

Acquisition Reform Group Warns Government Not to Rush In-sourcing

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As the administration moves forward with contracting reviews and begins efforts to bring back in-house several job functions, at least one acquisition reform group is urging caution.

In a new report, the Federal Acquisition Innovation and Reform Institute, or FAIR, said agencies must be careful about in-sourcing to ensure the government doesn't lose the skills and core competencies contractors currently bring to the table.

"We support the position of in-sourcing, but we're proposing that we not simplify it," said FAIR President Raj Sharma. "We want to make sure that all agencies across the board, and management, understand that this is a long-term process. The last thing anyone would want is for us to rush through this process ... and have even more program failures than we had before. That is something we cannot afford."

President Obama has vowed to review federal contracting practices, clarify the definition of "inherently governmental" and strengthen the federal workforce. In a March 4 memo, Obama directed the Office of Management and Budget to issue guidance on outsourcing. But the FAIR report notes that changing the status quo will not be easy.

Contractors now are performing tasks that require specialized skills, as well as mission critical functions and daily program management and support roles, the report stated. At the Defense Department alone, the number of contractors has jumped from 21 percent of the Pentagon's workforce to 39 percent during the last eight years.

The goal of in-sourcing efforts, FAIR advised, should be to ensure the federal government possesses the organic capabilities necessary to meet its many missions. In addition to more carefully defining the term "inherently governmental" and keeping those job functions in-house, agencies should work to identify and build core competencies, the report stated. FAIR cited systems engineers at Defense as an example of a core competency, pointing out that a lack of federal systems engineers to oversee and assess contractors' work could lead to high-profile failures and waste, fraud and abuse.

When identifying those important skills, Sharma said the goal is not to restrict a wide swath of jobs from being outsourced, but to delicately determine the right balance of government workers and contractors, so federal employees can oversee and interpret the work of contractors. As difficult as agencies have found it to settle on a feasible definition of "inherently governmental," identifying and retaining core competencies is likely to be even more challenging, Sharma said, because it will occur on an agency-by-agency, program-by-program basis.

In-sourcing discussions also involve workforce concerns that threaten to complicate an already Byzantine process. According to FAIR, the federal government must modernize its recruitment,

compensation and professional development policies and processes to be competitive with the private sector. If government cannot vie with industry, it will be unable to fill in-sourced positions with skilled, experienced federal workers.

"That's one of the other dangers, if we make this a pure numbers issue and don't compare apples to apples when we're in-sourcing, we may end up losing capabilities in the process -- and the capabilities we so badly need right now," Sharma said.

FAIR warned that retention efforts must go hand-in-hand with recruitment, which is likely to be easier during the recession than it will be in a stronger economy.

"While it may be feasible to hire thousands of people during the current economic downturn, it will be difficult to retain this talent unless systemic human capital issues are addressed," the report stated.

The goal of the administration, Congress and agencies, Sharma said, should be to proceed through a deliberate, systematic approach based on thorough analysis, not "innuendo and rhetoric."