Outsourcing, In-sourcing, and Maintaining the Acquisition Workforce Profession

by

Colonel Karen L. Coccio
United States Army

United States Army War College
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OUTSOURCING, IN-SOURCING, AND MAINTAINING THE ACQUISITION WORKFORCE PROFESSION

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Colonel Karen L. Coccio
United States Army

Professor Edward J. Filiberti
Project Adviser

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U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013
ABSTRACT

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The recent wars in Iraq and Afghanistan have strained the limits of DoD’s organic and externally sourced capabilities with literally tens of billions of dollars of required contracts and hundreds of thousands of private sector personnel contracted to support the war effort. Not surprisingly, DoD’s extensive reliance on contractors resulted in contractors performing inherently governmental (IG) functions or activities that closely support IG functions including the oversight and management of the contract activity itself. The use of contractors to perform related inherently governmental functions and core competencies, and DoD’s and the Federal government’s response to those infractions, threatens to undermine the contracting profession and further constrain the flexibility and responsiveness of DoD in particular and the US government in general. This paper examines the contracting framework including the management of the contracting workforce before and during the current war efforts, assesses the general level of encroachment on DoD core contracting competencies, and evaluates the consequences of intrusions across the jurisdictional boundaries of the contract management task environment on the acquisition workforce profession.
The Department of Defense (DoD) is supported by a diverse workforce consisting of uniformed military, DoD civilian, and private sector support personnel. This mix of manpower conducts activities in support of DoD missions during relatively stable peacetime periods and during times of crises when capabilities must be reconstituted or expanded. DoD prescribes specific criteria for manpower utilization within each of these manpower pools in order to maintain: a base of core competencies, an acceptable level of risk to adequately respond to emerging or crises demands, and continued oversight and stewardship of governmental activities. Generally, DoD manpower activities are categorized and sourced based upon: a combination of the nature and criticality of the contributions to the DoD mission; a cost-benefit analysis of what is the lowest-cost provider; the conformance to legal, regulatory, procedural or policy guidance; and the urgency of the sourcing requirement. The criteria for determining manpower sourcing fall into three major categories: (1) inherently governmental (IG) and required to be sourced by military or DoD civilians; (2) commercial activities (CA) but exempt from private sector sourcing; and (3) commercial in nature and subject to private sector performance.¹

At the center of the workforce sourcing activity, are the human resource managers and contracting professionals who are called upon to meet DoD manpower requirements during both peace and war. The appropriate workforce mix (DoD civilian, DoD military and contracted private sector support) varies dramatically during wartime as the immediacy of meeting the manpower requirements take precedence over
sourcing policy guidelines. Correspondingly, the recent wars in Iraq and Afghanistan have strained the limits of DoD’s organic and externally sourced capabilities with literally tens of billions of dollars of required contracts and hundreds of thousands of private sector personnel contracted to support the war effort.² Not surprisingly, DoD’s extensive reliance on contractors resulted in contractors performing inherently governmental functions or activities that closely support inherently governmental functions including the oversight and management of the contract activity.³ The use of contractors to perform related inherently governmental functions and core competencies, and DoD’s and the Federal government’s response to those infractions, threatens to undermine the contracting profession⁴ and further constrain the flexibility and responsiveness of DoD in particular and the US government in general.

This paper will examine the contracting framework including the management of the contracting workforce before and during the current war efforts, assess the general level of encroachment on DoD core contracting competencies, and evaluate the consequences of intrusions across the jurisdictional boundaries of the contract management task environment on the acquisition workforce profession itself.

Managing the Contracting Workforce

As indicated above, DoD’s total force consists of contractors, civilian personnel, and uniformed military personnel. During peacetime, DoD’s workforce mix remains fairly stable and all three components (DoD uniformed military, civilian and contractors) can be deliberately increased or decreased depending upon mission requirements, the suitability of the task, cost effectiveness of the manpower source and available resources. Conversely, during periods of national crises and war, the surge or rapid expansion of the workforce becomes much more problematic with most urgent
requirements filled with more responsive contractor support. Notwithstanding, the organization and resourcing of the total force in peacetime can dramatically facilitate the transition to a wartime posture. Perhaps nowhere is the peacetime manning concept more important for the transition to war than within the professional contracting workforce who themselves are charged with issuing and managing contracts.

The DoD ‘acquisition workforce’ is a complex mix of professionals. DoD lists over 133,000 personnel performing duties in 15 major career fields involved in acquiring goods and services. (See Table 1) These acquisition professionals provide and integrate a diverse set of cross-functional expertise to produce the required $370 billion in goods and services consumed by the Department of Defense (2009). With this amount of money at stake, Congress and DoD are intent on optimizing the procurement processes and placing a greater emphasis on the quality and qualifications of the acquisition workforce. Correspondingly, Congress directs a comprehensive training, education and certification program, initially established with the 1990 Defense Acquisition Workforce Improvement Act (DAWIA), which provides career paths for the education, training and continued experiential improvement of the acquisition workforce.

