

First Attempts at Insourcing Show Challenges Ahead

BY TOM SPOTH | May 21, 2010

Restoring federal positions that have been contracted out will be a long and difficult task, legislators and federal officials said at a congressional hearing Thursday.

"It took a long time for us to get into this hole, and we will not get out of this hole overnight," said Dan Gordon, director of the Office of Federal Procurement Policy (OFPP). "But I believe we are on the right path."

Gordon's office issued guidance to agencies March 31 to help them decide what positions should be insourced. The Obama administration has called for more jobs to be performed by federal employees after more than a decade of outsourcing left the federal workforce weakened.

Insourcing is a worthy goal, but "the devil will be in the details," said Sen. George Voinovich of Ohio, ranking Republican on the Homeland Security and Governmental Affairs subcommittee on federal workforce oversight.

Voinovich said the success of the initiative will depend on how OFPP's guidance is translated into action by contracting officers and hiring managers.

Agencies that have already proceeded with insourcing, such as the Homeland Security Department, have run into trouble.

"We're worried about our capacity to do what needs to be done and to do the reviews," said Jeffrey Neal, DHS' chief human capital officer, at the hearing. DHS is understaffed in its human resources and acquisition departments, he said.

DHS is insourcing positions at many of its bureaus, including Customs and Border Protection, the Transportation Security Administration and the Federal Protective Service. The department may need to prioritize insourcing in areas where relying on contractors put its mission at risk, and put others on the back burner, Neal said.

It is difficult to coordinate the departure of contractors with the arrival of new federal employees, Neal said. "We don't have a big window," he said. "We have to time them just right to be able to make it work."

Planned improvements to the federal hiring process will help, Neal said. The Obama administration announced May 11 hiring reforms that it says will cut the average time it takes to hire federal employees from 140 days to 80 days.

The Defense Department has also taken criticism for its insourcing efforts. Contractor groups have called it a "quota-driven" exercise that isn't focused on the overarching goal of returning critical government functions to federal employees.

"Based on extensive examples we've collected, nonstrategic insourcing is occurring regularly," Alan Chvotkin, executive vice president of the Professional Services Council, said at the hearing. PSC sent a letter to Defense Secretary Robert Gates on May 3 criticizing Defense insourcing practices.

On May 19, the House Armed Services Committee adopted an amendment to the fiscal 2011 Defense authorization bill that would prevent the Defense Department from setting quotas and provide greater transparency of insourcing activities.

John Needham, director of acquisition and sourcing management at the Government Accountability Office, said agencies need to devise insourcing plans that identify gaps in the current workforce, take into account agency goals and budgets, and can be monitored and sustained over time. This may be a problem, however, since many agencies do a poor job of identifying their skills gaps and managing their staffs strategically, Needham said.

The OFPP guidance provides "a sound basis for agencies to develop their insourcing plans," but "formation and execution of plans ... will ultimately determine success," Needham concluded.

Gordon agreed, saying, "In many ways, implementation will be far more difficult than writing the policy letter." Officials in the human capital, finance and acquisition departments will all need to take part in agencies' insourcing initiatives, he said.

Subcommittee chairman Sen. Daniel Akaka, D-Hawaii, emphasized it is vital that agencies get insourcing right.

"Federal agencies have begun to rely so heavily on contractors that agencies have lost the expertise needed to accomplish important parts of their missions," Akaka said.