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GSA Official Denies Impropriety in Sun Contract Talks During Confirmation Hearing

James Williams, the General Services Administration official tapped by the Bush Administration to head the agency, was grilled during his Senate confirmation hearing July 25 about allegations that he improperly interfered in controversial contract renewal negotiations with Sun Microsystems Corp. in 2006.

In response to questions from both Sens. Joseph Lieberman (D.-Conn.) and Susan Collins (R-Maine), chairman and ranking member of the Senate Homeland Security and Governmental Affairs Committee, Williams denied that he had pressured a GSA contracting officer to step aside after the talks with Sun had stalled. Rather, he said, "I supported him in rejecting the proposal at impasse." The CO was replaced when the negotiations resumed and an agreement to extend Sun's contract was reached shortly thereafter. But Williams, who is the commissioner of GSA's Federal Acquisition Service, told the committee that the talks resumed in August 2006 only after Sun, following a "change in leadership," was "willing to make concessions" on two "sticking points"-- maintenance and price discounts.

Williams also told the committee that "90 percent of the contract had been negotiated" in the 18 months prior to the impasse. He said he was told the original CO did not want to complete the final negotiations once the talks resumed. Williams said he did not participate in the

negotiations, but that he did emphasize it was "important to go back to table" since "Sun made the first move" and GSA customers purchase many Sun products. However, he said, "I believe I made it clear, maybe not perfectly, that if we could not get a good deal, then we will walk away."

The five-year extension of GSA's schedule contract with Sun in September 2006 was controversial for a number of reasons. In particular, the original contract has been the subject of both pre- and post-award audits by the GSA inspector general. The Justice Department also has alleged that the company defrauded the government by setting improper prices and failing to report discounts provided to commercial customers. Moreover, charges surfaced alleging that GSA leadership—including then-Administrator Lurita Doan who took office in June 2006—pushed through the deal with Sun after removing two contracting officers who had insisted on including a price reduction clause (PRC) that would have saved the government more money than did the PRC that was eventually agreed upon.

A PRC is a controversial feature of GSA schedule contract that requires the contractor to guarantee that it will give federal purchasers discounts at least equal to those it provides its most favored commercial customers. In addition, the government is entitled under PRC to reduce the prices paid if the contractor fails to do so. For her part, Doan, while relatively new to the job as administrator, publicly complained about the aggressive auditing approach of the GSA IG office, suggesting that its "gotcha" mentality had a deleterious effect on the federal acquisition workforce. The IG's conduct with respect to the Sun negotiations allegedly prompted Doan to level charges of intimidation against that office.

Sen. Charles Grassley (R-Iowa) subsequently asked the GSA IG in June 2007 to determine whether the discounts the government received from Sun under the PRC in the final deal were less favorable than those advocated by the original COs. After Grassley requested the probe of the Sun contract, Williams issued a statement saying the "final deal negotiated ... was different [from] and much more advantageous than any deal previously negotiated by prior contracting officers, and it did finally give GSA customers what they merited. ... In the end, a competent contracting officer determined it was a fair and reasonable deal for the taxpayers."

Sun ended up cancelling its contract with GSA in September 2007. The following month Grassley said on the Senate floor that Doan and Williams might have fabricated the charges of intimidation against the IG to cover up their improper involvement in renewing the contract. Doan resigned in April 2008, saying she was asked to step down over what she described as her attempts to increase oversight of the GSA IG. A month before leaving GSA, Doan told investigators working on an independent IG investigation of the Sun matter that she did not know until early 2007 that Sun was the company involved when she raised the allegations of intimidation of GSA auditors by the agency IG in October 2006. Williams, however, told the investigators that he informed Doan of the intimidation allegations in an August 2006 in a conversation concerning the status of the Sun talks.

During his confirmation hearing, Williams said he had heard accounts that the original CO involved in the Sun talks had felt intimidated and threatened by the GSA IG. Williams said he reported the allegations to the administrator, but did not independently verify them with the CO, adding, "I wish I had." But Williams said he did "informally" provide information regarding the problem to GSA's acting deputy inspector general, Eugene Waszily. Waszily said he could not find merit in the allegations, which Williams said he "accepted."

