

White House Revising Outsourcing Policies

The policy changes requires agencies to keep "inherently governmental" jobs on the federal payroll.

By J. Nicholas Hoover
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The Obama administration pointed a new way forward on government outsourcing Wednesday, publishing draft guidance defining the kind of work that must be done in-house and what can be done by contractors.

The policy shift, first broadly outlined last year, grew out of administration concerns that the government is outsourcing work that should be left up to the government. The core of the draft guidance, which was published by the Office of Federal Procurement Policy, is that "the more critical a function is, the greater the need for internal capability to maintain control of the agency's mission and operations," OFPP administrator Daniel Gordon said in a letter outlining the proposed policy.

The changes come amidst the tableau of an administration that, since coming into office, has encouraged agencies to in-source work, that is, to bring once outsourced work back into government. It's a trend that's slowly taking effect and many agencies have begun reassessing how much outsourcing they're going to do over the coming budget years. White House-led efforts are also underway to cut \$40 billion in wasteful contract spending and hire more government employees to manage major contract jobs.

The draft guidelines, among other things, define so-called "inherently governmental" tasks as those so connected with the public interest and the mission of government that they mandate performance by only federal employees.

More specifically, inherently governmental tasks include military or diplomatic actions; carrying out judicial proceedings; anything that would bind the government to take contractual, political or regulatory action; government hiring; and budgeting.

The policy seems to leave the door open for extensive use of information technology outsourcing, but does draw a few lines in the sand.

Under the plan, agencies would be required to develop a human capital plan to define which skills are needed to meet agency missions and which could be outsourced, and instructs agencies not to over-rely on contractors for work that's either critical to an agency's mission or "closely associated with inherently governmental" duties.

Among those tasks closely tied to inherently governmental work are a few that could have implications for the way some agencies are currently doing business, as, for example, the letter explicitly lists technical evaluation of contract proposals and "work in any situation that permits or might permit access to confidential business information" among tasks the letter says demand strict oversight to make sure no inherently governmental functions end up being outsourced.

Federal contractors had earlier expressed concerns about the proposed changes. However, in a statement, Stan Solway, president and CEO of the Professional Services Council, a trade association of professional and technical services organizations serving the government, welcomed the changes.

"Rather than focus on labels that serve only as code words for desired outcomes, the proposed policy offers a solid foundation on which agencies can make practical and necessary decisions about how best to execute their missions by appropriately capitalizing on the total suite of resources available to them," Soloway said.