

A GOVERNMENT



CONTRACTING STAFFING

TWIDE VIEW OF



OFFICER LEVELS

By Jeff Weisman
and Dr. Kyle Richards



Through the first three quarters of fiscal year 2018, the federal government has obligated approximately \$758 billion¹ on new and existing contracts (including acquisition of assets via contract).

In accordance with the *Federal Acquisition Regulation (FAR)*, only warranted contracting officers (COs) “have authority to enter into, administer, or terminate contracts”² on behalf of the federal government. However, based on available data, the government continues to face significant challenges in recruiting, developing, and—most important—retaining highly qualified, experienced personnel necessary to adequately oversee more than three quarters of a trillion dollars currently obligated through the third quarter of fiscal year 2018.

This issue is not a new one. Back in 2010, the Department of Defense (DOD) reported that the number of defense acquisition professionals had declined by 10% during a decade that saw contractual obligations *triple*.³ And while some agencies have taken steps to bring on more COs, the

contracting workforces of certain agencies are composed of relatively inexperienced or overburdened staff compared to their other agency peers. This issue is compounded by the fact that many COs do not receive adequate training beyond completing the minimum-required amount of basic federal acquisition rules required to receive their warrants. This combination of events creates a perfect storm where inexperienced COs are making decisions that meet the minimum quality standards and offer the lowest price.⁴

In addition to awarding new contracts and modifying existing ones, COs are responsible for:

- Ensuring that contractors perform in accordance with contract requirements;
- Reviewing and approving invoices; and

- Monitoring for potential fraud, waste, abuse, or duplication across agency contracting activities.

While COs have help from contracting officer’s representatives (CORs), and in some cases, contract support administrators/assistants (CSAs), the ultimate burden of oversight falls to COs. Since the role of the CO is so critical to the success of effectively and efficiently managing federal contracts, this article analyzes the current staffing levels of COs across the government to gain a more accurate perspective.

CONTRACTING OFFICERS BY NUMBER, AGE, AND YEARS OF EXPERIENCE

To start, let’s look at some basic facts about COs. According to the Office of

Personnel Management (OPM), as of March 2018, there were a total of 17,033 COs across the 15 cabinet-level agencies and 3,280 across 17 large, independent agencies.⁵ (Refer to **FIGURE 1** on page 69.) It is not surprising that the larger an agency's operating budget, the greater the number of COs it has on staff.

What is surprising, however, is the spread of the *average age* of COs. As shown in **FIGURE 2** on page 69, on one end of the scale, agencies like OPM, the Department of Commerce (DOC), and the Department of Justice (DOJ) have some of the youngest COs on average. Agencies that keep young COs engaged with growth opportunities substantially improve retention, which ultimately helps lay the groundwork for building a strong foundation of intellectual capital, as discussed in OPM's

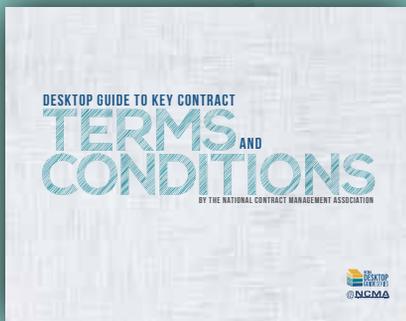
special report⁶ on the engagement index of the Federal Employee Viewpoint Survey. Indeed, employees who are engaged are employees who stay—so agencies with young CO talent must do everything within their capabilities to develop and engage these COs and thereby build and solidify their procurement practices for decades. On the other end of the spectrum, agencies like the Small Business Administration (SBA) and the Equal Employment Opportunity Commission (EEOC) are likely to see the bulk of their CO and institutional knowledge retiring over the next 10 years, so succession planning, recruiting, and developing new talent are paramount to maintain operational equilibrium.⁷

Of similar surprise to CO average age is the large spread seen in the *average years of experience* across agencies, as depicted

in **FIGURE 3** on page 70. At 19.2 and 18.8 years on average, COs at the National Aeronautics and Space Administration (NASA) and the Federal Communications Commission (FCC), respectively, top the list. Given that COs at NASA and the Environmental Protection Agency (EPA) are only 44 and 43 years old on average, respectively, having 19 years of experience is quite an impressive feat. This would indicate that many COs at these agencies began their careers in the contracting field in their early-to-mid-20s and have since been steeped in the art of the federal procurement process—the very essence of employee “organic growth.” This “organic growth” of employees has seemingly produced another benefit beyond experience: NASA and FCC rank number one in the best large and mid-size agencies to work for in the federal government.⁸



