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## Federal Diary: Fixing Balance of Workers and Contractors isn't a Matter of Math

By Joe Davidson  
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The mix of government work done by federal employees and that done by outside contractors is out of balance, but the right balance doesn't simply mean having those employees do more of the contractors' work, the Obama administration told Congress Thursday.

In some cases, getting the mix right means hiring more federal workers to manage contractors who in certain cases might be creeping dangerously close to setting policy rather than just following orders.

"While contractors play, and will continue to play, a vital role, there are situations where the mix of work performed by our federal employees and contractors is out of balance -- where agencies have contracted out functions that should be performed by federal employees," Daniel I. Gordon, the Office of Management and Budget's procurement policy chief, said in testimony prepared for a Senate Homeland Security and Governmental Affairs subcommittee.

The hearing drew a standing-room-only crowd for an unexciting subject that nonetheless gets to fundamental issues on the role of government. A key point is how the term "inherently governmental" is defined and how that definition is implemented when agencies determine what work is appropriate for outsiders and what jobs must remain inside.

In a draft policy letter released in March, the administration stuck to a definition that is already in law: A function is inherently governmental if it is "so intimately related to the public interest as to require performance by federal government employees."

Gordon told of conversations with federal employees who complained of contractors making policy. "Contractors are getting much closer to the decision-making process," he warned during the hearing's question-and-answer period.

But he also said the administration does not anticipate that plans to right the staff-contractor mix "will lead to a widespread shift away from contractors." In fact, his written statement continued, "rebalancing does not require an agency to in-source, that is, to convert work from contract to in-house performance."

Curtailing the Bush administration's drive to privatize the public's work has been an important element in the Obama administration workplace agenda. In March 2009, weeks after taking office, President Obama directed officials to "clarify when governmental outsourcing for

services is and is not appropriate." The dividing line "has been blurred and inadequately defined," he wrote in a presidential memorandum.

Certainly, many jobs done by contractors will likely come back inside the government under Obama administration policies. Rebalancing the mix, however, also could include developing sufficient federal staffing to manage the contractors, Gordon said.

That's needed because, as Sen. George V. Voinovich (Ohio), the top Republican on the subcommittee, told the hearing, "our acquisition workforce grew only 11 percent while contract spending increased almost 60 percent between fiscal year 2002 and 2008."

In one example, Jeff Neal, the Department of Homeland Security chief personnel officer, acknowledged that the number of employees who manage contractors "took a nose dive" during the past several years. "The capacity issue is one I'm worried about," he said.

The chairman of the federal workforce subcommittee, Sen. Daniel K. Akaka (D-Hawaii), expressed particular concern about the overuse of DHS contractors. He said the department is "too heavily reliant on contractors to provide services that are critical to the agency's mission."

Representing government contractors was Alan Chvotkin, executive vice president of the Professional Services Council. He complained that a Defense Department effort to reduce contracting "has increasingly turned into a numbers game to meet personnel and dollar value quotas."

His organization released a statement that said, "DOD agencies have in-sourced commercial functions -- such as maintenance, audio visual services and pilot training service -- that do not require in-house government performance."

But it's also clear that much work that fits even a narrow definition of inherently governmental has been awarded to contractors, or at least that that was the plan during the Bush years.

Mark Whetstone offered a personal example. He works for Citizenship and Immigration Services and is president of the American Federation of Government Employees unit that represents the agency's workers.

Whetstone was an immigration information officer when the Bush administration tried to move that position to private contractors. Immigration information officers investigate and adjudicate applications from immigrants. "There was no question that we performed functions that should have been unambiguously reserved for federal employee performance," Whetstone said.

But had it not been for congressional intervention, "I would not be here today," he said, "because I and many other inherently governmental employees would likely have been privatized."