

Achieving effective reform - Federal Times - April 13, 2009 - page 23

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Lost in the federal spending tsunami related to the financial crisis and various stimulus packages was the fact that, last year, the U.S. government spent more than \$530 billion purchasing services and products. That's up from just under \$220 billion in fiscal 2000, and represents a rate of growth more than five times the rate of inflation over the same period.

Meanwhile, recent years also have produced increasingly bad news related to procurement and defense spending, ranging from reported cost overruns on large Defense programs and reports on inefficient reconstruction contracts in Iraq to incidents of fraud.

Thus, President Barack Obama's attention to this issue is unsurprising. Unfortunately, while he suggested that "reversing these trends could [save taxpayers] billions of dollars each year," the rhetoric rings hollow. We'd like to see the president commence a serious conversation about spending the public's money more wisely.

The president's memorandum pledges to reduce cost-reimbursement contracts and sole-source awards. Most contracting experts, however, would put these low on the priority list of the myriad targets of opportunity for improving the procurement system. The government heavily regulates cost-reimbursement contracts, but it benefits enormously from them because of their flexibility. The alternative to these vehicles is for the government to agree, in advance, to pay a contractor for more goods or services than it may actually need over time. That's the wrong solution.

With sole-source contracting, and indeed most of the system's failings, the problem isn't a lack of rules. The federal procurement system is the world's most heavily regulated, and a well-established regime of laws, statutes and policies addresses each of the president's concerns. But rules can't spend money wisely, only people can. And we've got huge people problems, both in the short- and the long-term.

President Obama directed Peter Orszag, director of the Office of Management and Budget, to lead the charge on reforming government contracting. The president also set aggressive deadlines for the introduction of new procurement policies. Unfortunately, since Nancy Killefer's withdrawal, no one has been named to serve as OMB's deputy director for management. Nor has the administration put forward a name to head the Office of Federal Procurement Policy. We strongly encourage the administration to fill these critical holes

In addition, after two decades of underinvesting in its professional business managers, the government faces an acquisition workforce crisis of epic proportions. Consensus is building that the government probably needs more than 10,000 additional business professionals today to effectively manage its contracting burden. In this decade, a basically stable acquisition workforce has watched its workload increase - in terms of dollars spent - by more than 140 percent. On top of that, the work is increasingly complex and often performed in dangerous, unstable areas, such

as Iraq and Afghanistan. Also, the overwhelming majority of the government's acquisition workforce is retirement eligible, which could exacerbate the need for new personnel once the financial crisis abates.

Generating competition is time consuming and labor intensive. The government needs experienced professionals to, among other things, understand agencies' requirements to fulfill their diverse missions, plan contracting solutions to fulfill those requirements, conduct market research to identify the best contractors, solicit those contractors to assure competition and that the government get a good deal, draft and negotiate contracts, manage relationships during contract performance, and perform quality assurance to ensure the government obtains the value it paid for and high levels of customer satisfaction. Proper staffing will contribute more toward responsible fiscal stewardship than another round of studies, legislation or policymaking.

Responsibly managing the more than \$500 billion in procurement each year will require a serious investment in human capital. Investing in the acquisition workforce would be an overdue stimulus package that would pay dividends well into the future. *

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