DoD’s acquisition workforce is spread across a multitude of agencies with the corresponding functional responsibilities associated with their specialties. Central to contract oversight and execution is the Defense Contract Management Agency (DCMA). Once contracts are awarded, DCMA provides “contract administrative services for DoD buying activities, working directly with defense contractors to help ensure that goods and services are delivered on time, at projected cost, and they meet performance
requirements.\textsuperscript{8} DCMA performs the core function of the acquisition process and thus serves as a good barometer of its fidelity.

<table>
<thead>
<tr>
<th>Career field</th>
<th>Army</th>
<th>Navy/Marine Corps</th>
<th>Air Force</th>
<th>Defense agencies</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Auditing\textsuperscript{a}</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,777</td>
<td>3,777</td>
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<tr>
<td>Business—cost estimating and financial management\textsuperscript{b}</td>
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<td>2,286</td>
<td>1,845</td>
<td>360</td>
<td>7,262</td>
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<tr>
<td>Contracting</td>
<td>8,391</td>
<td>5,516</td>
<td>7,443</td>
<td>6,305</td>
<td>27,655</td>
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<td>Facilities engineering</td>
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<td>4,683</td>
<td>6</td>
<td>12</td>
<td>5,420</td>
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<td>Industrial/contract property management</td>
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<td>73</td>
<td>20</td>
<td>281</td>
<td>475</td>
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<td>Information technology</td>
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<td>1,240</td>
<td>966</td>
<td>309</td>
<td>4,358</td>
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<tr>
<td>Life-cycle logistics</td>
<td>7,952</td>
<td>4,784</td>
<td>1,989</td>
<td>127</td>
<td>14,852</td>
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<td>Production, quality, and manufacturing</td>
<td>1,030</td>
<td>2,064</td>
<td>389</td>
<td>4,640</td>
<td>9,023</td>
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<td>Program management</td>
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<td>4,598</td>
<td>4,461</td>
<td>911</td>
<td>13,422</td>
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<td>Purchasing</td>
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<td>567</td>
<td>146</td>
<td>195</td>
<td>1,238</td>
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<td>System planning, research, development, and engineering (SPRDE)—science and technology manager\textsuperscript{c}</td>
<td>204</td>
<td>243</td>
<td>51</td>
<td>125</td>
<td>623</td>
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<td>SPRDE—systems engineering</td>
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<td>18,003</td>
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<td>SPRDE—program system engineer</td>
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<td>82</td>
<td>84</td>
<td>35</td>
<td>234</td>
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<tr>
<td>Test and Evaluation</td>
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<td>2,833</td>
<td>2,630</td>
<td>194</td>
<td>7,892</td>
</tr>
<tr>
<td>Unknown</td>
<td>229</td>
<td>0</td>
<td>22</td>
<td>151</td>
<td>402\textsuperscript{d}</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,356</strong></td>
<td><strong>46,972</strong></td>
<td><strong>27,174</strong></td>
<td><strong>18,601</strong></td>
<td><strong>133,103</strong></td>
</tr>
</tbody>
</table>

*DAU oversees the delivery of certification training for all of the DAWIA career fields except auditing. The Director, Defense Contract Audit Agency, under the Under Secretary of Defense (Comptroller), provides a program of education, training, career development, and workforce management at the Defense Contract Audit Institute for the auditor career field, in coordination with DAU, as appropriate.

\textsuperscript{b}Effective October 1, 2009, the Business—cost estimating and financial management career field was split into two career fields: Business—cost estimating and Business—financial management, bringing the number of career fields to 15.

\textsuperscript{c}System planning, research, development, and engineering (SPRDE) has three distinct career paths: (1) SPRDE—science and technology manager, (2) SPRDE—systems engineering, and (3) SPRDE—program system engineer.

\textsuperscript{d}402 records submitted with no career field data.

Table 1: Defense Acquisition Workforce Personnel by Career Field in Fiscal Year 2009.\textsuperscript{9}
The DCMA has evolved since its inception. DCMA was initially established in 1990 as the Defense Contract Management Command (DCMC) under the Defense Logistics Agency (DLA) to centrally consolidate (both DLA’s and the services’ contracting activities) and make DoD’s contract management services more efficient. In 2000, the initial DCMC became an independent agency and was renamed the DCMA. The current DCMA performs a wide range (the Federal Acquisition Regulation lists over 71 specific functions) of activities related to overseeing contracts. DCMA administers contracts in two basic environments: within both internationally and domestically located Contract Management Offices (CMO) and within overseas contingency areas with deployed contract contingency administrative services (CCAS) elements. DCMA also works with the Defense Contract Audit Agency (DCAA) to audit contracts.\textsuperscript{10}

