



Excerpts of Written Testimony of Jeffrey Zients, OMB Witness (10-28-09)

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“My focus as the Deputy Director for Management is on creating a culture that is focused on implementation and achieving results. For acquisition, our efforts are focused on three goals. First, we will find annual savings of \$40 billion through better acquisition program practices. We will work with agencies to improve their processes and practices to identify where the most significant inefficiencies are and take immediate action to achieve real and sustainable improvement. Second, we will take the steps necessary to achieve the best mix of public and private labor resources to serve the American people. Our rules and practices must recognize the proper role for each sector and draw on their skills to help optimize government performance. Third, we will support a strong and well-equipped acquisition workforce. The quality of their skills is inextricably tied to how we will achieve the best long term results from our contracting activities.”

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Acquisition savings

“Savings plans are due to OMB by November 2, 2009, and will lay out the specific steps an agency will take along with projected savings for each identified step.”

Pages 6-8:

Management of the multi-sector workforce

“In order for the government’s “multi-sector” workforce of federal employees and contract employees to operate at its best, we must have clear rules and effective management practices that recognize the proper role of each sector’s labor force. In July, OMB initiated steps to develop and implement policies, practices, and tools for managing the multi-sector workforce. As our first three steps, we: (1) established a new framework for managing the multi-sector workforce, (2) kicked off a workforce planning pilot, and (3) provided guidance to help agencies manage in-sourcing when the results of reasoned planning establish the need for such action. These steps are discussed in OMB Memorandum M-09-26, *Managing the Multi-Sector Workforce*, which was issued on July 29, 2009.

A new framework for managing the multi-sector workforce. We have provided agencies with a new framework of guiding principles for considering how best to manage the multi-sector workforce. Too often, assessments of the multi-sector workforce are driven by a desired outcome, rather than by a reasoned consideration of an organization’s true needs as determined by an analysis of its goals and priorities. The new framework asks agencies to conduct strategic human capital planning to identify the functions that are needed by the organization. From this starting point, agencies can more effectively determine a desired skill mix, total labor requirement, and the sector to fill each identified position. Equally important, the framework emphasizes that management is a shared responsibility, requiring continuous and timely collaboration between the program, human capital, acquisition, and budget and finance offices. Each has a role to play in helping the agency achieve a high-performing workforce with a strong internal core of federal employees supported by the expertise of contractors.

Multi-sector workforce pilot. Few, if any, tools currently exist to perform the type of holistic assessment described in the framework. We tend to think about each sector and its development separately: human capital

specialists focus on attracting, retaining, and developing federal talent; acquisition professionals focus on buying professional, technical, and other services from contractors. The multi-sector workforce gives each agency the opportunity to create the tools and internal collaborations that are needed to plan and develop the workforce as a whole. Specifically, agencies will complete a pilot by the end of next April under which they are perform a multi-sector human capital analysis of at least one organization where there are concerns about the extent of reliance on contractors and take appropriate steps to address any identified weaknesses. The pilot will provide agencies with an opportunity to develop processes and practices -- from mapping the organization in its current and “to be” state to identifying appropriate remedies to improve the organization’s performance.

We have more than 20 pilot participants, each of whom has selected at least one pilot project. OMB is partnering with the Office of Personnel Management to support a cross-functional team of human capital, acquisition, and finance specialists to provide technical support to agencies and to capture lessons and best practices. Together, we will build a community of knowledge, including step-by-step practices and tools that may be replicated and used to inform development of additional guidance. These tools and techniques will be used to drive better performance, which will be achieved in various ways, such as hiring new employees or retraining existing employees, in-sourcing, or adding resources to contract management.

Criteria on in-sourcing. OMB has developed criteria to facilitate the sound application of in-sourcing, so that agencies will be able to consider and successfully use this tool where such remedy is appropriate. The criteria are built around requirements laid out in the FY 2009 Omnibus Appropriations Act, which established a set of parameters for the consideration of in-sourcing.

In the pilots, in-sourcing may be an appropriate remedy where an agency’s human capital analysis shows that an agency lacks sufficient internal expertise to maintain control of its mission and operations. At the same time, in-sourcing is just one of a number of tools to be considered in addressing the multi-sector workforce. For example, if an organization’s performance problems stem from inadequate management of contracted activities, the best remedy may be allocate additional resources to contract management.

Next steps on multi-sector workforce management. The initial steps I have just described lay the foundation for important progress, but we must also address ongoing confusion in how boundaries are drawn between federal and private sector performance. For example, we must reconcile differences in the definition of “inherently governmental” function and clarify the meaning of different terms used in connection with non-inherently governmental function, such as “critical function.” These issues will be addressed over the next several months and we will seek public comment before new rules are promulgated or existing rules are changed.”