With respect to problems under the original Sun contract, Williams said he supported referring the concerns over pricing practices to the Justice Department. He also said he had raised the possibility of having GSA "go after the money owed" and assert a claim against the company, but was advised against doing so. Extending the contract with Sun "gave us more ammunition," Williams said, because "GSA could deduct money" owed under the original contract "from the new contract," as "opposed to having no contract at all."

SBA Head Says Serious Problems With HUBZone Program Being Addressed

The Small Business Administration's management of the Historically Underutilized Business Zone (HUBZone) program "leaves considerable room for improvement" and the problems have prompted a change in program management in order to assure that necessary reforms are instituted and recent recommendations by the Government Accountability Office are implemented, the agency's acting administrator told the House Small Business Committee July 17.

While SBA has been aware of "certain flaws that needed immediate attention," such as inaccuracies in the map the agency uses to determine if small firms are located in an economically distressed area and eligible for contracting preferences under the program, the "more we worked to remedy these problems and inefficiencies, the more problems we uncovered," Jovita Carranza acknowledged. "In fact, GAO's conclusions" in two recent reports on the program "only confirm much of what we had already uncovered," she said.

In a June 17 report released at the hearing, GAO addressed questions about whether assistance under the program is reaching targeted locations and businesses and found that the mechanisms used to certify and monitor eligibility, such as the map, were deficient. GAO also conducted a test of SBA's controls over the HUBZone application and monitoring process using fictitious employee information and fabricated documentation and found what it described as "substantial vulnerabilities." For example, GAO identified 10 firms in the Washington metropolitan area that were participating in the HUBZone program even though they "clearly did not meet eligibility requirements." GAO suggested the problem might not have occurred had an effective fraud prevention program been in place.

Carranza outlined the steps SBA is taking in response to GAO's findings, including assuring that the map is updated on a more frequent basis with the most recently available data. It was problems with the HUBZone map, which had not been updated for more than 18 months, that "uncovered

how seriously the program was being mismanaged," she said. A new contract for the map that provides strict timetables and establishes procedures for ensuring the map remains current was executed July 3; the contract calls for the map to be made available by Aug. 29, the acting administrator said.

Additional steps SBA is taking to respond to GAO's recommendations, according to Carranza, include:

- drafting a new application processing manual that establishes procedures with explicit instructions for on-site visits and guidance on obtaining supporting documentation during the application process;
- establishing a timeframe for eliminating the backlog of recertifications and hiring contract employees to assist in clearing the backlog by the end of the fiscal year;
- updating standard operating procedures by the end of August to provide a specific timeframe for processing proposed decertifications; and
- developing an assessment methodology to measure the economic benefits that result from the HUBZone program.

With respect to GAO's investigation of controls against fraud and abuse, Carranza said she has "taken immediate steps to require site visits for those HUBZones that have received HUBZone contracts," and will be instituting suspension and debarment proceedings against firms that have intentionally misrepresented their status in the Central Contractor Registry. "[N]ow that we have the specific names and information on the 10 firms that GAO has discovered, we will begin the process to suspend and debar them," Carranza said.

"SBA has already prosecuted firms for false certification, and we take very seriously the responsibility to ensure that the federal government's contracting partners are trustworthy," she added. In its report on the need to improve certification and monitoring of participating firms, GAO found that:

- more than 4,600 firms that had been in the program for at least three years went unmonitored;
- of the more than 3,600 firms proposed for decertification in fiscal years 2006 and 2007, more than 1,400 were not processed within SBA's "unwritten target" of 60 days; and
- the percentage of prime contracting dollars awarded to HUBZone firms increased in each fiscal year from 2003 to 2006, but the 2006 awards fell short of the 3 percent governmentwide contracting goal for the program by about one-third.

According to GAO, federal agencies awarded contracts valued at about \$8 billion to HUBZone firms in FY 2007. There are more than 14,000 HUBZone areas, and almost 13,000 firms were participating in the program as of last February, GAO said.

