PSC 45: An Agenda for the Next President of the United States

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PSC

PROFESSIONAL
SERVICES
COUNCIL

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January 20, 2017 will usher in the 45th President of the United States and a new administration. During the first months in office, the new administration will develop a far-reaching policy agenda and a number of management initiatives designed to better implement this agenda and improve the operations, effectiveness, and efficiency of the government. A new Congress will also take office in January. Both the Executive and Legislative branches of the federal government need to dramatically change the way they operate to meet the demands and complexities of the 21st century. Facing these challenges will require a "changed" government—a 21st century government transformed to operate "on demand." With the public's confidence in government declining, the time for action is now. A new, transformed, on-demand government will have different characteristics than today's government. It must be responsive, agile, resilient, flexible, dynamic, flatter, more connected, less hierarchical, dynamic, seamless, and more personalized, transparent and accountable. The federal government will be under tremendous pressure for change on many levels over the next several years. Any one of these pressures would have a significant impact, but their convergence creates a "perfect management storm" for our nation and an opportunity for the next President—partnering with the new Congress—to dramatically forge a better, more effective 21st century government.

PSC 45: An Agenda for the Next President of the United States outlines the Professional Services Council's (PSC's) recommendations for the 45th President, focused on four main areas:

I.   **Harness Technology and New Business Models to Modernize Government Service Delivery.**

II.   **Improve Government Operations to Better Compete Globally.**

III.   **Build a Better Engagement Model to Bring the Best Ideas and Solutions from Industry into Government.**

IV.   **Develop the Government and Industry Workforces of the Future.**

PSC is the voice of the government technology and professional services industry, representing the full range and diversity of the government services sector. As a trusted industry leader on legislative and regulatory issues related to government acquisition, business and technology, PSC helps build consensus between government and industry. Our more than 400 member companies represent small, medium, and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Together, our members employ hundreds of thousands of Americans in all 50 states.

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SETTING THE STAGE

The next President of the United States will take office on January 20, 2017. Leading up to and during the first months in office, the new administration will develop a far-reaching policy agenda and a number of management initiatives designed to implement this agenda, including the need to improve the operations, effectiveness, and efficiency of the government.

In anticipation of the new administration's management agenda, and with a desire to contribute to its impact, the Professional Services Council (PSC), on behalf of its more than 400 member companies, has identified a number of specific issues and actions to improve the management of the federal government and ensure the adoption of industry best practices and technologies. **PSC 45: An Agenda for the Next President of the United States** outlines PSC's recommendations for the 45th President.

Never before have we so badly needed new and big ideas on government management, and never before have we so badly needed strong managers and leaders in government. University of Maryland Professor Donald Kettl once noted:

> *No self-respecting president can enter office without a management plan… A management plan…conveys important signals to key players. The federal executive branch's 2.6 million employees[1] look for clues about where the new boss will take them. Private consultants turn their radar in search of new opportunities…. Management matters. With each new administration, the fresh question is how?*

An Agenda for Change

Government today is in many ways similar to government in the 1950's. Although computers now rest on the desks of government executives, legislators, and their staffs, the Executive and Legislative branches operate much like they did during most of the 20th century. Both branches need to dramatically change the way they operate to meet the demands and complexities of the 21st century. No organization in the federal government today can accomplish its program objectives without increased collaboration internally, with organizations in other parts of government, including Congress and state and local governments, as well as with the private sector.

Government in the 20th century was characterized by a traditional command-and-control hierarchical bureaucracy. Today, government must be more agile, working in networks and collaborating effectively across organizational boundaries.

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[1] *According to the Office of Personnel Management (OPM), at the end of FY2015 there were 2.1 million executive branch federal employees. This count does not include the Postal Service, most intelligence agencies, military personnel, members of the Foreign Service, and others. More information about federal employment statistics can be found at https://www.fedscope.opm.gov/.*

The Challenges

The new president will face a wide array of challenges: the continuing war on terror, increasing economic competition from emerging world powers like China and India coupled with growing global interdependence, shifting demographic and economic trends, rapid advances in science and technology, rising energy costs, environmental concerns, and many other emerging problems and threats. Federal budgets are stretched as the baby boom generation retires and health care costs rapidly rise. Social Security, Medicare, and Medicaid programs—as well as interest on the national debt— will account for a growing portion of government expenditures, unless revenue increases commensurately, creating immense budget pressure on discretionary programs. As noted in the President's FY 2017 Budget, interest on the debt in FY 2015 totaled over $200 billion—about what was spent by the U.S. Departments of Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, and Justice combined. Without changes, in a few more years, debt service will rival discretionary spending for the entire Department of Defense.