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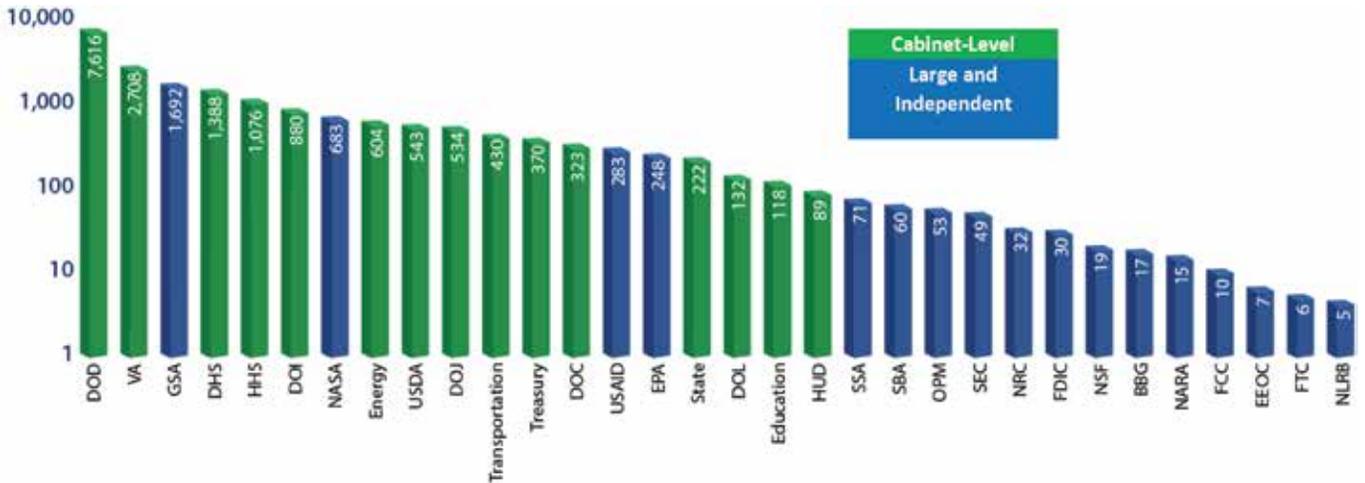


FIGURE 1. TOTAL NUMBER OF COs BY AGENCY

On the other end of the spectrum, COs at SBA have an average of only 7.8 years of experience, the lowest of any federal agency, and the average age of COs at SBA is 52 years old. Whether recruited internally or hired from external sources, COs at SBA began their CO functions later in their careers than most other agency peers. One plausible cause for an older, less-experienced CO population at SBA is the necessity to quickly backfill this critical role due to attrition. Whether the inexperience is due to a mid-career change or to hiring relatively inexperienced personnel, retaining the existing CO population and developing COs early in their careers, as well as retaining them, will eventually lead to a core group of highly-experienced personnel. Retention, therefore, is key.

While age is certainly an important factor, experience in contracting, as with many professions, is generally considered to be a better indicator of aptitude and understanding of the nuanced issues impacting the day-to-day responsibilities of line COs. One important metric is how many COs with under five years of experience each agency has. As shown in **FIGURE 4** on page 72, it's no surprise that DOD, the Department of Veteran Affairs (VA), and the General Services Administration (GSA) appear at the top since they have the most COs in total. However, what is surprising is the ratio of COs with *under* five years of experience to the total number of COs in the agency. (Refer to **FIGURE 5** on page 72.) Under this metric, agencies such as the Department of Education (ED) and DOC jump to the top of

the list with over 20% of their CO workforce having fewer than five years of experience.

CONTRACTUAL ACTIONS BY AGENCY

While the number, age, and experience of COs is important to understand, another helpful metric to consider is the number of "contractual actions" (i.e., the total number of awards and modifications, regardless of cost, performed by a CO during the normal execution of his or her duties). Using data reported to USASpending.gov,⁹ there were a total of 3.9 million¹⁰ reported "contractual actions" through the first three quarters of fiscal year 2018 (as shown in **FIGURE 6** on page 73). Of these "contractual actions," 88% of all activity occurred in only three agencies: DOD, GSA, and the VA.

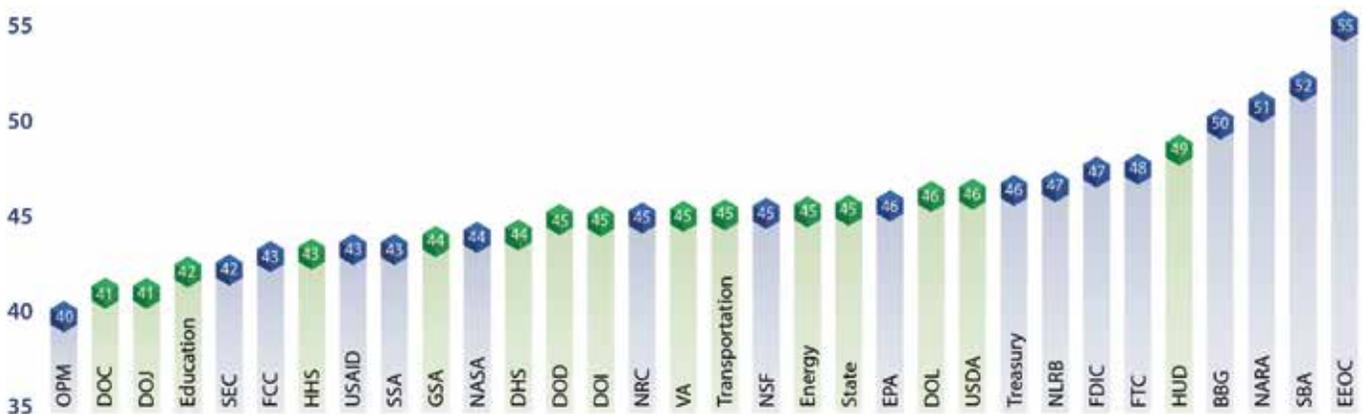


FIGURE 2. AVERAGE AGE OF COs BY AGENCY*

*Note: The average age across the entire government is 45.4 years old.