The GAO report, "Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results" (GAO-08-643, 6/17/08), is available at: <http://www.gao.gov/cgi-bin/getrpt?GAO-08-643>. GAO testimony, "HUBZone Program: SBA's Control Weaknesses Exposed the Government to Fraud and Abuse" (GAO-08-964T, 7/17/08), is available at: <http://www.gao.gov/cgi-bin/getrpt?GAO-08-964T>.

House Bill Mirrors Obama-McCain Bill To Expand Contract Data on Public Web Site

A bipartisan group of lawmakers June 26 introduced legislation (H.R. 6411) that would greatly increase the types of information about government contracts to be available on the publicly accessible online database launched last year.

The House bill, the "Strengthening Transparency and Accountability in Federal Spending Act of 2008," mirrors a measure (S. 3077) offered by Sens. Barack Obama (D-Ill.), John McCain (R-Ariz.), Tom Coburn (R-Okla.), and Tom Carper (D-Del.) in the Senate June 3.

The legislation would broaden the information available on federal contracts via www.USASpending.gov, established in December 2007. It would allow the public to "view copies of Federal contracts, as well as information about competitive bidding, government lease agreements, earmarks, Federal audit disputes, work quality, Federal tax compliance, any violations or criminal activities, and government reports," according to a release by the House bill sponsors. Those sponsors include: Reps. Henry Waxman (D-Calif.), Chris Murphy (D-Conn.), Mark Souder (R-Ind.), Edolphus Towns (D-N.Y.), Wm. Lacy Clay (D-Mo.), Virginia Foxx (R-N.C.), and John Shadegg (R-Ariz.).

"This bill continues our work to bring more sunshine to where taxpayer dollars go. I am happy to join Senators Obama and Coburn in boosting oversight of contractors," said Towns, who is the chairman of the House Oversight and Government Reform Subcommittee on Government Management, Organization, and Procurement. Shadegg said, "The American people have a right to know how we're spending their money. This legislation is a first and important step to improving fiscal accountability in the federal government. The more accountable our government becomes, the less it will waste."

House Panel Approves One-Year Hold On All Public-Private Competitions

The House Appropriations Committee June 25 approved a fiscal year 2009 spending bill that would place a one-year moratorium on all public-private competitions under Office of Management and Budget Circular A-76.

The moratorium on new competitive sourcing of federal agency commercial activities "halts this administration's controversial and detrimental federal workforce program until the next administration has had an opportunity to consider and implements its own workforce policies," Rep. Jose Serrano (D-N.Y.), sponsor of the FY 2009 Financial Services and General Government spending bill (number not yet available), said in a statement at the outset of the full committee markup.

The bill also would prohibit funds from being used for the Internal Revenue Service's private debt collection program. Serrano, who chairs the appropriations subcommittee with jurisdiction over the spending bill, described the controversial program as "misguided and wasteful," saying that it allows private contractors to collect unpaid taxes and keep up to 24 percent of the tax revenue they bring in. The House April 15 passed legislation (H.R. 5719) that would end the debt collection program, but the Bush administration has threatened to veto the bill.

Colleen Kelly, president of the National Treasury Employees Union, welcomed the hold on public-private competitions, in which the in-house "most efficient organization" competes against a private-sector offeror to determine who will perform an agency function. "Turning over increasing amounts of federal work to unaccountable private contractors is a costly disaster for taxpayers," she said in a statement. The Bush administration, meanwhile, attributes earlier congressional restrictions on competitive sourcing to a decline in fiscal year 2007 in both the number of full-time equivalent government employees whose jobs were the subject of federal agency public-private competitions for the performance of commercial work and the number of private sector offers for the work being competed.

There is no doubt that legislative initiatives limiting the use of competitive sourcing have had a "chilling" effect on private sector involvement, Office of Federal Procurement Policy Administrator Paul Denett said at a May 2 press conference marking the public release of OMB's latest report on federal agency competitive sourcing results. The FY 2008 consolidated appropriations act (Pub. L. No. 110-161) "contains at least eight new provisions addressing competitive sourcing, most of which limit its use," according to the report. Among the new limits included in the spending act are requirements for health and retirement fringe benefit comparability and temporary restrictions on agency use of appropriated funds to carry out public-private competitions and direct conversions to contractor performance related to the Human Resources Line of Business (89 FCR 30, 1/15/08).