Addressing any one of these challenges would be a large enough agenda for a new administration. Their convergence creates an extremely complex and complicated environment for the president and other government leaders. To succeed in this environment, the next administration will need to boldly adopt new approaches to the management of government. Indeed, the federal government must not only focus on improving effectiveness and increasing efficiency, but must also be transformed to operate "on demand," being nimble and agile enough to thrive and succeed in today's rapidly changing world.

With public confidence in government declining, the time for action is now.

Moving Toward a Transformed Government

A new, transformed, and on-demand federal government will have different characteristics than today's government. It must be responsive, agile, resilient, flexible, dynamic, flatter, more connected, less hierarchical, dynamic, seamless, more personalized, transparent and accountable. The failures around 9/11, Hurricane Katrina and the initial roll-out of the Affordable Care Act make clear that management lapses can impose serious political consequences. Greater accountability is needed.

PSC 45: An Agenda for the Next President of the United States identifies a number of specific issues and actions, grouped around four main areas:

I. **Harness Technology and New Business Models to Modernize Government Service Delivery.**
The convergence of technology and services, the power of consumption-based buying, and the availability of an ever increasing array of new technologies, provide for a marketplace where innovation and ingenuity abound. The federal government must not continue to lag in its adoption of commercial best practices and new technologies, particularly given the fact that federal agencies spend well over $80 Billion a year on information technology. Recommendations include improving "speed to outcome," mandating technology modernization, improving cybersecurity, managing data more effectively, delivering better customer service and choosing approaches that improve access to commercial innovation.

II. **Improve Government Operations to Better Compete Globally.**
A robust President's Management Agenda must ensure that federal agencies don't suboptimize by focusing only on internal agency priorities. Today's challenges require unified commitment and approach across multiple agencies to solve complex problems and deliver results. In addition to the need for greater collaboration, current rules that stifle innovation, add complexity and delay results must be addressed and discarded. Recommendations include fixing the broken budget process, creating a culture that values best business practices, developing a management agenda focused on outcomes and ensuring agencies focus on their core missions and leverage industry to deliver non-core services and support.

III. **Build a Better Engagement Model to Bring the Best Ideas and Solutions from Industry into Government.**
The U.S. government annually spends approximately $500 billion—almost half of its discretionary budget—on the acquisition of goods and services, with services making up over 60 percent of all acquisitions in 2015. Government's acquisition of technology and professional services is too slow and fails to incentivize innovation and creativity to help the government improve its mission outcomes. To ensure optimal competition for ideas and solutions, the federal government's approach to acquisition must adapt to this blended market and lean heavily toward best commercial, as opposed to government-unique, practices and dynamics. Recommendations include focusing on results in government contracting, eliminating onerous compliance requirements and improving government-industry communication.

IV. **Develop the Government and Industry Workforces of the Future.**
Attracting and retaining the workforce of the future is a crucial imperative for both federal agencies and the contractors that support those agencies. There is a war for talent, competition is fierce and new approaches must be considered to create an environment that encourages our best and brightest to take on careers in public service. Recommendations include attracting and retaining the workforce of the future and providing career development models that build leadership skills, improve critical thinking, mandate rotational assignments, offer mentoring/coaching and build the confidence for employees to take bold steps and try new things.

Moving Forward

To achieve results, government must be able to execute. It must be able to deliver on the policy promises made in the campaign and party platform. It must focus on effective management, not only because citizens are skeptical, but also because difficult economic and budgetary times and new challenges demand it. The remainder of this report provides specific recommendations and actions in each of the four issue areas.