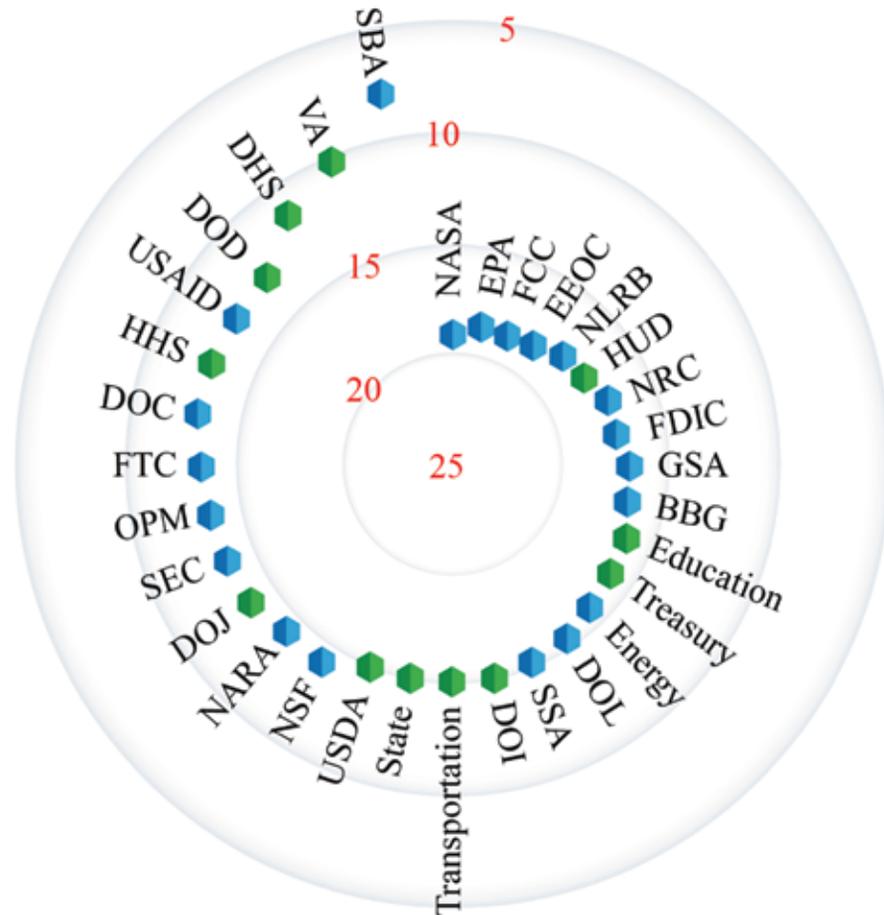


FIGURE 3. AVERAGE YEARS OF EXPERIENCE OF COs BY AGENCY

CONTRACTING OFFICERS BY NUMBER OF ACTIONS AND DOLLARS MANAGED

While the sheer number of “contractual actions” align to where most COs are staffed, the dollars associated with those same “contractual actions” tell a different story. That’s because in federal contracting, some modifications can be more administrative in nature and do not necessarily impact the current or total contract value—e.g., “no-cost modifications,” changes to the period of performance, and changing the contract specialist.

For DOD specifically, since many contracts are incrementally funded, this drives up the number of contractual actions, which artificially drives down the average “contract dollars” managed. These administrative (and incremental) modifications will be given a

closer look in the next section, but for now, when looking at the total dollar amount each agency has tied up in contracts compared to the number of COs at each agency, we see some new agencies trickle to the top. (Refer to **FIGURE 7** on page 74.) Specifically, on average, each CO at OPM is responsible for overseeing an average of \$813 million in contracts! That’s an astronomical amount of taxpayer dollars that a single individual is responsible for overseeing.

Even though it’s a bit shocking to find that a single individual, warranted or not, is responsible for overseeing such a large amount of contracting dollars, this doesn’t capture the whole story. First, it’s important to understand that there are multiple levels of government CO authority. COs are generally authorized to make awards up to a certain dollar threshold. An example of this is included in **FIGURE 8** on page 74. However,

information at the individual CO level is not publicly available, so we must rely on the story being told through the data.

Looking now at **FIGURE 9** on page 75, the real story emerges when we compare the average contract action amount, meaning the amount each award or modification is on average (the blue columns), to the average number of actions taken by each CO (the orange line). Looking at OPM, the data indicates that, on average, each CO at OPM has processed 32 “contractual actions” at an average value of \$475,000 each. This means that contracts issued by OPM often do not require numerous subsequent no-cost modifications, which would drive down the average contract action amount and drive up the average number of actions each CO performs.