Meanwhile, OMB June 17 announced the availability of the first group of fiscal year 2007 federal agency inventories of commercial activities that are not inherently governmental and could be appropriate for contracting out to the private sector. Federal agencies are required under the Federal Activities and Inventory Reform (FAIR) Act to submit to OMB yearly lists categorizing all of their activities as either inherently governmental, commercial, or commercial but not suitable for private-sector performance.

Navy Establishes New Acquisition Position To Focus on Workforce Programs, Functions

The Navy has created a new civilian position at the deputy assistant secretary level to be responsible for oversight of all acquisition workforce programs and functions, the service announced June 24.

James Thompson, tapped to become principal civilian deputy assistant secretary for acquisition workforce, is in charge of "improving and reinvigorating" the acquisition workforce, the Navy said in a release. Navy leadership has taken several steps in the past two years to invest in the service's acquisition workforce, the Navy said. For example, the Navy has performed an "aggressive examination" of the workforce to identify short- and long-term acquisition staffing and capability gaps.

Navy Secretary Donald Winter "recognizes the need for a strong investment into our acquisition workforce," John Thackrah, acting assistant secretary of the Navy for research, development and acquisition, said in the release. "As part of that investment strategy, we recognized the need to bolster the acquisition workforce leadership," he said.

Establishment of the new position also is consistent with an acquisition governance initiative Winter unveiled in March. According to material the Navy provided to reporters, the guiding tenets of the acquisition initiative include:

- fostering a "stable acquisition environment by improving early definition of programs and responsible bidding by contractors through proper incentives,"
- reviewing the entire acquisition process "from cradle to grave, from statutory governance to cultural change,"
- continuing improvements in efficiency, decision-making, and a "performance-based culture,"
- engaging leadership in the acquisition process and maintaining acquisition workforce expertise,
- recognizing the need for more transparency and greater discipline, and
- ensuring "strong investment" in the acquisition workforce.

At the same time, the Navy is implementing a new acquisition program review process to "ensure alignment between Service-generated capability requirements and acquisition, as well as improving senior leadership decision-making through better understanding of risks and costs through a program's entire development cycle."

The process--outlined in a Feb. 26 notice by Navy Secretary Winter (SECNAV Notice 5000)--is described by the Navy as a metrics-based, "Two Pass, Six Gate" review. It will apply to all pre-major defense acquisition programs (MDAPs), acquisition category I MDAPs, pre-major automated information system (MAIS) programs, acquisition category IA MAIS programs, and selected acquisition category II programs. Winter has been pursuing Navy program acquisition reform since the service experienced cost increases in its littoral combat ship program on the order of 50 to 75 percent. The Navy terminated contracts with Lockheed Martin and General Dynamics due to the LCS program cost growth.

Homeland Security Panel Backs Bill Requiring Use of U.S. Steel in DOD, DHS, DOT Projects

By unanimous consent, the House Homeland Security Committee June 26 approved a bill (H.R. 5935) to require certain federal agencies to use U.S. steel for public works projects. In an opening statement, Homeland Security Committee Chairman Bennie G. Thompson (D-Miss.) said that the bill will require that the Department of Homeland Security use "Made in America" steel when it is building a fence or anything else.

The American Steel First Act of 2008 requires construction projects executed by the departments of Defense, Homeland Security, and Transportation to use 100 percent American steel unless an exception applies. The congressional steel caucus convened a hearing on April 30 to examine the dangers of substandard Chinese steel imports.

Last fall, Congressional Steel Caucus Chairman Pete Visclosky (D-Ind.) and Vice-Chairman Phil English (R-Pa.) highlighted the use of pipe made in China on the border fence between the United States and Mexico. In response, the lawmakers introduced the American Steel First Act, citing concerns regarding the safety of the pipe as well as the impact on U.S. jobs. "The American Steel First Act will combat unfair steel imports by requiring the increased use of domestic steel products in federal projects," Visclosky said in an April 30 press release. "It will give our steel industry a boost, create much-needed American jobs, and save lives."