A CALL TO ACTION: ★★★★★★★★★★★
ISSUES & ACTIONS

I. Harness Technology and New Business Models to Modernize Government Service Delivery

The convergence of technology and services, the power of consumption-based buying, and the availability of an ever-increasing array of new technologies provide for a marketplace where innovation and ingenuity abound. Around the world, new technologies, applications and opportunities are constantly and rapidly changing the way we live, work and play. Yet in the federal marketplace, government continues to lag in its adoption of commercial best practices and new technologies. Agencies take far too long to contract for needed solutions and often fail to use contracting practices that would bring speed and foster innovation. PSC's surveys of the government workforce show that innovation and speed are not the priorities for government buyers, and even in the case of well understood and valued initiatives like cloud computing, government information technology (IT) leaders feel like their progress is too slow.

Despite these challenges, there are a number of ways federal agencies can leverage IT and agile practices to deliver more effective mission results. The federal government spends over $80 billion a year on IT, and there is a clear mandate for both IT modernization and improved cybersecurity. Learning from technology mistakes of the past—to include the challenging rollout of the Healthcare.gov website, the IRS hack and the OPM data breaches—federal agencies must take a number of bold actions to leverage technology to deliver more effective mission results.

A. **Improve "Speed to Outcome." Federal IT solutions must increase "speed to outcome."** While the commercial technology sector often counts development cycles in days and weeks, many federal technology programs take years. More than perhaps any other area, technology solutions require a mandate for speed and agility.

- Encourage agencies to take advantage of current flexibilities in the Federal Acquisition Regulation (FAR) to do more consumption-based buying, managed services and performance-based contracting.

- Insert an "emerging technology provision" into technology solicitations and resulting contracts that allow contractors to integrate new or evolving technology during performance.

- Government contracting officers must be incentivized by the delivery of successful mission outcomes. Together, industry and government must effectively manage risks as opposed to current contracting approaches that, in an attempt to avoid risk, stifle the adoption of best practices.

B. Mandate IT Modernization. We must reverse the federal government's increasing reliance on an aging, outdated IT infrastructure by accelerating the adoption of cloud computing and similar technology upgrades, and rationalizing/retiring legacy applications/systems. Aging IT infrastructure creates a host of problems for government, including spending too much money, falling behind on cybersecurity and being unable to take advantage of new improvements, innovations and delivery channels.

- Agency CIOs should have the explicit authority and responsibility to shut down legacy systems. Too often, legacy systems are not retired, even after new investments are made.

- Demand that every agency deliver a specific IT modernization plan that accounts for the reality of uncertain budgets.

- Set agency-specific near-term targets for retiring legacy applications/systems.

- All legacy IT systems should be subject to periodic cost/benefit analysis.

C. Prioritize on Consumption-Based Buying, Managed Services, and Performance-Based Acquisition. The convergence of technology and services into integrated solutions that can be acquired through outcome-based contracting approaches is but one example of the changing dynamics in the federal IT marketplace. Taking a "managed services" approach enables government buyers to strategically partner with industry and gain the value of industry best practices, on-going research and development and a sharing of risks/rewards. The migration to a "consumption-based model" of acquisition for cloud computing provides a powerful opportunity for federal agencies; yet across the government, federal IT leaders are not satisfied with the level of progress their agencies have made in adopting readily available commercial technology solutions.

- Demand more aggressive adoption of commercial cloud solutions across government. Set targets for agency migration to the cloud and reductions in duplicative and unnecessary federal data centers and then measure progress in achieving these goals. See PSC Cloud Report[2] for more suggestions on accelerating government adoption of commercial cloud solutions.

- Require reciprocity for FedRAMP provisional authorizations (PAs) and federal agency Authority to Operate (ATOs). In addition, the process to provide FedRAMP authorizations must be significantly streamlined and allow both established providers and new entrants the rapid ability to offer secure cloud solutions to government customers.

- Establish an IT Modernization Fund to accelerate agency migration from outdated legacy systems.

D. Improve Access to Commercial Innovation … Avoid the "Silicon Valley Only" Mindset. There is a misconception that current service providers can't bring innovation to their government offerings. In reality, it's the limitations government places on a company's offerings through rigid statements of work and other barriers that hinder a company's ability to offer new technologies and ideas over the course of a contract. It's much less about "who" is providing the solution (a new start-up or a longtime government contractor), and much more about "how" government asks for the solution being sought. Ensuring incentives for innovation by industry and government must be a centerpiece of the administration's procurement agenda. See PSC Innovation paper[3] for more details.