From its establishment in 1990, DCMA manning steadily decreased until reaching a nadir in 2008 with just 9,300 civilian employees and between 500-600 uniformed military. (See Figure 1) For much of the 1990s, the decrease was a result of the economies and efficiencies gained through the consolidation of activities under the original DCMC. However, beginning in 2000 the agency experienced significant reductions in their budget and staffing causing the loss of expertise in several specialty areas and the Agency could no longer completely perform its oversight functions. Concurrently, its unpaid obligations (also termed ‘unliquidated obligations’ which is an overall measure of its workload) began to rise. (See Figure 2) However, beginning in 2008, DCMA began to reverse the trend and began hiring more civilian employees. Also in 2008, new Congressional authorizations (Section 852, FY 2008 National Defense Authorization Act) allowed the hiring of new employees using new dedicated funding
sources and authorities. Thus, over the past four years, DCMA has increased the number of civilian employees and currently projects its workforce to reach 13,400 civilians by 2015.\textsuperscript{11}

Figure 1: Actual and Projected DCMA Workforce Numbers, 1993-2015\textsuperscript{12}

Figure 2: Changes in DCMA Workload in Terms of Unliquidated Obligations, 1990-2015\textsuperscript{13}
The same challenges that faced DCMA also affected the acquisition workforce in general. Across DoD the acquisition workforce continued to decline in some career fields or stayed constant or slightly increased in others from 2001 to 2008. See Table 2. Overall the acquisition workforce declined 2.6% from 2001-2008 in the middle of the Global War on Terrorism (GWOT).

Table 2: DoD Acquisition Workforce – Military and Civilian Personnel for FY’01 and 08

Concurrently, the GWOT continued to drive an enormous increase in the volume of contracts that was further complicated by the conditions inherent in the complex overseas contingency operations in Iraq and Afghanistan.

By 2006 the Government Accountability Office (GAO) and other government entities began to surface problems with the oversight and management of the contracted services. Partially in response to the growing concerns of an overwhelmed contracting capability, the Secretary of the Army formed “an independent Commission on Army Acquisition and Program Management in Expeditionary Operations to review the lessons learned in recent operations and provide forward looking recommendations
to ensure that future military operations achieve greater effectiveness, efficiency, and transparency.” Although tasked to examine program management and acquisition, the Commission was inexorably drawn into the contracting problems afflicting Operation Enduring Freedom and Operation Iraqi Freedom. After 122 interviews with personnel intimately familiar with the contingency contracting environment, they received almost universal agreement on the gravity of the issues, needed reforms and the urgent requirement for change and published a corresponding report in October 2007 (known as the Gansler Report). The report sounded a clarion call for reform (appropriately titled, “Urgent Reform Required”) and energized Congress and stimulated a cavalcade of subsequent GAO follow-on assessments.

Importantly, the Commission found that the Army contract professionals workload had increased 600%, which was even further aggravated by the more complex contingency environment, while the number of Army uniformed military and civilians in the workforce was stagnate or declining. Other major findings included:

- The Army expeditionary contracting environment demands military expertise by experienced officers and NCOs [non-commissioned officer] but only 3% of contracting personnel are active duty and with no General Officer positions assigned within the contracting community.

- The Army’s acquisition workforce is inadequately trained, structured, staffed or empowered to support the Army operations in the 21st Century. Moreover, the certification of even the resourced contract personnel is lacking with only 53% of the civilian professionals and 56% of the uniformed military contract officers certified in their current duties.

- Despite an almost seven-fold increase in the overall contracting workload and a much greater level complexity for contingency contracting, the Institutional Army’s support for this critical capability is lacking.

- Even though the number of contractors has grown to be almost equal to the uniformed military personnel in Kuwait, Afghanistan and Iraq, there is reluctance within the operational Army to recognize the importance and criticality of both the
contracting function and contractors in general for successful expeditionary operations.\textsuperscript{21}

- Contracting competencies that address requirements definition, contract management, and through and including contract close-out should be treated as an Army core competency and not an ancillary institutional issue.\textsuperscript{22}

Similarly, in March of 2008 the Comptroller General testified before Congress that DoD needed to reexamine its extensive reliance on Contractors and continue to improve management and oversight.\textsuperscript{23} In response to the Commission and GAO reports and the perceived overuse of contractors, the Congress and the Army set about to reform contracting in earnest in 2008. Almost immediately, Congress enacted Section 2463 of Title 10 that revised the criteria and procedures for the employment of DoD civilians and directed detailed annual reporting by the government agencies on the use of contractors. This required DoD to give due consideration to using DoD civilians for both old and new functions and to relook the functions currently performed by contractors. The act also precluded the public-private competition for new requirements prior to first in-sourcing those functions. Congress also enacted Section 849 of the National Defense Authorization Act (NDAA) for FY 2009 that directed DoD to examine the recommendations of the Commission and report back to Congress on their resolution.\textsuperscript{24} Additionally, Congress created an independent and bipartisan panel (the Commission on Wartime Contracting in Iraq and Afghanistan) to investigate “waste, fraud, abuse, accountability, and other issues in contingency contracting, and to make recommendations for improvement.”\textsuperscript{25} These efforts generated several Army reforms to include of the formation of the Army Contracting Command (ACC) and the establishment of two subordinate commands: the Expeditionary Contracting Command (ECC) and the Management and Installation Contracting Command (MICC). These
organizations have aided in the oversight and improvement of the Army contracting activities. However, the Army has been much slower in increasing the contract professional workforce. In 2010, a full three years after the 2007 Commission report, the Army announced a five-year plan to grow its contracting workforce by only 1,650 positions.26