What is not surprising to find is that the three “high-volume” agencies (DOD, GSA, and the VA) appear at the opposite end of the contract action amount spectrum. The average contract action amount at GSA, for example, is only \$67. This suggests that after the initial contract award, numerous no-cost modifications are required. This could be due to changes in a contract’s scope, period of performance, or even administrative items (e.g., switching the CO managing the contract). While the reasons for modifications are numerous, the more modifications each CO is responsible for, the less attention he or she can devote to each one.

Through the first three quarters of fiscal year 2018, each CO at the Department of State and the Broadcasting Board of Governors (BBG) handled twice as many “contractual actions” as his or her peers at other agencies (on average). And while that seems substantial, COs at DOD are leading the charge, processing on average 413 “contractual actions.” Again, some of these may be more administrative in nature, such as identifying a new government point of contact or simply adding the next round of incremental funding. However, others may be significantly more complex, involving modifying the size, scope, or timeline of a contract.

Complex modifications could take several days or weeks to complete, creating a cascade effect, where each subsequent action has less time to be completed, and only when administrative contract actions arise can time be “made up.” Of course, this also excludes the time a CO is not working (e.g., vacation, sick leave, weekends, and federal holidays).

To illustrate, **FIGURE 10** on page 75 shows how COs in DOD compare to their government peers in civilian agencies. The difference is absolutely astounding! Keeping in mind the complexity and impact each contractual action could have on government operations and national defense, processing nearly two contract actions per day seems almost farcical. With each action, there are hundreds of rules and regulations spelled out in the FAR that COs must ensure compliance with, not to mention agency-specific regulations—such as the *Defense FAR Supplement (DFARS)*.

SUMMARY

Most agencies face massive CO workforce shortages. Even agencies like DOD, which has the single largest group of COs, are still wildly understaffed. And while hiring more COs today may not help immediately, it will help in time. In the meantime, agencies need to look for ways to empower their existing COs to be more productive and to reduce their number of administrative tasks.

RECOMMENDATIONS

So, what can be done to help agencies like DOD, GSA, and the VA that experience contracting challenges? The following are three ideas for improving the CO staffing levels in the federal contracting environment.

1. Recruit, Develop, and Retain the Next Generation of COs

The first and most obvious solution to the challenge? Hire more people. However, as demonstrated by agencies like DOD and the VA, which already have the most COs of any agency in the federal government, simply adding more bodies is not enough.

Given the time and resources it takes to cultivate an experienced CO, these agencies probably should have started this process 5-10 years ago. And while it is never too late to start, the reality of resource-constrained environments across the federal government significantly limits an agency’s capability to adequately provide oversight. Over time, this limitation will have consequences in terms of CO and organizational efficiency, employee engagement, job satisfaction, retention, and ultimately, the ability of the agency to effectively meet its mandates.

It is critical for agencies to assess and understand the skills and core competencies that are lacking today, but necessary to meet current and future acquisition requirements. This understanding is not merely for the benefit of the agency, it is also a requirement as outlined in Principle 4.1 of the *Government Accountability Office Standards for Internal Control in the Federal Government*

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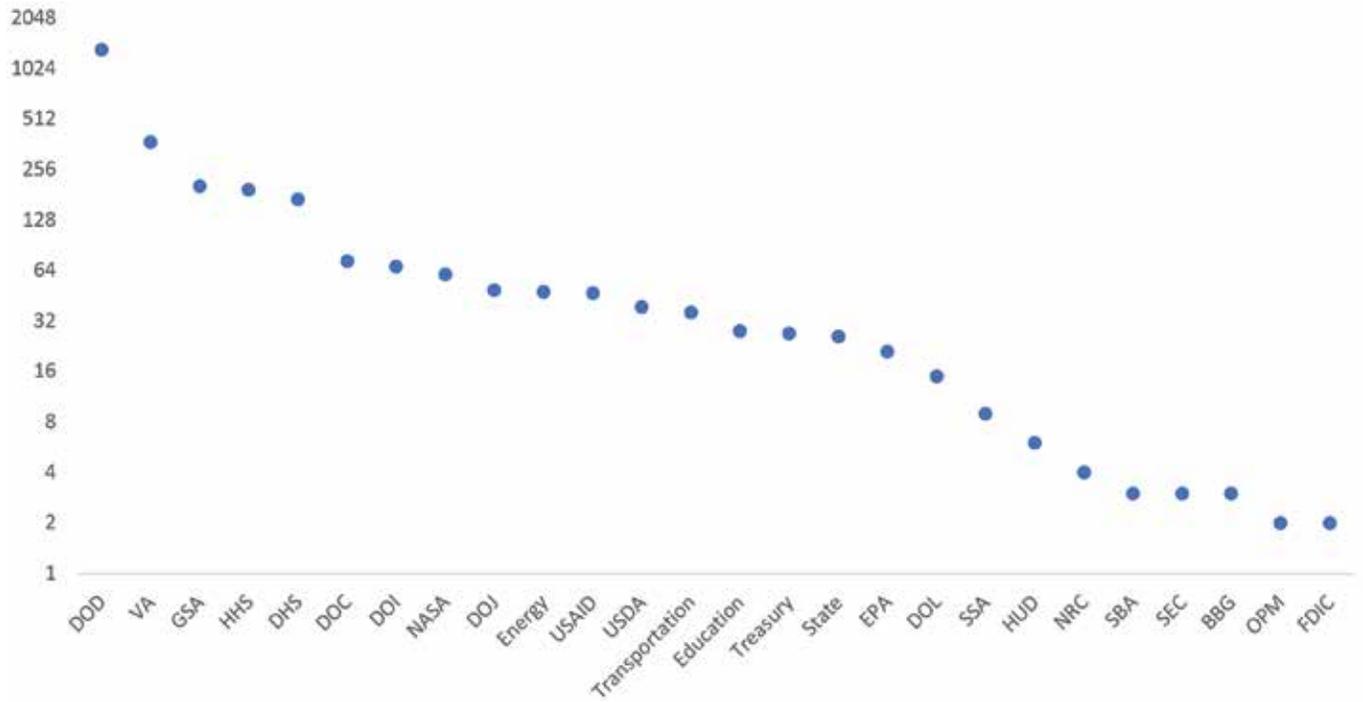


