



Daily Briefing

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OMB weighs changes to job competition process

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The Bush administration is contemplating wide-ranging changes to rules that allow federal jobs to be directly outsourced to private companies, Office of Federal Procurement Policy Administrator Angela Styles told a Senate panel on Wednesday.

Amid concerns that agencies may be misusing the rules, which govern streamlined job competitions and direct conversions, Styles said the Office of Management and Budget is considering changing how the government competes the jobs of small groups of federal employees.

“Our concern has been that over the past two years, agencies have made decisions to directly convert that have not been in the best interest of the taxpayer,” Styles told the Readiness and Management Support Subcommittee of the Senate Armed Services Committee. “We do not want that to continue.”

Under current rules, agencies may directly outsource work involving 10 or fewer federal employees to the private sector. Agencies may also hold streamlined competitions on functions performed by 65 or fewer federal employees. In streamlined competitions, in-house employees do not form a “most effective organization” as they do in larger job competitions. The competition simply pits the current unit—which has not restructured itself to be more competitive—against private firms. Some observers believe this puts federal employees at a disadvantage.

OMB is also acting to counter a perception that its rewrite of OMB Circular A-76—the rulebook of federal outsourcing—is intended to encourage direct conversions. In response to questions from Sen. Carl Levin, D-Mich., Styles said direct conversions would not be mentioned in the new circular itself, a change from the [draft circular issued by OMB in November](#). “We are even in the process of discussing . . . eliminating direct conversions altogether,” she told Levin.

After the hearing, Styles told reporters that OMB is studying whether to eliminate direct conversions “as they exist right now.” She said OMB is looking at a variety of alternatives, including a [process designed by the Interior Department](#) that allows agencies to hold competitions on work

involving 10 or fewer employees. Under the Interior process, federal employees can keep their jobs if they could perform the work at a lower cost than private firms. OMB already has allowed the Treasury, Agriculture, and Health and Human Services departments to use Interior's method for credit toward their competitive sourcing goals.

Revamping the direct conversion process is just one issue that OMB is wrestling with as it finalizes the new A-76 process, Styles said after the hearing. "We still have direct conversions, we still have appeal issues that we are considering," she said, adding that any changes to the direct conversion process would have to be approved by OMB Director Mitch Daniels.

When asked if the new circular would be released by late April, she said, "We're going to try."

During the hearing, Styles said the new circular would contain "very aggressive deadlines" for finishing public-private competitions, although she did not endorse the 12-month time limit contained in the draft circular. At Wednesday's hearing, Comptroller General David Walker repeated his view that most competitions cannot be finished within 12 months.

Styles also said OMB would work to provide agencies with training and resources when they start using the new A-76 process.

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