



Senate has Insourcing Provision in Spending Bill

Bill would require agencies to make effort to insource inherently governmental jobs, work critical to operations

By Matthew Weigelt

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The Senate's major spending bill would require federal officials to do all they can to insource work that is closely associated with inherently governmental jobs and work critical to an agency's operations.

Before considering a competition between the public and private sectors for work, officials would have to report to the Office of Management and Budget on what they've already done to convert jobs that were outsourced to contractors and bring in them in-house for federal employees to do, according to the Senate's proposed fiscal 2011 omnibus appropriations bill.

The work to convert jobs would have to be regarding inherently governmental functions, which are jobs that only federal employees can do, such as signing a contract. But officials would also have to report on their attempts to insource work that while not inherently governmental is closely associated with those kinds of jobs and even work critical to performing an agency's operations. The language also would allow agencies to take back from the private sector jobs that "should not otherwise be reserved for performance by federal employees," the bill states.

Industry groups are upset by the provision, saying it could lead to massive insourcing of jobs. The groups began writing letters to the Senate appropriators urging them to remove the provision. They said it would increase the numbers of workers in industry who have lost their jobs. For the government, it could limit how much innovation comes through agencies' doors because of less contact with the private sector. they said.

The provision "would require government to arbitrarily insource work currently performed through partnerships between the public and private sectors even though current law and recent OMB guidance deem the work perfectly suitable for private-sector performance," wrote Stan Soloway, president and CEO of the Professional Services Council.

From the Obama administration's point of view, officials intend to balance out the government's relationship to contractors. The reason for insourcing is that agencies have yielded their control of some of their functions to contractors, and the government needs to fix that.

"What we need is targeted, limited number of positions insourced," Dan Gordon, administrator of the Office of Federal Procurement Policy (OFPP), said Dec. 10.

"But it doesn't require massive insourcing," he added. "To the contrary, it requires limited strengthening of the internal capacity. It may not require insourcing at all."

The Senate's measure also would have agencies showing their attempts to pull in jobs deemed critical functions. It's an undefined term in a policy letter on insourcing that should be out in final form early next year. Offering a perspective, Gordon described these functions as some IT and acquisition jobs as well as work that helps an agency carry out its duties.

"I will tell you, what's more problematic is that people think if it's critical, it's got to be 100 percent federal," Gordon said. "And that is not what we're saying."

Instead, Gordon said OFPP's intent is for agency officials to make sure they have the know-how in-house to keep control of the critical function so they aren't overly reliant on contractors.

"There is no need to do massive insourcing, even in critical functions," he said.

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