FIGURE 4. NUMBER OF COs BY AGENCY WITH FEWER THAN FIVE YEARS OF EXPERIENCE

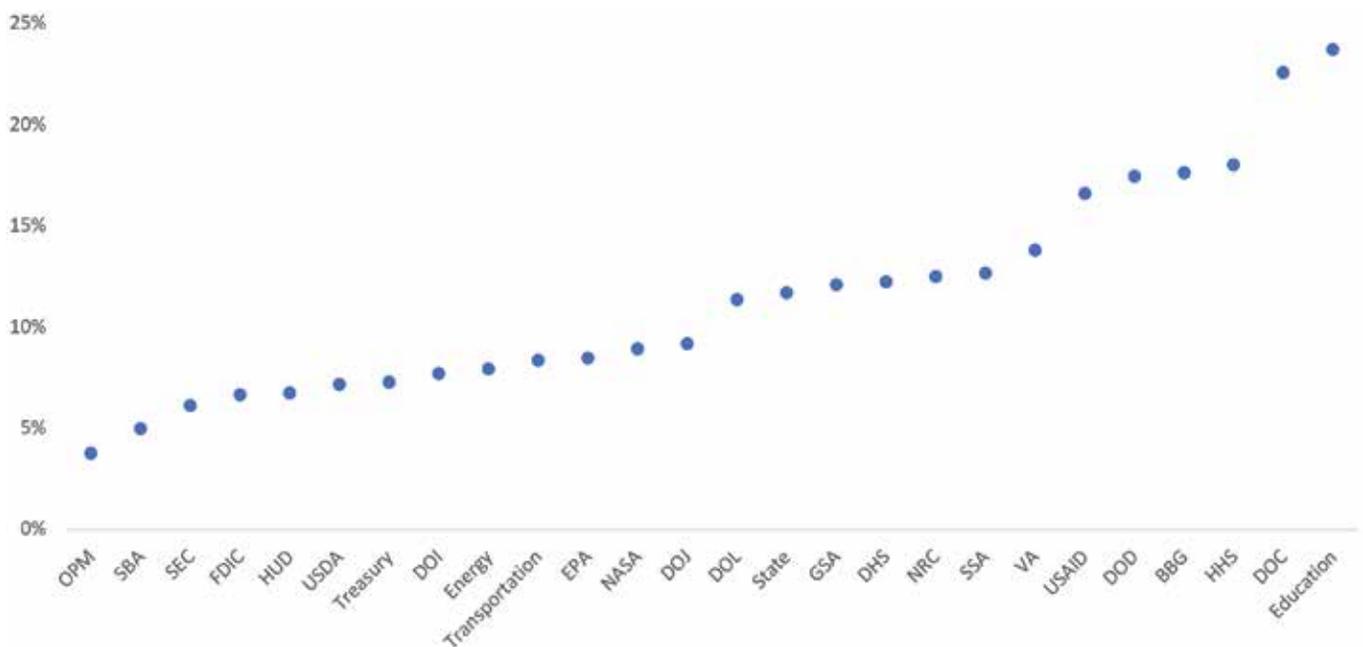


FIGURE 5. PERCENTAGE OF COs BY AGENCY WITH FEWER THAN FIVE YEARS OF EXPERIENCE (AS A PERCENTAGE OF EACH AGENCY'S TOTAL CO WORKFORCE)