Concurrent with the efforts of Congress and the Army and reacting to the perceived over-dependency on contractors, both the Secretary of Defense and OMB directed a reduction in the use of contractors. In August of 2010, the Secretary of Defense voiced his dissatisfaction with the progress towards reducing dependency on contractors and directed some austere cost cutting measures. He directed a three year reduction in funding for DoD contracted support services and announced a three year freeze on the overall level of DoD civilian authorizations at the Combatant Commands, the defense agencies and at Office of the Secretary of Defense (OSD).27 Similarly, the Obama Administration (Office of Management and Budget (OMB)) published a Memorandum in July 2009 clarifying and further specifying the appropriate roles that both federal government employees and contractors should perform within a multi-sector workforce and cautioned against the over-reliance on contractors to perform inherently governmental and closely related to inherently governmental functions.28 OSD soon followed with an updated DoD Directive 1100.22 with 55 pages of detailed guidance of which 28 pages (enclosure 4) provides detailed instruction on manpower mix criteria.29 Finally, the Office of Federal Procurement Policy in the Office of Management and Budget created a single definition of inherently governmental functions. Effective 12 Oct 2011 the President signed Policy Letter 11-01, Performance
of Inherently Governmental and Critical Functions that provides authoritative direction to all federal agencies regarding the criteria for in-sourcing or out-sourcing manpower requirements.\textsuperscript{30} According to a recent Congressional Research Report (CRS), OMB’s guidance in Policy Letter 11-01 and workforce management essentially advises “agencies to use cost analysis as, in effect, a tie-breaker when performance by either sector is acceptable. Restated, cost savings is neither a goal nor a purpose of multi-sector workforce management, or, more specifically, in-sourcing.”\textsuperscript{31} Policy Letter 11-01 allows the department or agency the discretion to in-source any capability they determine is essential to performing their core mission functions regardless of the comparative cost. The policy actually requires agencies to “dedicate a sufficient amount of work to performance by Federal employees in order to build competencies (both knowledge and skills), provide for continuity of operations, and retain institutional knowledge of operations”\textsuperscript{32} and thus allows agencies a wide degree of discretion to ensure the capabilities to perform core mission functions are retained in-house. The cumulative effects of these more stringent approaches to outsourcing have increased the number of federal employees performing duties formally supported by contractors. A recent GAO report, reported that DoD created almost 17,000 civilian new authorizations in FY 2010 alone.\textsuperscript{33}

With the advent of the GWOT in 2001 and through the run-up and conduct of two major campaigns in Iraq and Afghanistan, the impact on the acquisition workforce the profession has been profound. The increased contracting workload, reduced manpower, and the unique challenges associated with complex contingency contracting activities in Iraq, Afghanistan and Bosnia have shaken the very foundation of the military profession
as contractors were called upon to perform inherently governmental and core mission functions. While the pendulum is clearly swinging back and away from excessive contracting, the residual impact on the military and acquisition workforce ‘profession’ may require more deliberate remediation.

The Acquisition Workforce as a Profession

The nature, function and activities of the acquisition workforce constitute a key component of the military profession. In his defining book, *The Soldier and the State*, Samuel Huntington outlines the framework for a profession as requiring “expertise, responsibility, and corporateness.” He further defines ‘expertise’ as “a special knowledge and skill in a significant field of human endeavor.” The terms ‘special,’ ‘significant,’ and ‘human endeavor’ connote greater importance than the simple expertise developed by technicians. Rather it implies a relatively wider scope of both the level of knowledge and the impact of the activities it enables. Accordingly, decisions to contract for services performed by external agencies requires a nuanced application of a wide range of governing factors and an astute understanding of the short and long-term influences on the military profession.

Furthermore, the acquisition professionals’ education and training includes both the technical aspects of their duties including contract law, extremely complex defense acquisition system procedures, and voluminous Federal Acquisition Regulation (FAR); but also an understanding of the extremely dynamic military context that the services are provided. Moreover, the broad, complex, ambiguous and volatile aspects of combat operations during war also make deterministic contracting problematic requiring expert judgment on the part of the contracting professional. Therefore, acquisition
professionals must ‘responsibly’ apply their expertise to meet the urgent needs of the organizations while minimizing the negative impact on the profession in order to serve the ‘higher purpose’ of securing the profession while acting as good stewards of our nation’s resources.