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[2] Best Practices for Federal Agency Adoption of Commercial Cloud Solutions, December 2015: http://bit.ly/1mgjOPs

[3] Delivering Results: A Framework for Federal Government Technology Access & Acquisition, December 2015: http://bit.ly/2cE2HHxPSC

E. **Address the National Imperative for Stronger Cybersecurity.** Cybersecurity is a national imperative. We must improve federal cybersecurity efforts by quickly completing on-going cybersecurity efforts, fixing governance and focusing on outcomes.

- Rapidly finish implementing on-going federal cybersecurity efforts, to include HSPD-12, TIC/Einstein, patching, encryption, CDM, etc. Demand compliance immediately.

- Fix federal cybersecurity governance. Establish clear lines of responsibility/authority, particularly for civilian agencies. DHS has been designated as the lead for civilian agencies; it must be empowered to enforce compliance and take action when civilian agencies fail to comply.

- Develop uniform reporting requirements for contractors when reporting data breaches.

- Government needs better communication and coordination across its multiple cyber organizations with a focus on finding and implementing innovative solutions, as well as ensuring information sharing.

- The government must embrace continuous monitoring and evaluation. The focus must be on security outcomes rather than "point-in-time" certifications.

- More emphasis needs to be placed on implementing identity management, both in terms of logical and physical access for federal employees as well as for citizens doing business with the government. From encouraging attribute-based access control to improved physical security at government facilities, a renewed emphasis on identity management is crucial. Identity integrity is a crucial issue that must also be addressed. Every day we see how easy it is to steal data from IT systems. It is just as easy to manipulate data and alter identities, thus ruining reputations and creating economic havoc through false and misleading data on cleared government personnel.

- National cyber legislation is still needed to fully address both liability protection for companies that share information, as well as to protect citizens before (and after) cyber-attacks. OMB must work with industry to resolve liability and information sharing issues.

- The agency Chief Information Security Officer (CISO) should report to the agency Chief Information Officer (CIO). Cybersecurity is an integral component of information technology efforts, not a stand-alone function, and therefore should be under the authority of the person with overall responsible for all of the agency's information technology work.

F. **Create a Digital Government Agenda.** The federal government must operate with as much speed, responsiveness and resiliency as the private sector. In fact, government should be a leader when it comes to technology adoption and service delivery. An aggressive and robust digital strategy and agenda will accelerate government action and also reform the way the government does business. Current digital government efforts are too often fragmented and not focused on the major missions and functions of government. Agencies should:

- Establish single points of access for citizens to obtain multiple services, with a coherent whole-of-enterprise vision of client services, electronic delivery of services and public kiosks, and one-stop shops and agency-to-agency cooperation.

- Accelerate and expand adoption of digital services.

- Redirect funding to support digital initiatives and allow greater reprogramming authority to support these new projects.

- Focus on intergovernmental (as opposed to federal only) solutions.

- Support the equal access requirements of Section 508 of the Rehabilitation Act Amendments of 1998, which require access to electronic and information technology provided by the federal government.

G. **Continuously Improve Customer Service and Citizen Engagement.** Government must find new and innovative ways to use technology to further citizen engagement efforts. While transparency may be a tool to help citizen engagement, it alone does not create the multi-dimensional communication channels needed for engagement. Similarly, automating an existing process does not ensure citizen engagement. Given the explosive growth of mobile devices and digital services, there is enormous potential to transform the relationship of government to the public.

- Government must adapt a new citizen engagement strategy involving technology, policy, programs, best practices, intra/interagency collaboration, customer-friendly interactions, and mechanisms for feedback on service delivery. Federal agencies must develop customer service standards and incorporate them into their performance plans.

- Establish the role of a Chief Customer Officer at federal agencies. This is a trend that has emerged in the commercial sector and is also seen at a few government agencies (GSA, the Department of Veterans Affairs, the Export-Import Bank and Federal Student Aid).

- Create a new Office for Citizen Engagement Coordination. There needs to be a central coordination body that works to manage citizen engagement initiatives among agencies. The Office would also work with the public to better promote the need for improved citizen involvement.

H. **Manage Data More Effectively and Ensure Transparency.** Government must improve its data management efforts and more effectively use data to drive better results. Agencies should:

- Adopt better data analytics/business intelligence.

- Create a better understanding of what data is collected, accessed and retained.

- Reduce the over-classification of government-held data.

