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United States General Accounting Office  
Washington, DC 20548

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March 1, 2002

The Honorable Tom Davis  
Chairman  
Subcommittee on Technology and Procurement Policy  
Committee on Government Reform  
House of Representatives

Subject: Contract Management: Answers to Hearing Questions Regarding the Service Acquisition Reform Act

Dear Mr. Chairman:

You asked me to provide additional comments on several issues that I raised in my November 1, 2001, testimony before your subcommittee on a proposed Service Acquisition Reform Act. I am pleased to submit the following comments for your consideration.

**1. In OMB's testimony, it is stated that the existing agency budgeting process is the more appropriate venue to fund training for acquisition workforce personnel. In GAO's prior work in this area, have you found that agencies adequately fund training?**

We are currently examining agency funding and budgeting practices as part of a review of acquisition workforce training and we expect to report back to the subcommittee later this year on the results of that review. As a general matter, we believe that additional training for the acquisition workforce is needed governmentwide. There are issues, however, that require clarification in order to more fully assess the adequacy of acquisition training funds. First, given the rapidly changing federal environment, there is a need to further clarify which professionals should be included in the acquisition workforce. For example, civilian agencies by and large apply a narrow definition of the acquisition workforce, essentially including only contracting personnel. Second, agencies need to clearly define what training is necessary for today's acquisition workforce to perform effectively.

Our work on federal training indicates that during the 1990s, many federal agencies cut back on hiring new staff to reduce the number of employees on the payroll to meet downsizing goals. As a result, these agencies also reduced the influx of new people with new knowledge and skills that agencies needed to help build and sustain excellence. Moreover, anecdotal evidence on overall federal spending on training indicates that, in trying to save on workforce-related costs, agencies cut back on training investments needed if their smaller workforces were to make up for

institutional losses in knowledge and skills. We believe agencies need to take a fresh look at their training needs today.<sup>1</sup>

To design and implement effective training programs, agencies must (1) identify the competencies needed to achieve their specific mission and goals, and measure the extent to which their employees exhibit those competencies; (2) identify training and development needs to be addressed; and (3) evaluate the extent to which their programs are actually increasing employees' individual competencies and individual and organizational performance levels.

**2. In your testimony, you state that agencies are at risk of not having enough acquisition personnel to meet the needs of increasingly complex procurements. Can you comment on the potential of creating a governmentwide standard for acquisition personnel that would build on many of the practices in place at GAO such as pay-for-performance and pay banding?**

We have not examined how practices such as pay-for-performance and pay banding would apply to acquisition personnel. However, these practices are consistent with suggestions we have made in prior testimonies,<sup>2</sup> as well as with the practices that we have instituted in our own internal human capital management. For example, we have suggested that government pay systems should be based on performance and contributions rather than on longevity. Similarly, in our own human capital management at GAO, we have implemented pay-for-performance and are developing a competency-based evaluation system. We have also suggested that government employers use more flexible approaches to setting pay; in our own human capital management system, we have instituted broad pay bands for mission staff.

In our current work for this and other committees, we are examining efforts to assess and address the needs of the future acquisition workforce. Procurement reforms and technological changes have placed unprecedented demands on the acquisition workforce. Contracting specialists are now expected to have a much greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they procure.

We believe it is essential for agencies to define the future capabilities needed by the workforce, needs dictated by the increasing complexity of the work and the strategic direction of the agency. Assessing future capabilities and contrasting these needs with where the workforce is today will provide a solid basis for evaluating whether different management tools are needed to meet the needs of the future workforce. The relationship of the acquisition workforce to the broader civilian workforce will also need to be considered in planning for the future workforce.

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<sup>1</sup> U.S. General Accounting Office, *Human Capital: Design, Implementation, and Evaluation of Training at Selected Agencies*, T-GGD-00-131 (Washington, D.C.: May 18, 2000).

<sup>2</sup> U.S. General Accounting Office, *Human Capital: Taking Steps to Meet Current and Emerging Human Capital Challenges*, GAO-01-965T, (Washington, D.C.: July 17, 2001); *Human Capital: Managing Human Capital in the 21<sup>st</sup> Century*, GAO/T-GGD-00-77, (Washington, D.C.: Mar. 9, 2000); *Human Capital: Meeting the Governmentwide High-Risk Challenge*, GAO-01-357T (Washington, D.C.: Feb. 1, 2001); and *Human Capital: Building the Information Technology Workforce to Achieve Results*, GAO-01-1007T (Washington, D.C.: July 31, 2001).

### 3. What can be done to improve the capacity of the acquisition workforce?

In our view, agencies could improve the capacity of the acquisition workforce by focusing on four key areas:

**Requirements**—assessing the knowledge and skills needed to effectively perform operations to support agency mission and goals.

**Inventory**—determining the knowledge and skills of current staff so that gaps in needed capabilities can be identified.

**Workforce strategies and plans**—developing strategies and implementing plans for hiring, training, and professional development to fill the gap between requirements and current staffing.

**Progress evaluation**—evaluating progress made in improving human capital capability, and using the results of these evaluations to continuously improve the organization’s human capital strategies.

We currently have an ongoing review of selected federal agencies’ strategic planning efforts to manage and improve the capacity of their acquisition workforce.

### 4. What barriers exist to federal agencies utilizing commercial best practices through the current FAR Part 12 definitions and existing commercial services definitions?

We have not fully examined the various barriers that exist to federal agencies utilizing commercial best practices through Part 12 of the current Federal Acquisition Regulation. However, we have work underway that will be relevant to the subcommittee in exploring how federal agencies can use commercial best practices in acquiring services.

If you have any questions about this letter or need additional information, please call me on (202) 512-8214. Copies of this letter are also available on GAO’s homepage at <http://www.gao.gov>. Key contributors to this letter included Don Bumgardner, Ralph Dawn, Hillary Sullivan, and Karen Zuckerstein.

Sincerely yours,



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