By its very nature, the outsourcing of services establishes the boundary conditions for private sector’s competition for a greater share of the military functions. Acquisition workforce professionals assist in determining which services are inherently governmental, which are closely related to inherently governmental and those that should be outsourced. These decisions collectively establish the jurisdictional boundaries of the military profession and, over time, can incrementally surrender core mission functions of the military to the private sector. Sociologist Andrew Abbott argues that professions engage in competition for control of work related to their expert knowledge and that competition across their common jurisdictional boundaries is continuous. He indicates that the public, the legal system and the workplace decide which profession prevails and thus legitimizes the content and control of the disputed work.36 Don Snider also lists the Army’s chief competitors across emerging disputed jurisdictions to include “other governmental agencies, private contractors [emphasis added], and nongovernmental organizations, both American and international.”37

Finally, Huntington requires the profession to possess what he terms as ‘corporateness’ that springs from a “collective sense of organic unity and consciousness of themselves as a group apart from laymen.”38 Here the acquisition workforce has made some progress towards this collective sense through increasingly stringent education, training and experiential learning requirements. Notably, this characteristic of
professions precludes access by those ‘uncertified’ in that particular field and those attempting to gain admission through “achievements in other fields.”

Don Snider also highlights several additional characteristics of professions in his compendium book, *The Future of the Army Profession*. In his authored chapter, he identifies the dual and competing nature of organizations as both bureaucracies and professions. He advocates the dominance of professionalism over bureaucracy “in all areas except those very few that are intrinsic to any large organization.” He also contrasts the characteristics of bureaucracies and professions across knowledge, practices, measures, cultures, investments, growth and motivation areas. (See Table 3)

<table>
<thead>
<tr>
<th><strong>Comparison</strong></th>
<th><strong>Profession</strong></th>
<th><strong>Bureaucracy</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>Expert, abstract; requires life-long learning</td>
<td>Nonexpert; quickly learned on the job</td>
</tr>
<tr>
<td>Practice</td>
<td>Knowledge applied with discretion to new situations by individual professional</td>
<td>Repetitive situations, work done by following SOPs, administrative rules, and procedures</td>
</tr>
<tr>
<td>Measure</td>
<td>Focus on effectiveness of applied practice</td>
<td>Focus on efficiency of resources used</td>
</tr>
<tr>
<td>Culture</td>
<td>Granted autonomy with self-policing ethic</td>
<td>Closely supervised; imposed governmental ethic</td>
</tr>
<tr>
<td>Investments</td>
<td>Priority investment in individual professionals</td>
<td>Priority Investment in hardware/software, routines</td>
</tr>
<tr>
<td>Growth</td>
<td>Individuals develop coherent professional world view</td>
<td>A worldview is irrelevant to the work</td>
</tr>
<tr>
<td>Motivations</td>
<td>Intrinsic, altruistic toward client; work is a calling</td>
<td>Extrinsic, egoism: work is a job for personal gain</td>
</tr>
</tbody>
</table>

Table 3: A Comparison: Profession vs. Bureaucracy.

Importantly, professions become at risk when the organizational bureaucracy encroach upon these areas and substitute professional expertise and discretion with increased specificity in processes, rules and procedures to the ultimate detriment of the
client. “Professions excel where bureaucracies cannot – in the creation and adaption of abstract knowledge and its application to new situations.”

Although the Acquisition Workforce profession currently remains viable, the demands placed upon the collective workforce by the recent wars and the subsequent response by Congress and DoD to increase guidance and contracting criteria may have severely impaired its continuation as a profession.

Compromising the Profession’s Jurisdictional Boundaries through Outsourcing

The viability of the acquisition profession as it emerges from the recent war effort directly relates to the frameworks provided by Huntington, Abbott and Snider. The paper now examines the profession’s body of expert knowledge and the client’s (public) recognition of its unique contribution. Likewise, it will assess the preservation of the related task environment exclusively for the performance of professional contract activities; examine the education, training, experiential learning and certification of acquisition practitioners needed to perform tasks recognized as important by the client; and outline the infringements on the prerogatives of the profession caused by excessive bureaucratic guidance.

As previously noted, the demands placed on the acquisition workforce by the war effort created a surge requirement for contracting specialists and managers to meet the contingency requirements. To meet these urgent demands the military turned to lay uniformed military and civilians government employees as well as private contract specialist to perform inherently governmental or closely associated with inherently governmental contracting tasks. The key issue regards whether the functions provided by outsourced private entities undermine the long-term viability of the federal
government and the fidelity of the acquisition profession itself. Thus, the consequences of in-sourcing and outsourcing transcends simple cost-benefit analysis or near term expediency and moves to mitigating organizational risk and effectiveness concerns.