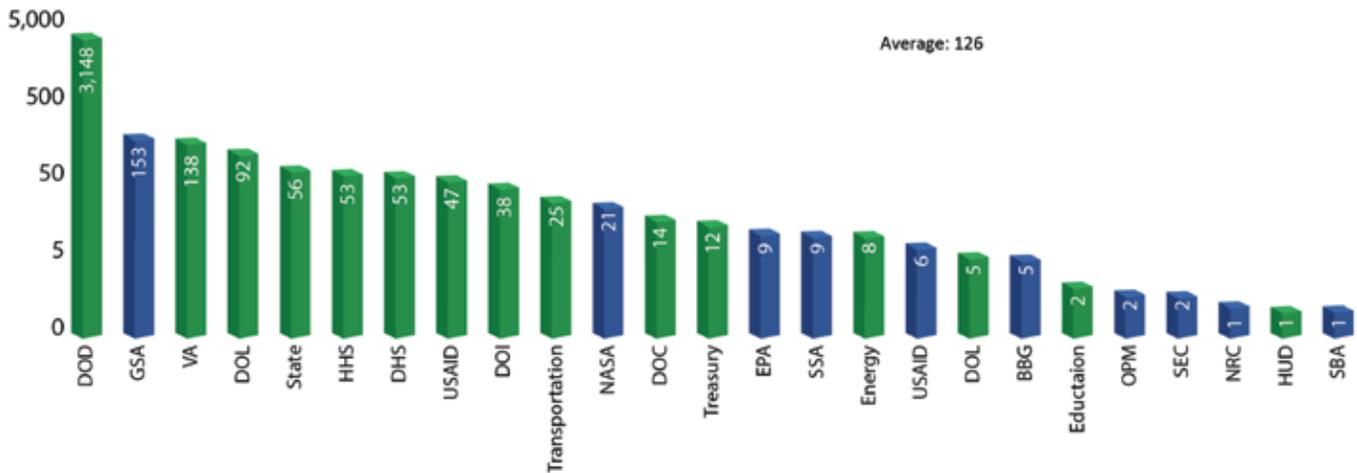


FIGURE 6. TOTAL NUMBER OF “CONTRACTUAL ACTIONS” (IN THOUSANDS) BY AGENCY THROUGH FIRST THREE QUARTERS OF FISCAL YEAR 2018 (ROUNDED TO NEAREST THOUSANDTH)

(more commonly referred to as the “Green Book”). This principle asserts that every federal agency should recruit, develop, and retain a competency-based workforce as one element necessary to drive toward and maintain auditability.

While the specific steps required to achieve this directive are too numerous to discuss in detail here, the following are three basic elements that serve as an excellent starting point.

➤ *Identify and Align Organizational Goal(s) to Organizational Mission/Vision*

Most federal agencies have mission and vision statements. While these are typically aspirational in nature, they often become phrases that lack resonance or impact on the organization or its employees. Collaborating with senior leaders and other key stakeholders to identify and subsequently align short- and long-term goals with organizational mission/vision empowers the agency to successfully achieve its desired operational and performance capabilities, starting by recruiting the right people with the right competencies in the right timeframe.

➤ *Assess Historical and Current Workforce Limitations*

This step is critical to building and sustaining a competent workforce, because for an organization to chart a clear path for where it intends to go, it must know where it has been and where it is currently. This means performing an enterprisewide scan of the agency to identify manpower shortages and competency gaps, as well as areas or roles that might lack sufficient training required to mitigate or eliminate any shortages or gaps. It also entails focusing on succession planning, streamlined recruiting efforts, and building robust developmental programs (e.g., mentoring and career broadening).

➤ *Integrate Retention Strategies*

Retaining the workforce agencies have striven to recruit and develop is in large part accomplished through many of the efforts previously discussed. Employees with abundant opportunities for growth and development and a clear path to help guide them tend to be much more engaged, and therefore happier in their roles.¹¹ Beyond these efforts, one of the most critical aspects to retaining a highly qualified workforce is effective communication methods and a workplace environment that emphasizes accountability and transparency. This can be formalized through initiatives (e.g., human capital

strategy) or informally conducted through town hall meetings, leadership updates, and collaborative information sharing tools (e.g., SharePoint).

In addition to efforts to recruit, develop, and retain highly qualified individuals, agencies should consider institutionalizing innovation into their core philosophy and to guide their operational approach. The next generation of COs needs the ability to understand, assess, acquire, and manage technology-focused work to identify and implement innovative approaches that enhance efficiency and effectiveness of personnel and operations.

2. Innovate Through Technology

It is completely unsurprising to hear that technology—just like most other professions—is expected to have a huge impact on the acquisition field, and this change has already begun.¹² With respect to this topic, one area of low-hanging fruit is the countless time spent by COs manually entering data into various contracting systems. This “manual data entry” is a good example of the kind of process that could easily be replaced with robotic processing automation (RPA). RPA is a newer technology that provides enhanced efficiency, accuracy, and many other benefits for routine tasks. For example, the additional amount

