



House Approves Legislation to Limit Insourcing Quotas

By Matthew Weigelt May 28, 2010

The House has amended a defense bill to forbid quotas on insourcing initiatives and give hiring preferences to federal employees for new and ongoing work.

The amendment, offered by Rep. John Sarbanes (D-Md.), passed by 253-172 on May 27. The same day, the House passed the overall legislation, the fiscal 2011 National Defense Authorization Act, by a vote of 229 to 186.

The amendment would tell the Office of Management and Budget to issue guidance to civilian agencies for procedures on "using, on a regular basis, federal employees to perform new functions and functions that are performed by contractors."

Also, the guidance would allow agencies to give "special consideration" to federal employees. Agencies could take work from a contractor if any number of federal employees had done it in the past, if the agency awarded the contract non-competitively or if the contractor has done a poor job, according to the amendment. Agencies would also have to give special treatment to federal employees if the work is a new requirement, it states.

The legislation would place greater limits on competitions between the public and private sectors. For example, a competition would be prohibited for a new agency function. Agencies would have to assign federal employees to the job first, the amendment states. The amendment would halt an agency from even researching a competition that may end up outsourcing work unless the agency has done an inventory of all its services contracts.

Quotas or targeted goals would be banned under the amendment, unless they were based on research or analysis, according to the amendment. The Sarbanes amendment is intended only for civilian agencies; the legislation already included language that would bar the Defense Department from setting quotas.

Procurement experts say the Obama administration has pushed insourcing quotas, including in President Barak Obama's fiscal 2011 budget proposal. Military officials had specific numbers of employees that each service would insource. The president's budget documents said DOD would insource 19,844 employees.

Quotas would likely lead officials to grab the easiest jobs to insource so they can meet the quota, Alan Chvotkin, executive vice president and counsel for the Professional Services Council, said May 24 during a panel discussion on insourcing at the 2010 Management of Change conference.

"Insourcing for the sake of insourcing isn't any better than outsourcing," he said.

Instead, agencies need to be more strategic and understand where their workforce is weakest, Chvotkin said. The human resources plans are key to finding the appropriate balance between the federal workforce and contractors, he said.

“The right answer isn’t just throwing more numbers into the workforce,” said Joanie Newhart, the Office of Federal Procurement Policy’s new associate administrator for acquisition workforce programs, who was on the panel with Chvotkin. The administration has asked agencies to draw up workforce plans that focus on acquisition employees.

Sarbanes’ amendment also would put the terms “closely associated with inherently governmental function” and “critical functions” into law to allow agencies to use them as reasons for insourcing.

The bill now goes to the Senate for consideration.

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