Arguably, the center of gravity for risk and effectiveness assessments is the criteria used to determine the in-sourcing or outsourcing solution. As indicated above, there is a wide range of sometimes-disparate guidance governing sourcing of manpower. Criteria to consider work for outsourcing are contained in DoD Instruction (DODI) 1100.22, *Policy and Procedures for Determining Workforce Mix*. This instruction, created in 2006, was dramatically revised and republished in 2010. DODI 1100.22 elaborates on sixteen sourcing criteria coded alphabetically (A-M, P,R,W, and X) for determining the manpower mix and the instruction also provides guidance for risk assessments based upon the sourcing solution. However, the recent Office of Federal Procurement Policy (OFPP) Policy Letter 11-01 expanded the criteria from a rather simple dichotomy of determining whether the function was either inherently governmental or not, to one that includes ‘critical functions’ and functions that are ‘closely associated with inherently governmental’ (CAWIG). This expanded criterion allows for a greater degree of discretion “that recognizes the complexities of the responsibilities of federal agencies.”

To assist in the determination and classification of contracted services with risk, the GAO developed a service-to-risk framework. Significantly, acquisition and contracting functions are in the highest risk category. (See Table 4)
Additionally, a recent RAND corporation report produced for the Department of the Navy provides a comprehensive methodology for implementing the DoD’s in-sourcing policies. They highlight the four major restrictions on the use of contractors:

- a prohibition on contractor performance of inherently governmental (IG) functions
- special rules about the use of contractors to perform functions closely associated with IG functions [and those determined to be critical functions]
- a prohibition on the use of personal-services contracts
- DoD-specific exemptions from private-sector performance of specific commercial functions identified in law and policy.

Conversely, a Congressional Research Report succinctly summarizes the factors that drive over-reliance on contractors or are consequences of that excessive reliance. These include:

- Lack of in-house capacity
- Loss of institutional knowledge
- **Inadequate management of contractors and their work** [emphasis added]
- **Contractor performance of inherently governmental functions** [emphasis added]
• Loss of control over mission and operations, and loss of accountability

• Restriction on the size of government ("more specifically, [limiting] the number of government employees")

There is a broad base of evidence substantiating the over-reliance on contracted support, in some instances to perform inherently governmental functions, and the mismanagement of contracts leading to rife fraud, waste, and abuse. The excessive reliance on contractor support, in many cases to perform contracting activities, has also undermined the professional credibility and reputation of the acquisition workforce. In response to congressional reporting requirements the Army completed a "review of 24 of 26 commands and headquarters organizations and identified approximately 2,357 contractor FTEs [full-time equivalents] performing inherently governmental functions [emphasis added], 45,934 contractor FTEs performing activities closely associated with inherently governmental functions, and 1,877 contractor FTEs providing unauthorized personal services."51

In a related case study, the GAO examined the Army’s Contracting Center of Excellence (CCE) use of contractors providing contract specialist services. The GAO reviewed 42 randomly selected contract files in FY ’06 and ’07 to assess the contractors’ day-to-day involvement. These contractor contract specialists constituted over 40% of the CCE overall specialists’ manpower pool. The GAO found that there was little difference in the activities of the contractor contract specialists with their government counterparts. In fact, they were not identified as such to the general public and thus appeared to be speaking for and representing the government. Additionally, the specialists conducted activities consistent with what the FAR specifies as a
prohibited ‘personal service contract’ that requires special authorization to conduct (which CCE did not receive). In addition, there were no provisions made to ensure that the contractor specialists identified and avoided any conflicts-of-interest in performing their duties.

In another evaluation examining whether contractors were providing services that closely relate to inherently governmental functions, GAO reviewed 64 task orders that had $500,000 or more obligations and selected 7 of those for detailed examination. They found that “all 7 of the proposed acquisitions for professional, administrative, and management services and more than 75% of the 64 related task orders reviewed required the contractor to provide services that closely supported inherently governmental functions.”

Additionally, the Commission on Wartime Contracting in Iraq and Afghanistan addressed the deleterious use of contractors to replace federal employees. The final report noted on two occasions that “the large number of contractors erodes federal agencies’ ability to self perform core capabilities” and “relying on contractors for so much professional and technical expertise eventually leads to the government’s losing much of its mission-essential organic capability.”

Conceivably, the most injurious revelations to emerge from the war contracting efforts are those related to the number and scope of mismanaged contracts. A wide range of studies and assessments has detailed what can only be described as a ‘contracting debacle’ within Iraq and Afghanistan. Both the Gansler Commission and the Commission on Wartime Contracting identified profound problems in expeditionary contracting leading to widespread fraud, waste and abuse. In the 2007 final report, the
Gansler commission cited failures across nearly every contracting area: financial management; civilian and military personnel manning; contracting and contract management; training and education; and doctrine, regulations, and processes. The report unequivocally states that “These key failures encumber the Army acquisition system’s performance and have significantly contributed to the waste, fraud, and abuse in-theater by Army personnel.” Four years later, in their final report, the Commission on Wartime Contracting began their report by revealing, “At least $31 billion, and possibly as much as $60 billion, has been lost to contract waste and fraud in America’s contingency operations in Iraq and Afghanistan.” The report goes on to warn that “Much more will turn to waste as attention to continuing operations wanes…” Both reports outline major issues in the qualifications, training and performance of the deployed contracting professionals as contributing to this rabid mismanagement. Significantly, the sum total of these failures has damaged the reputation of the military’s acquisition workforce both domestically and internationally.

