

# The Washington Post

## Outsource Cuts Won't Mean Insourcing Jobs

By Joe Davidson

July 8, 2011

Don't expect the Obama administration's plan to cut management support service contracts to result in more jobs for federal employees.

Dan Gordon, the federal procurement administrator, made that clear at Thursday's White House Forum on Accountability in Federal Contracting.

He doesn't want "anybody understanding this to be a call for insourcing, that's not what we're talking about at all," he told government acquisition officers and others during the meeting in the Eisenhower Executive Office Building next to the White House.

He elaborated after the session: "We do not expect this to lead to the hiring of federal employees. This is not saying let's swap out contractors and swap in new federal employees."

The point of cutting contracts by 15 percent by the end of fiscal year 2012 is to save money, not to spend it elsewhere.

"We want agencies to take a hard look and see if in these hard budgetary times they can make do with less," Gordon added.

He told the acquisition officers to practice "buying less if you can, but buying smarter when you do buy."

Stan Soloway, president and chief executive of the Professional Services Council, which represents government contractors, said his members understand that "we all must share in the responsibility and the pain of budget cuts and leaner operations." He called on the administration to "provide clear and consistent guidance to agencies" to avoid an "undisciplined process" as they reduce contracts.

As part of the White House Campaign to Cut Waste, Jeffrey Zients, the administration's chief performance officer, said the contracting cut would slice \$6 billion off the \$40 billion spent in fiscal year 2010.

Overall contract spending soared during President George W. Bush's administration, with no increase in the number of federal employees assigned to manage contractors.

"Believe it or not, there are still cases where we have contractors managing other contractors, clearly an unacceptable loss of control and oversight," Zients, who also is a deputy director of the Office of Management and Budget, told the forum.

"The result, in too many cases, was waste, fraud, and abuse..." Zients added on the White House blog. "Last year, contracting decreased for the first time in 13 years. In fact, agencies

spent nearly \$80 billion less than they would have spent had contract spending continued to grow at the same rate it had under the prior administration.”

OMB figures say the \$535 billion spent in fiscal year 2010 on contracting would have been \$615 billion had spending continued at the Bush administration rate.

Management support services include such functions as program management, acquisition planning and information technology development. Spending on those services rose four-fold from fiscal year 2000 through 2010, according to OMB.

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