

The Washington Post

[Back to previous page](#)

Bidders 'stunned' by sudden cancellation of federal contract

By [Christian Davenport](#), Updated: Thursday, February 27, 8:00 AM

The invitation was to bid on a massive, high-stakes contract, estimated to be as high as \$5 billion. Dozens of companies went for it, working for months to polish their proposals, then waiting for more than a year to see if they had won.

But instead of granting awards that would be part of the federal government's largest training and human resources contract, the Office of Personnel Management issued [a terse notice earlier this month](#) that weighed in at five words: "This solicitation is hereby cancelled."

The risk of losing is inherent in the business of federal contracting, but the sudden cancellation of such a high-profile contract with virtually no explanation struck many as an unnecessarily secretive and bad way of doing business. The head of the [Professional Services Council](#), an industry group representing more than 370 companies, fired off a letter saying many companies were "stunned" at the cancellation and the way it was handled.

Bidders recognize "that the often plodding nature of federal procurement can result in government needs changing before an award is actually made," wrote Stan Soloway, the group's president and CEO. But, he added, "OPM has provided little meaningful explanation to help (companies) understand why their combined investment of literally tens of millions of dollars is now being effectively thrown away."

In a statement later to the media, OPM said the contract was canceled "primarily because the requirements of the government have changed significantly over the 15 months since its initial release. As a result, the award of the solicitation would not satisfy the current and potential future requirements of the government."

OPM said a new solicitation would be released "in the near future" but did not indicate when that might be.

The contract was to provide all sorts of development, training and human resources services throughout the federal government

In an interview, Soloway said he went public with the letter because he sees a growing number of government agencies suddenly canceling contracts, with little to no explanation, after companies have

put a lot of time and energy into crafting bids.

Some small to mid-size companies spent up to a million dollars crafting their proposals, he said, and deserved more transparency about the process.

“The issue is not whether it was canceled for the right reason or not, but why are we not being more transparent in the process,” he said. “It’s important to realize the enormous investment these companies make.”

It was like Lucy pulling the football away just before Charlie Brown was about to kick it, said an official with one company who bid on the contract but would speak only anonymously for fear of retribution. “Yes, we feel a lot like Charlie Brown laying on our back.”

[Daniel Gordon](#), the associate dean for Government Procurement Law Studies at George Washington University, said in an e-mail that OPM’s decision raised other issues, namely trust and competition, that could have long-lasting consequences.

“Unfortunately, cancellation of a procurement, apparently without warning, months after companies have been induced to spend a lot of money preparing proposals undermines efforts to increase competition,” wrote Gordon, the former administrator for Federal Procurement Policy in the Obama administration. “It is certainly the government’s right to cancel — but the government needs to think about the cost of cancellation on future competition.

“Why would a company waste time and money competing for a federal contract, if commercial partners will treat them better? ”

More business news: We have an answer: The nation’s budget wars have reduced the deficit by \$3.3 trillion Here’s the most important thing Janet Yellen said today Zara, Shake Shack coming to Tysons Corner

© The Washington Post Company