- Release more data to serve as an entrepreneurial engine and to build trust in government, encourage citizen engagement and allow citizen self-service.

I. Improve IT Governance and Project Management. Major business transformations in the federal government are often treated merely as an IT initiative, as opposed to the complex organizational change management challenge they actually are. Large IT projects invariably involve significant changes to business processes that must be addressed early on, and oftentimes lack organizational resolve, dedicated political-level sponsorship, or adequate project oversight.

- Agencies need to have qualified and effective Chief Management Officers, with the authority and responsibility to optimize business processes across the agency, to include finance, budget, IT, acquisitions, human resources, information security, etc. A greater alignment of budgets, technology, people, and acquisitions will improve outcomes. Continuity in senior management leadership and processes is essential to ensure the agency mission is executed successfully with measurable improvement to both mission and operational performance. That includes introducing new business processes, modern financial and business systems, and other technology-enabled advances when appropriate but with a clear strategy and plan for implementation.

- Contracts should contain "off-ramps" that give the government the option of terminating the relationship with an underperforming or unsuitable vendor and replacing the vendor with a new one, or stopping the project.

J. Role of Federal Agency Chief Technology Officers (CTOs)
In September 2016, PSC published a report[4] on the roles, responsibilities and organizational placement of federal agency CTOs, with a particular focus on their role in innovation and new technology adoption. Key recommendations from that report are:

- Each federal agency should designate a CTO and ensure that the position has the requisite authorities to effect change and is focused on innovative technologies and solutions in support of the agency's mission.

- The CTO should have an explicit working relationship with the agency CIO.

- The U.S. CTO should move from the Office of Science and Technology Policy (OSTP) to OMB and work for the federal CIO.

- Establish a CTO Council, chaired by the U.S. CTO and including federal agency CTOs and other government innovation agents, to include DARPA, IARPA, NSF, NIST, etc., to provide a forum for agency CTOs to discuss complex business problems requiring innovative technical solutions in a setting where everyone can share their expertise and lessons learned.

- Only consider CTO legislation if it will help empower agency CTOs as innovation agents. Executive branch leadership, action and attention is all that is needed to formalize the role of the CTO, establish a CTO Council and demand better technology outcomes for government.

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[4] Ensuring the Effectiveness of Federal Chief Technology Officers, September 2016: http://bit.ly/2c4sHGG

A robust President's Management Agenda must ensure that federal agencies don't sub-optimize by focusing only on internal agency priorities. Today's challenges require unified commitment and approach across multiple agencies to solve complex problems and deliver results. In addition to the need for greater collaboration, current rules that stifle innovation, add complexity and delay results must be addressed and discarded. Finally, it is crucial that the next president bring on board a senior leadership team with the skills necessary to address today's challenges, the vision to create a better future and the explicit imperative to collaborate across agencies to get things done.

A. Fix the Broken Budget Process that Puts America at a Competitive Disadvantage. We must create a new budgetary framework, one that allows multi-year appropriations, replaces arbitrary caps, permits agencies to more easily reprogram funds and avoids continuing uncertainty around funding availability. Agencies should:

- Create a cost culture in government, using honest and rigorous business case analyses (that assesses total costs for comparing government and industry performance), to pave the way for better outcomes, more effective decision-making and increasing the use of share-in-savings.

- Facilitate multi-year appropriations for key long-term programs.

- Create an Information Technology Congressional Appropriation to alleviate the challenge of having to move money between different appropriation accounts. This will allow rapid implementation of new technology solutions within and across agencies. Agencies must be able to rapidly change course to take advantage of new approaches and emerging solutions.

- Create a separate funding mechanism specifically to facilitate rapid (or "sprint") technology acquisitions.

- Encourage "share-in-savings" efforts; consider legislation to accelerate these efforts.

B. Create a Government Culture that Values Best Business Practices and Strives for Greater Effectiveness.

- Archaic and inefficient government business processes must be streamlined and optimized. Too many government processes remain unwieldy and inefficient, hampering the ability of agencies to effectively leverage technology and adding both time and cost to mission execution.

C. Develop and Execute a Robust Management Agenda—Focused on Outcomes and Holding Agency Heads Accountable.

- Develop and evaluate a robust and well-articulated management agenda – coupled with outcome-based measures that will be tracked and reported by agency heads.