English said that unsafe and substandard Chinese steel imports underscored the importance of the new bill and using American products. "Taking for granted the integrity and safety of these products from China, sadly, is something we learned today could have grave consequences," he said in an April 30 release. "By converting this [border] fence into a Great Wall of China, the Washington

bureaucrats have undercut the living standards of workers throughout America, using their own tax dollars," English said. "This Congress is prepared to act to see that the law is changed to prevent this travesty from happening again."

Bush Issues Executive Order To Reform Security Clearance Process

President Bush June 30 issued an executive order requiring alignment of executive branch security clearance and suitability processes and reciprocal recognition of eligibility for access to classified information among agencies.

The order (E.O. No. 13,467) was recommended as part of a comprehensive reform plan submitted by the Joint Security and Suitability Reform Team in an April 30 report to the president. Bush called for the plan in a Feb. 5 memorandum, in which he stated that "longstanding practices used in the security processing of individuals and contractors to work for the government pose challenges to the speed with which ... individuals can begin their work or move from one role to another".

The executive order requires the alignment, "using consistent standards to the extent possible," of investigations and adjudications of individuals who require a determination of:

- suitability;
- contractor employee fitness, which is defined as "fitness based on character and conduct for work for or on behalf of the government as a government contractor";
- eligibility to hold a sensitive position;
- eligibility to access federally controlled facilities and information systems; and
- eligibility for access to classified information.

"Each successively higher level of investigation and adjudication shall build upon, but not duplicate, the ones below it," the order says. In addition, background investigations and adjudications shall be mutually and reciprocally accepted by all agencies, except as otherwise authorized by law.

The executive order "recognizes that the security clearance and suitability determination processes have to be reformed congruently," Clay Johnson, a top Office of Management and Budget official, said in a statement. As OMB's deputy director for management, Johnson chairs the new Suitability and Security Clearance Performance Accountability Council established under the order to hold agencies accountable for achieving the goals of the reform plan. According to Johnson, the council also is responsible for:

- driving implementation and sustaining momentum of the reform effort;
- ensuring alignment of security clearance, suitability investigative, adjudicative processes;
- overseeing the development of annual goals and progress metrics;
- overseeing the development and implementation of end-to-end automation; and
- ensuring agencies train appropriate staff in accordance with established standards.

The council also is to arbitrate disparities in procedures between the security executive agent and the suitability executive agent. The order designates the director of national intelligence (DNI) as the council's security executive agent and the director of the Office of Personnel Management as the council's suitability executive agent.

Among the roles of the council security executive agent set forth in the executive order is ensuring "reciprocal recognition of eligibility for access to classified information among the agencies, including acting as the final authority to arbitrate and resolve disputes among the agencies involving the reciprocity of investigations and determinations of eligibility for access to classified information or eligibility to hold a sensitive position." The requirement for reciprocity is "critically important," according to Stan Soloway, president of the Professional Services Council, who pointed out that agencies currently do not accept other agencies' clearances. It also will be "one of the big stumbling blocks" in implementing the order, Soloway said, predicting that "finding commonality to enable reciprocity" will not be an easy task.

Soloway said he expects there will be "significant debate" among agencies as they work towards a common ground on the standards governing secret, top secret, and other types of clearances. The trend among some agencies to "over-prescribing" the type of clearance necessary to perform certain work is likely to complicate efforts to have multiple agencies recognize clearances without performing duplicative security reviews, he said. Soloway added, however, that both OMB's Johnson and the DNI Mike McConnell have indicated they are committed to developing an effective and efficient clearance process, which should be an asset during discussions on reciprocity and increased requirements for higher-level clearances.

The council's security executive agent also is responsible for:

- developing uniform and consistent policies and procedures to ensure the effective, efficient, and timely completion of investigations and adjudications relating to determinations of eligibility for access to classified information or eligibility to hold a sensitive position;
- overseeing eligibility investigations and adjudications; and
- serving as the final authority to designate an agency or agencies to conduct investigations of persons who are proposed for access to classified information to ascertain whether such persons satisfy the criteria for obtaining and retaining access to classified information or eligibility to hold a sensitive position.