Clearly, the above events have undermined the military and acquisition work force as a profession. The migration of contractors into positions that perform contract oversight and management impinges on the jurisdictional boundary of the acquisition profession. Additionally, the overwhelming of the contracting workforce by the volume and complexity of the contingencies in Iraq and Afghanistan has likely permanently damaged the credibility of profession in the eyes of the client…the public.

One approach to regaining credibility and rolling back the jurisdictional intrusions is through a comprehensive education and certification program that Abbott would suggest
would competitively empower contract professionals to succeed in meeting future contracting challenges.

As previously outlined, DoD has an education and certification program provided through the Defense Acquisition University (DAU) specifically to serve the acquisition workforce. Under DAWIA, members of the profession must meet the required standard for their career field level (I - basic/entry, II - intermediate/journeyman, or III - advanced/senior) that is coded for their assigned duty position. Moreover, for each level and under each of 15 acquisition career fields there are three qualification areas regularly assessed (education, training and experience). Additionally, DAU offers supplemental training for each career field and for particular types of assignment; offers continuous on-line learning modules so individuals can stay current in their respective fields; and requires the completion of on-line courses amounting to 80 credits biennially to stay certified. Also, DAU exports consulting support services to program offices; conducts rapid deployment training on new initiatives; and provides numerous knowledge sharing programs to the acquisition community. Overall, DoD estimates that it takes six to eight years to develop and train a contracting officer.

Generally, DAU provides a rigorous life-long learning, education and certification program for the professional acquisition workforce. Although, DAU is unable to support all training requests, it does provide the required training to most of the personnel who need required DAWIA certification training within their required timeframe. A relatively recent (Oct 2010) evaluation by the GAO found that 90% of the over 133,000 acquisition professionals have their required certification for their current positions. Notably, this statistics varies significantly from what the Gansler Commission found in
their study in 2007. As cited above, the study found that just “56% of the military officers and 53% of the civilians in the contracting career field are certified for their current positions.” Evidently, the DAU has rapidly responded to the training and education challenge over the last three years. However, what is also important is that the ‘acquisition profession’ demonstrates the uniqueness and essentiality of their contributions and precludes the intrusion into their ‘task environment’ by unqualified practitioners.

Another threat to the contracting profession is the pervasive intrusion of excessive bureaucratic guidance that attempts to substitute for the tacit knowledge and judgment of the acquisition professional. Federal acquisitions are governed by nearly 2,000 pages of regulations contained in over 20 statutes with individual agencies adding thousands of more pages with their own regulations. For instance, DoD has its own dizzying array of regulations, directives and instructions. Moreover, a massive amount of case and administrative law governs the broad array of acquisition and contracting functions that grows in complexity almost daily. Despite a veritable endless body of guidance, policies and regulations pertaining to acquisition, it is increasing at all levels.

Generally, a bureaucracy responds to crises by creating more bureaucracy. With the crises in contingency contracting outlined above, this appears to be no exception. Also, as outlined above, in nearly every area that allows ‘discretion’ the Executive Branch, Congress and DoD has created additional guidance that is more specific and limiting. Once established, these governing regulations are seldom reduced in length or specificity. Perhaps the greatest threat to the contracting profession is this burdensome
body of guidance as the profession is likely helpless against the dominant array of powerful external stakeholders who continue to add to its volume.

The Way Forward

Without question, the acquisition workforce as a profession was damaged by the events of the last 10 years. What is important is to examine the organizational and policy decisions that contributed to the intrusion on the profession and the fraud, waste, abuse, and overall contracting mismanagement. Next, develop and execute a deliberate and comprehensive strategy to correct them now and prevent them re-occurring in the future. In this regard, there is no shortage of insightful and focused recommendations provided by the above two referenced Commissions, GAO Reports, Congressional Budget Office (CBO) Reports, CRS analyses, RAND Corporation studies and enumerable products from think tanks and institutes (many of which have been cited above).

There are, however, some higher-level strategic lessons that emerge from this experience that bear stating. First is that a focus on the maintenance of ‘the profession’ through active management by strategic leaders can help guide and avoid acts-of-commission (committed through micro-management) and prevent acts-of-omission that are caused by limiting the strategic perspective to the activities and not their ‘effects.’ A focus on what Huntington describes as ‘expertise, responsibility and corporateness’ can not only secure the profession but also the Nation.