- Place greater emphasis on mandating, funding, managing and delivering major IT initiatives.

- Focus on improvements and overcoming obstacles rather than just identifying problems and assessing blame. Focus congressional oversight on tracking results rather than assessing blame.

- Ensure that political appointees have the requisite skills and experience (as is done for CFOs, but not always done for some other positions).

- Cabinet Secretaries should be required to work across agencies and encourage new and innovative efforts.

- Agency Performance Improvement Officers should be required to create and report on metrics that indicate progress toward meeting agency strategic objectives.

D. Focus Agencies on Their Core Missions; Leverage Industry to Deliver Non-Core Services and Support to Core Missions.

- Refocus government on core (inherently governmental) missions while leveraging industry through outcome-based contracts to deliver non-core services.

- Accelerate the use of "shared services" in the federal government, wherever possible relying on the private sector to deliver common support services for financial management, information technology, human resources, administrative support, etc. Using high performing providers in a transparent and competitive environment will encourage best practice adoption, economies of scale, accountability, customer service and cost-savings.

- Reform the security clearance process and rationalize information classification:

  ★ We must leverage technology to replace periodic reinvestigations with continuous evaluation, freeing up labor to focus on the backlog of initial investigations and reducing cost to government. The more effective use of technology will provide dramatic results for both security clearance background investigations and suitability checks.

  ★ Maintain active clearances in an "on hold" status rather than having to start over if a cleared employee has a gap in the need to hold a security clearance, so that clearances can be more rapidly reevaluated and re-activated.

  ★ Improve the automated review of databases to help improve physical security at federal buildings as well as streamlining entry to buildings for persons with prior background checks (as, for example, TSA PreCheck speeds airport access).

III. Build a Better Engagement Model to Bring the Best Ideas and Solutions from Industry into Government

The U.S. government annually spends approximately $500 billion—almost half of its discretionary budget—on the acquisition of goods and services, with services making up over 60 percent of all acquisitions in 2015. However, to date, much of the attention to improving the processes through which those goods and services are procured has centered on the acquisition of major weapons systems and less on the increasingly complex and dominant role of services and technology in meeting the government's missions. Government's acquisition of technology and professional services is too slow and fails to incentivize innovation and creativity that is available to help the government improve its mission outcomes. In large part, these shortcomings are driven by a system that is designed to prevent failure rather than encourage innovation. It is a zero-defect mentality that, in any environment, presents enormous barriers to effective, efficient, and contemporary solutions. The federal workforce, which is among the most dedicated in the world, is given neither the tools nor the support to exercise critical thinking and judgment; instead it is rewarded for what are often the wrong strategic choices but that are nonetheless the "safest."

While the acquisition of information technology brings with it certain unique characteristics, focusing on IT acquisition alone is not sufficient. In the vast majority of acquisitions, technology is either the core element of what is being procured or is a core enabler of the service being procured. Indeed, the convergence of services and technology, illustrated in part by the offerings of cloud-based services, is changing the face and character of the marketplace as a whole. The impacts of that convergence are being felt not only in the acquisition of information technology capabilities, but the acquisition of most other services that rely on technology for execution. Whether it is access to new applications or entirely new technologies, the professional services sector is being affected as acutely as the technology sector itself. In other words, the traditional lines separating professional services from information technology have been blurred almost to the point of extinction, and any effort to reform, or transform, acquisition must be consistent with and reflective of these realities. In order to ensure the optimal competition for ideas and solutions, the federal government's approach to acquisition must adapt to this blended market and must lean heavily toward best commercial—as opposed to government-unique—practices and dynamics.

A. **Focus on Results—Not Process—in Government Contracting.** It is crucial for the government to streamline and standardize the federal acquisition process to achieve more efficient and effective government and industry outcomes to meet mission (civilian and warfighting) requirements. Contracting practices that minimize government access to industry best practices, approaches and solutions must be eliminated.

- All acquisition strategies should be developed to fit the nature of the work to be performed, based on an objective taxonomy[5] focusing on risk and complexity. Best value/cost-technical tradeoff (CTTO) should be the default evaluation technique used for services acquisitions except for the most basic, commoditized requirements. Improve guidance, education and training on appropriate use of "best value" for service acquisitions.

