for NASA's program/project management and procurement workforces'. Many acquisition-related topics are covered during these training events in breakout sessions, panel discussions and hands-on workshops that reach a very large segment of the NASA acquisition workforce.

NASA plans to conduct an Agency-wide technical workforce training and development products and services review to assess the Agency and Center technical workforce training and development programs to determine if they are well-aligned, and/or complimentary, and integrated in an overall manner that represents optimal value for NASA. The technical workforce includes all NASA discipline engineers, systems engineers, program/project practitioners, Safety and Mission Assurance, and acquisition personnel for purposes of this review.

**Response to
Post-Hearing Questions for the Record
Submitted to Deidre Lee
From Senator George V. Voinovich**

**“Strengthening the Federal Acquisition Workforce: Government-wide
Leadership and Initiatives”**

August 5, 2009

1. Senator Akaka and I have worked to provide agencies with significant tools and workforce flexibilities to help build their acquisition workforce. Do you believe the current tools are sufficient, and if not, what additional steps can Congress or the Executive Branch take to help agencies recruit and retain a highly skilled acquisition workforce?

The Congress has given agencies flexibilities in hiring the acquisition workforce, including direct hire authority, expedited hiring, authority to hire retired annuitants and recruiting and retention bonuses. In some cases, use of these flexibilities, such as hiring retired annuitants, requires either high level agency or OPM approval. Some of these flexibilities are relatively new and the Human Resources community is using them on a test basis. More time is needed to evaluate the results.

I believe the keys to hiring are twofold: First, make government service valued again. The administration and the economy have given a boost to civil service. People do want to serve their country, make a contribution, do interesting work and have a stable job. All these are attributes of a career in the government. However, the current “gotcha” mentality and public berating of civil servants has an equal if not greater negative influence on people considering a government career. Congress and the Executive Branch can help by promoting a positive work environment and emphasizing the good things that are accomplished by government and government employees in addition to providing oversight and corrective action. Second, we must make it easier to apply for and obtain a government job. OPM has identified this as a key initiative. There are very fundamental improvements that could be made immediately (some addressed in your proposed legislation) including simplifying job applications, eliminating essay-like applications, and providing timely feedback and status information to all applicants.

Finally, once hired, retaining the workforce is critical. Studies have shown that people stay in jobs where they feel connected, valued and fairly treated. The federal government and particularly the acquisition community can be such a place with sufficient resources and good leadership.

2. How can Congress and the Executive Branch address the problems we will face with more than 50 percent of the federal acquisition workforce becoming eligible for retirement over the next eight years?

Statistically, people do not retire as soon as they are eligible if they are enjoying their work. Therefore, as discussed under question 1, it is vital that the acquisition workforce be more valued and the public discourse become more civil. Congress and the Executive Branch have recognized the need to build a trained acquisition workforce and have authorized and funded additional positions and training. The “re-set” staffing has begun, but it will take years to rebuild. Continued emphasis on the acquisition workforce and funding for training and development is essential.

3. Last year, the Office of Personnel Management and the Federal Acquisition Institute developed a template vacancy announcement for hiring entry-level contract specialists. Do you believe this streamlined vacancy announcement has helped recruit acquisition professionals?

I do not have experience with the streamlined vacancy announcement. My personal experience has been that people at all levels are interested in government service, but have found it difficult to apply for positions, and when they do apply they go months without receiving any status updates. Such a “first impression” of a potential new employer is discouraging and many just move on to other opportunities. The government is losing great candidates to an inefficient hiring process.

4. Do you believe that legislation Senator Akaka and I are working on to correct a statutory anomaly that creates a disincentive for employees nearing the end of their careers to phase into retirement by working part-time might help address the problem we face with more than half of our acquisition workforce nearing retirement age?

I believe phased retirement would be a great opportunity for government employees and eliminating the disincentive would be beneficial.