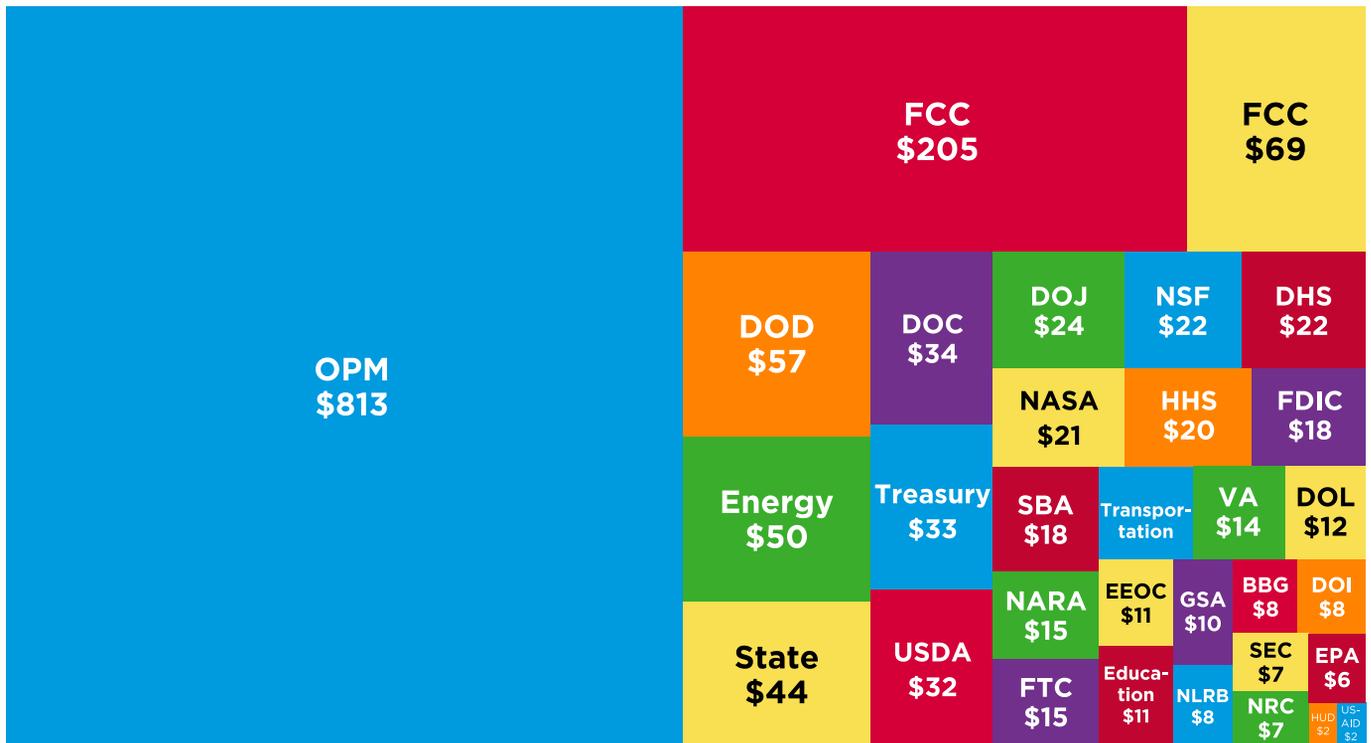


FIGURE 7. AVERAGE “CONTRACT DOLLARS” MANAGED BY EACH CO BY AGENCY (IN MILLIONS)

Warrant Level	Years of Experience Required	Value of Warrant
1	1-3 Years	Contracts up to \$1 million
2	3-5 Years	Contracts between \$1-5 million
3	5+ Years	Contracts above \$5 million

FIGURE 8. EXAMPLE: CO OBLIGATION AUTHORITY LEVELS

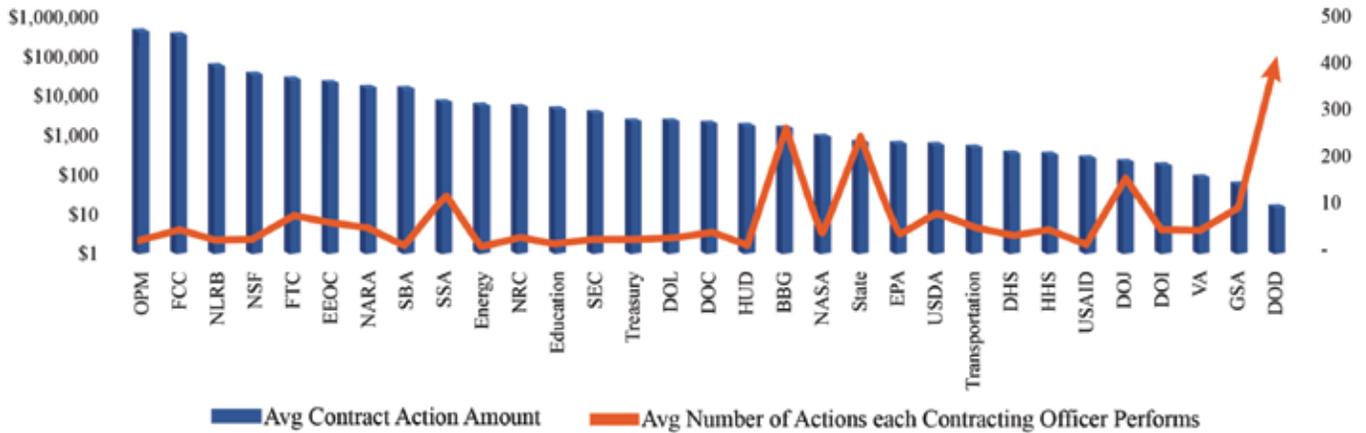


FIGURE 9. EXAMPLE: AVERAGE CONTRACTUAL ACTION DOLLAR AMOUNT BY AGENCY VS. AVERAGE NUMBER OF ACTIONS EACH CO PERFORMS ANNUALLY

of free time gained from automation would allow the CO to focus on more complex contracting actions.