[5] Taxonomy for Services: Tying Contract Type to Risk and Requirements: http://bit.ly/2c8jVcZ

- Curtail the use of Lowest Price Technically Acceptable (LPTA) acquisition strategies, except for purchases of commodity items. The misuse of LPTA weakens performance, precludes government access to best practices/innovation and drives the nation's competitive advantage out of the government contracting base through a race to maintain only lesser skilled, less expensive employees and minimizing investments in new ideas and solutions.

- Require the use of Statements of Objectives (SOOs) rather than rigid statements of work. Statements of Objectives (SOOs) should be the default solicitation technique for all but the most basic, "commoditized" services acquisitions, and especially for major IT and complex services acquisitions. Overly rigid specifications limit the ability to leverage commercial solutions.

- Encourage companies to submit alternative solutions. When SOOs are not used, requests for proposals (RFPs) should explicitly allow contractors to offer an alternative solution or strategy that differs from the specific prescriptions included in the RFP as long as the proposed solution or strategy still achieves the desired outcome.

- Reduce the cost of participating in government acquisitions by dramatically simplifying and shortening the acquisition process, as well as rationalizing the number of unique contract opportunities for services and solutions.

- When innovation is a goal for an acquisition, an "innovation template"[6] should be added as an addendum to the Request for Proposal (RFP). This template can be populated by bidders to call-out specific innovations included in their proposal and document (and, to the extent possible, monetize) their individual and collective costs, and expected returns on investment.

- Encourage greater use of innovative commercial items, services, software and practices as a means of providing value to the government and taxpayers. For example:

  ★ The use of commercial buying authorities must be the default acquisition method rather than the exception.

  ★ Exempt commercial items and services from government-unique terms and conditions.

  ★ Permit the entity producing the item or delivering the service to qualify as a commercial entity so that each item does not have to individually meet the definition of a "commercial item."

  ★ Focus on price analysis over cost analysis for evaluating commercial items and services.

- Encourage greater, more strategically focused, use of public-private partnerships.

- Simplify and clarify the intellectual property rights of bidders to incentivize bringing new technologies into the federal marketplace.

- Past performance should be a key metric for all solicitations and should allow for all applicable past performance, regardless of whether the work was done for the federal government or the private sector.

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[6] Innovation Template: http://bit.ly/2bRqx1l

B. Eliminate Onerous Compliance Requirements. Compliance requirements that increase cost without improving performance or essential accountability should be eliminated. Future compliance requirements should not be imposed without balancing oversight with costs.

- Repeal existing Executive Orders that are dramatically increasing compliance costs without providing better acquisition outcomes. Don't enact any more.

- Restore the balance between the oversight community (IGs and auditors) and the acquisition community.

- Create incentives or remove disincentives for prime contractors to engage with and include emerging contractors. Current rules actually disincentivize partnerships and subcontracting. This will be especially important in those cases where the optimal route for new entrants and for the government customer is for a new entrant to partner with traditional providers to "get to scale."

- Remove and simplify regulatory and compliance burdens that prevent prime contractors from partnering with subcontractors.

- Take legislative action to address statutory prescriptions that stifle business innovation.

C. Improve Government-Industry Communication. Communication between buyer and seller is a prerequisite to a healthy business relationship in the commercial sector, but is often lacking in government contracting. We must clarify or change guidance that today inhibits more open and substantive dialogue with industry.

- Ensure each agency has an industry liaison/ombudsman to facilitate government-industry communication.

- Expand use of communications and collaboration technology and tools (e.g., GSA Interact, etc.).

- Require all significant programs be led and managed by an "Integrated Accountability Chain" that includes lead participants with functional decision-making authority from all key internal stakeholder components (customer/operator, contracting, engineering, legal, budget, etc.).

- Require, incentivize, and evaluate internal and cross-functional communication.

- Explicitly authorize and require continuous communications—within the precepts of procurement integrity—within the government (between the program and contracting offices) and between the government and contractors.

- Require that post-award debriefings to contractors contain all information that would otherwise be releasable in the course of a legal discovery process, including a detailed description of how the contractor was rated in each of the evaluation criteria. Robust debriefs decrease the prevalence of protests, while also enabling contractors to improve their offerings in the future.

- Institute "360-degree" assessments of the acquisition process that include all of the government organizations involved in the acquisition as well as impacted contractors.