As the suitability executive agent, the OPM director will continue to be responsible for ensuring "the effective, efficient, and timely completion of investigations and adjudications relating to determinations of suitability and eligibility for logical and physical access," the order says. The security and suitability executive agents also are responsible for approving "limited" exceptions to

the order's general prohibition on agencies establishing requirements for investigations and adjudications beyond those that have been agreed upon. Additional requirements are permitted only when necessary to address "needs unique to the agency involved or to protect national security," the order says.

There "have been significant improvements ... since the president signed the executive order implementing the first stage of the reforms" in the Intelligence Reform and Terrorism Prevention Act of 2004, Johnson said in his statement. Under IRTPA, 80 percent of background investigations for initial security clearances are to be completed within an average of 90 days. "Investigations and adjudications which took an average of 160 days have been cut down to 105 days," Johnson said. "We are more than halfway there. But, there is a lot more to do and the President's executive order institutionalizes that commitment by creating the governance structure necessary to make sure the needed reforms are made."

The Government Accountability Office put the Defense Department's personnel security clearance process on its the high-risk list in 2005 due to a number of long-standing problems, including incomplete investigative reports from OPM, the granting of some clearances by DOD investigators even though required data were missing, and long-standing delays in completing clearances. *Executive Order No. 13,467 was published July 2 (73 Fed. Reg. 38,103, 7/2/08).*

DOD Seeks Authority for Increased Oversight of Contingency Contracting

The Defense Department recently sent legislative proposals to Congress asking for authorities that would allow the department to increase oversight of its contingency contracting activity. Specifically, DOD wants authorization for five additional Army general officer positions to bolster the service's acquisition corps, and expedited hiring authority for defense acquisition positions.

The proposals address problems with defense contingency contracting functions identified in a November 2007 report on expeditionary and U.S.-based contracting and contract management operations. The report was prepared by a panel led by former Under Secretary of Defense for Acquisition, Technology, and Logistics Jacques Gansler. The proposal for expedited hiring authority for acquisition personnel also would assist the department in fully implementing language included in the fiscal year 2007 DOD authorization act (Section 854, Pub. L. No. 109-364) and its existing policy "to enhance efforts to integrate, synchronize, and become more effective and responsive to the war fighter," DOD explained.

The latest legislative proposal sent to Congress June 30 advances the recommendations of the Gansler Commission report by increasing the number of authorized Army general officers by five--from 302 to 307, according to the section-by-section analysis of the suggested modifications of 10 U.S.C. 526(a)(1). Sixteen of the Army's 302 current general officers are classified as included in the service's acquisitions corps "for strength reporting purposes," DOD said.

By increasing general officer strength by five positions, DOD said, the Army "will have greater flexibility to solve the problems with contracting during contingency operations identified in the Gansler Commission report without creating new challenges by offsetting existing GO positions for contingency contracting." However, DOD noted in its analysis that its proposal does not mandate permanent placement of the five additional general officer positions under any occupational specialty.

The Army "maintains flexibility to meet future requirements without seeking legislative relief," DOD said of the proposed legislation. DOD further said that the Gansler report recommends the reorganization of the Army procurement leadership structure by increasing the service's acquisition workforce by 1,400 personnel, including the establishment of the five general officer positions. "These increases in acquisition personnel would fill the ranks of new contracting organizations designed to support contingency operations," DOD said.

DOD included in the small package of legislative proposals sent to Congress June 24 a request to provide the defense secretary with temporary expedited hiring authority for defense acquisition personnel--specifically all government positions in Series 1102, contracting; Series 1105, purchasing; and "positions in other series in which significant acquisition-related functions are performed."

The streamlined authority would expire after Sept. 30, 2012. The proposal also would empower the defense secretary to address requirements of the FY 2007 defense authorization act provision on "Joint Policies on Requirements Definition, Contingency Program Management, and Contingency Contracting," DOD said. Further, with the establishment of recent DOD policy that expands the mission of Joint Contracting Command-Iraq/Afghanistan, defense acquisition specialist are in great demand. "The increased mission requirements of the JCC-I/A and the Defense Contract Management Agency will require an immediate infusion of approximately 250 additional acquisition personnel into theater with a corresponding increase of acquisition personnel in the United States," DOD said.