3. Engage Senior Leaders

It can be difficult to consider hiring, developing, and retaining COs or implementing innovative technology-based solutions when budgets for contracting offices are

declining across the federal government. Therefore, it is critical to engage senior leaders upfront in order to:

- Understand organizational goals;
- Clearly define and articulate priorities;
- Obtain assessments of enterprisewide capabilities;

- Understand personal preferences that may shape approaches;
- Identify potential challenges;
- Understand and manage budgetary issues;
- Foster, from the top-down, an environment where well-researched creativity, innovation, and well-reasoned risks are encouraged;

Average # of Contractual Actions Per CO			
	DOD	All Other Government Agencies	Difference
Per Year	413	64	349
Per Day	1.75	0.3	1.45

260 business days/year - 10 federal holidays - 10 vacation days - 5 sick days = 235 work days

FIGURE 10. AVERAGE NUMBER OF CONTRACTUAL ACTIONS PER CO (DOD VS. ALL OTHER GOVERNMENT AGENCIES)



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Finally, engaging agency senior leadership helps to ensure an understanding of where contract process pain points exist.

CONCLUSION

While there are certainly plenty of moving parts required to begin the arduous task of enhancing the ranks and capabilities of COs across the federal government (and furthermore, to retain and sustain intellectual capital), there is little doubt that the sooner this process begins, the sooner agencies will realize significant benefits to operational efficiency and effectiveness. To be sure, the way ahead will require a thoughtful, deliberate approach, but doing so will reap enormous benefits. 

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DATA USED

- OPM's FedScope Employment Cube (March 2018), *available at* <https://www.opm.gov/data/index.aspx>.
- Fiscal year 2018 Q1 to Q3 data from USASpending.gov, *available at* <https://www.usaspending.gov/>.

ASSUMPTIONS

- The data used in the analysis is reliable.
- Federal employees listed under Occupational Series 1102 (i.e., Contracting) serve as contracting officers (COs) or in an equivalent role.

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ENDNOTES

1. USASpending.gov. (\$758 billion is the sum of the "2XX - Contract Services and Supplies" and "3XX - Acquisition of Assets Object Class" activity during Q1 to Q3 of fiscal year 2018.)
2. FAR 1.602, "Contracting Officers."
3. Holmes Pittman & Haraguchi, "The Need for Experienced Federal Contracting Officers: And Why Contractors Should Care," *available at* <http://www.hphattorneys.com/blog/2017/4/6/the-need-for-experienced-federal-contracting-officers-and-why-contractors-should-care>.
4. Nick Taborek, "Contractors Bemoan Delays as Rookie U.S. Buyers Learn the Ropes," *Washington Post* (July 29, 2012), *available at* https://www.washingtonpost.com/business/economy/contractors-bemoan-delays-as-rookie-us-buyers-learn-the-ropes/2012/07/29/gJQAyAulX_story.html?utm_term=.744fd4837db7.
5. OPM FedScope Employment Cube - March 2018. (This data set does not include individuals whose positions are considered "sensitive" in nature.)
6. OPM, technical report, "The Keys to Unlocking Engagement" (2016), *available at* <https://www.opm.gov/fevs/reports/special-reports/report-the-key-to-unlocking-engagement-2016.pdf>.

7. See, e.g., Congressional Research Service, "Federal Employees' Retirement System: Summary of Recent Trends" (updated February 2, 2018), which states: "The average age of workers taking voluntary, normal retirement in FY2016 was 62.1 for employees under [the Civil Service Retirement System (CSRS)] and 63.4 for those under [the Federal Employees' Retirement System (FERS)]." Based on these numbers, the majority of COs at SBA and EEOC will retire within roughly 10 years, assuming average retirement ages don't change dramatically.
8. "Best Place to Work Agency Rankings," Partnership for Public Service (2019), *available at* <https://bestplacetowork.org/rankings/overall/large>.
9. <https://www.usaspending.gov>.
10. *Ibid.* The 3,898,536 reported "contractual actions" only includes agencies with at least 1,000 reported contractual actions through the first three quarters of fiscal year 2018. This count includes both awards and modifications, regardless of impact to a contract's dollar amount (i.e., includes no-cost modifications).
11. As articulated in the OPM report previously mentioned (see note 6).
12. For example, a recent acquisition project performed at the Department of Health and Human Services (HHS) combined AI, blockchain, machine learning, and the cloud (See Carten Cordell, "HHS Combines AI, Automation, Blockchain for Acquisition Project," *Fedscoop* (September 18, 2018), *available at* <https://www.fedscoop.com/hhs-combines-ai-automation-blockchain-acquisition-project>).
13. *Derived from* Emily Jarvis, "Biggest Contracting Challenges and Solutions with the Senior Procurement Officer at Department of Education," *GovLoop* (July 19, 2013), *available at* <https://www.govloop.com/biggest-contracting-challenges-and-solutions-with-the-senior-procurement-officer-at-department-of-education/>.