IV. Develop the Government and Industry Workforces of the Future

Attracting and retaining the workforce of the future is a crucial imperative for both federal agencies and the contractors that support those agencies. There is a war for talent, competition is fierce and new approaches must be considered to create an environment that encourages our best and brightest to take on careers of public service. The June 2016 8th Biennial **PSC survey of federal acquisition executives**[7] reinforced that while some leaders in government report seeing positive trends in federal workforce capability, there are continuing challenges that are preventing new employees from remaining in the government and having the tools and experiences to optimize their performance and contributions.

- There is a capacity gap where the current workforce does not have the time and resources to keep up with demand.

- There is a capability gap when it comes to hiring, training and retaining workers, particularly in the face of ongoing retirements of seasoned professionals.

- There is a confidence gap as current workers remain unprepared or unwilling to take well-reasoned risks to achieve potential innovations or cost savings, instead defaulting to familiar, often suboptimal, strategies.

It is crucial that federal agencies address current hiring challenges—it takes too long and is too difficult to get the right people on board. And once hired, leaders must provide career development models that build leadership skills, improve critical thinking, require a diversity of experience through rotational assignments, offer mentoring/coaching and build the confidence for employees to take bold steps and try new things.

In addition, government leaders must also be thinking about and addressing the appropriate mixture of government and contractor personnel to achieve agency mission needs. Government will be best served if policies and priorities for both the federal and contractor workforces are ensuring that an outstanding and diverse cadre of new employees will take up the mantle of service to the nation.

A. **Improve Federal Acquisition Workforce Professionalism and Competency.** The federal government must improve tradecraft in services acquisition. The federal government should:

- Create standards for the acquisition workforce that are widely recognized and adopted across multiple domains (government, industry, and academia) as a framework for best practices.

- Create programs and services to help people enter into and progress within the contract management profession. The desired outcome is for the contract management profession to be recognized as a career field in which education, professional development and advancement opportunities exist for long-term practitioners as well as recent entrants into the profession.

- Make wider use of special hiring authorities to bring highly skilled practitioners from industry into government.

[7] Aligning for Aquisition Success: Overcoming Obstacles to Results, the 8th Biennial PSC Aquisition Policy Survey: http://bit.ly/2cE3HeC

- Focus Contracting Officer incentives on program outcome/mission success to minimize risk avoidance strategies that might make the contracting process simpler but that won't achieve the desired results.

- Amend the Office of Federal Procurement Policy Act to give OFPP statutory authority over the entire acquisition workforce, including clear authority and responsibility over program managers.

- Create a clearly defined career path for program management in the civilian agencies.

- Institute new acquisition workforce requirements to include mandatory cross-functional rotations and training.

- Create an Acquisition Excellence Council with responsibilities including redesigning and restructuring the federal acquisition training system and developing a common evaluation and assessment process.

- Align acquisition workforce requirements and certifications to the type of acquisition the employee will be conducting.

B. **Attracting/Retaining the Technology Workforce of the Future.** Implement an aggressive plan to attract and retain the federal technology workforce for the future, including addressing the hiring process, employee management, supervision and performance appraisal systems. Consider special hiring authorities for unique skillsets and make it easier for federal employees to take advantage of rotations in industry (and vice versa) to improve skills, ensure visibility into best practices and help foster mutual understanding. Create a new cross-functional career path for "technology management."

C. **Increase the Focus on STEM and Developing a National Cyber Workforce.** The federal government should adopt the recommendations made in the National Academy of Public Administration (NAPA) 2015 study[8] on improving the National Security Agency/Department of Homeland Security Centers of Academic Excellence (CAE) and National Science Foundation Scholarship for Service (SFS) programs:

- Strengthen the hands-on education component in both the CAE and SFS programs.

- Identify, track, and use performance indicators for both the CAE and SFS programs.

- Expand the SFS program to address the entire public sector (federal, state, local, tribal and territorial governments) by default as opposed to special permission and include qualified two-year programs regardless of their association with a four-year institution.

- Ensure that the Department of Defense funds and supports the CAE program to help create the future federal cybersecurity workforce.

[8] Increasing the Effectiveness of the Federal Role in Cybersecurity Education - A Report by a Panel of the National Academy of Public Administration, October 2015: http://bit.ly/2c4sHGG

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