Competitive Sourcing Initiative Expanded To Include Business Process Reengineering

The Office of Management and Budget has revamped the Bush administration's competitive sourcing initiative--one of five components of the President's Management Agenda launched in 2001 to improve the way the government is run--by broadening it to include business process reengineering (BPR) efforts "that rely on disciplined management practices," according to Clay Johnson, OMB's deputy director for management.

Launched last spring, the new "Commercial Services Management" initiative goes beyond public-private competitions and conversion of government work to the private sector, and now includes "insourcing of contracted activities," Johnson explained in a July 11 memo to the President's Management Council. Other examples of BPR efforts, Johnson said in his memo, include "the baselining of performance and costs and the establishment of performance agreements."

Johnson used his memo to the council, an interagency federal acquisition group formed to implement the President's Management Agenda, to advise federal agencies of an upcoming Aug. 29 deadline for submitting plans for any activities they propose to conduct under the CSM initiative. CSM plans should identify "where the agency intends to consider competition, including for the potential insourcing of contracted activities," Johnson said. Johnson attached to his memo general criteria for identifying functions for business process reengineering in the CSM plan. Such functions are to be "consistent with the agency's human capital plan and workforce planning initiatives and based on a completed feasibility review (or a potential reengineering subject to the outcome of a feasibility review) showing a performance gap or opportunity to improve organizational efficiency," according to the attachment.

The administration's competitive sourcing initiative has been strongly opposed by federal employee unions and resulted in a number of congressional restrictions on federal agency public-private competitions under OMB Circular A-76 in which the in-house "most efficient organization" competes against private-sector offerors to determine which will perform an agency function. The Bush administration last May attributed these congressional restrictions on competitive sourcing to a decline in fiscal year 2007 in both the number of full-time equivalent government employees whose jobs were the subject of federal agency public-private competitions for the performance of commercial work and the number of private sector offers for the work being competed.

Since then, both the House and Senate Appropriations Committees have approved a fiscal year 2009 general government appropriations bill that calls for a one-year moratorium on new public-private competitions. Among new limits on competitive sourcing contained in the FY 2008 consolidated appropriations act (Pub. L. No. 110-161) are requirements for health and retirement fringe benefit comparability and temporary restrictions on agency use of appropriated funds to carry out public-private competitions and direct conversions to contractor performance work related to the Human Resources Line of Business.

In addition to providing guidance on the CSM initiative, Johnson reiterated in his memo expectations that agency chief acquisition officers will continue "improving the management and oversight of federal contractors" as well as "strengthening the acquisition workforce." Strong leadership from CAOs is critical to the success of the "aggressive policy issues" the Office of Federal Procurement Policy has been working on with agencies in order to "enhance the capabilities and professionalism of the acquisition workforce, strengthen acquisition planning, increase the use of competition among private contractors, improve contract administration and management reviews of the acquisition function, strengthen contractor ethics, improve interagency acquisitions, enhance opportunities for small businesses, and broaden the use of e-procurement tools."

Johnson's memo is available at:

http://www.whitehouse.gov/omb/procurement/comp_src/plans_commercial_services_mgmt_071108.pdf.

Appointments

GSA

Jim Williams, commissioner of the Federal Acquisition Service, has been named acting administrator of GSA. He will replace David Bibb, the agency's deputy administrator who has been acting administrator since Lurita Doan's resignation April 30 and is retiring Sept. 1.

Ted Haddad, senior advisor to GSA's Office of the Chief Acquisition Officer, was appointed chief acquisition officer effective June 22. David Drabkin, deputy chief acquisition officer, has been acting as head of the office since January.

DHS

The Senate June 27 confirmed Elaine Duke as DHS undersecretary for management. Duke moved from her job as DHS's chief procurement officer to become deputy undersecretary for management in October 2007.

SBA

Santanu Baruah, assistant secretary of commerce for economic development, has been nominated administrator of SBA. If confirmed, he will replace Steven Preston, who left SBA to become secretary of housing and urban development.