Second, that surge contracting capacity of long-lead-in-time assets such as contract professionals must be deliberately planned and resourced when they are NOT needed. In this regard, DoD’s plan to continue to expand contracting capacity and
allocate additional funding and manpower to strengthen the acquisition workforce is a good start. Additionally, the creation of the DoD Civilian Expeditionary Workforce program that pre-identifies a subset of employees that are “organized, trained, cleared, equipped, and ready to deploy in support of combat operations by the military…” should also provide a corps of professional contract officers to immediately establish theater contracting capability.

Third, we must ‘stop the bleeding.’ It is not over! Both the Commission on Wartime Contracting and the GAO warn that contingency contracting challenges remain and that ‘the worst may be yet to come.’ The Commission highlights the challenge of passing ‘looming’ sustainment costs over to an Afghan government that may be ill prepared to receive them, and thus throwing away billions of dollars in sunk costs. Likewise, the GAO cautions that few of the existing contracts will be closed-out in time for the expected redeployment and thus may result in billions of dollars of unnecessary payments for contracts still in effect after US forces transition.

Fourth, it would seem that it would be impossible to over-react to the nature, scope, and severity of the existing contingency contract challenges, but leave it to the insidious acquisition oversight bureaucracy to find a way. With the bureaucracy’s response to the over-reliance on contractors came an avalanche of guidance emphasizing in-sourcing and not so subtly directing a reduction in outsourcing. The pendulum has swung back and way past center. Even Dr. Jaques Gansler, in testimony before the Commission on Wartime Contracting, cautioned against setting out to reduce the role of contractors. Rather he recommended that the “government’s focus should not be on decreasing contractors, but instead on assuring that they are performing the
appropriate functions and are being properly managed.” The way forward must guard against overly simplistic solutions to complex issues and retain a dependence and trust on the judgments of the contracting professionals.

Finally, there is no substitute for results. Declarations, blanket policies, reorganizations, new processes and procedures, and good intentions will not resolve complex strategic problems. Likewise, challenges to ‘the profession’ will not be solved by or with bureaucracy but rather through the competent and confident leadership and actions of the professionals who perform its missions. For bureaucracies overseeing professions…less is more.

Conclusions

The acquisition workforce manning declined before and well into the current war effort while simultaneously the contracting workload dramatically increased and became more complex. Faced with urgent war resource requirements, DoD turned to increased contractor support as the most expedient and, in some cases, the only source. Not surprisingly, contractors filled the gaps in areas and activities that crossed into inherently governmental functions or were closely associated with inherently governmental functions. Moreover, overwhelmed contract officers were unable or untrained to provide adequate contract management and oversight. Subsequently, the contingency contracting environment became fraught with fraud, waste and abuse. The encroachment of contractors into DoD core contracting competencies, and the intrusions across the jurisdictional boundaries of the contract management task environment coupled with both the highly visible mismanagement and lack of oversight of service contracts undermined the acquisition workforce as a profession. The negative
impact on the profession was aggravated by the bureaucratic reaction by Congress, the Executive Branch and DoD that responded with more guidance and regulations but few additional resources.

What remains is for the acquisition workforce to climb out of the quagmire of the last 10 years of contingency contracting and focus on re-energizing the workforce as a profession with a focus on ‘expertise, responsibility and corporateness.’ The rejuvenation and sustainment of the acquisition workforce ‘as a profession’ may help untie the Gordian knot that binds the acquisition community to an increasingly intrusive bureaucracy.

Endnotes

1 Department of Defense, Policy and Procedures for Determining Workforce Mix, Instruction Number 1100.22 (Washington, DC: US Department of Defense, 12 April 2010), 1-3.


6 Ibid. GAO estimates that DoD obligated $370 billion in 2009, almost double what was spent in 2001.


Ibid., 8-9.

Ibid., 9.

Ibid., 10.

Ibid., 11.

Ibid., 10.


Commission on Wartime Contracting in Iraq and Afghanistan, *Urgent Reform Required: Army Expeditionary Contracting* (Washington DC: Commission on Wartime Contracting in Iraq and Afghanistan, 31Oct 07) 1 and Appendix B.


Ibid.
Ibid.

Ibid.

Ibid.


Federal Procurement Policy, *Performance of Inherently Governmental*.


Ibid.


Ibid.


Ibid., 14.

Ibid., 15.


Riposo, *A Methodology for Implementing*, x.

Ibid. Note that the RAND report identified ‘critical functions’ as included in the draft policy letter 11-01 as a pending category. The Policy Letter states that a critical function is “a function that is necessary to the agency being able to effectively perform and maintain control of its mission and operations. Typically, critical functions are recurring and long-term in duration.”

Ibid.

Ibid.


Ibid., 11.


Ibid., 29.


Ibid.

Ibid., 92.


Carreau, *Civilian Surge*, 185.


Ibid., 2.
63 Carreau, *Civilian Surge*, 185.


68 Gansler, *Urgent Reform Required*, 5.