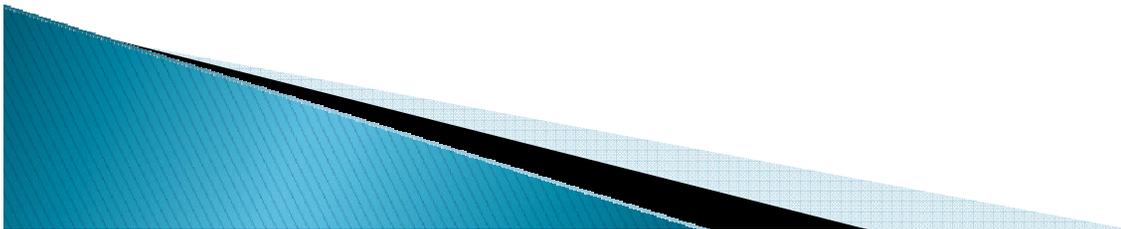


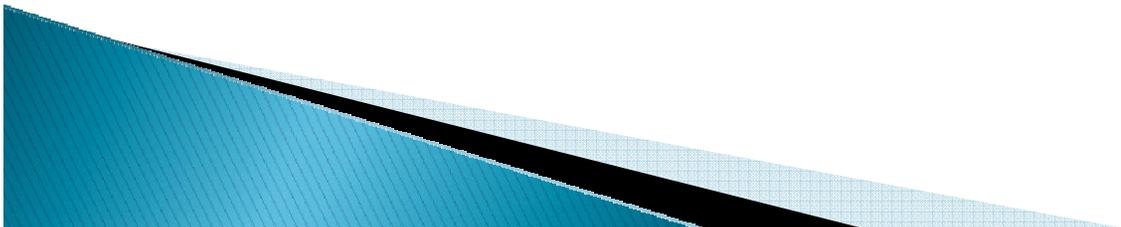
# Blended Workforce Management Model

Thomas F. Kaplan  
July 2008



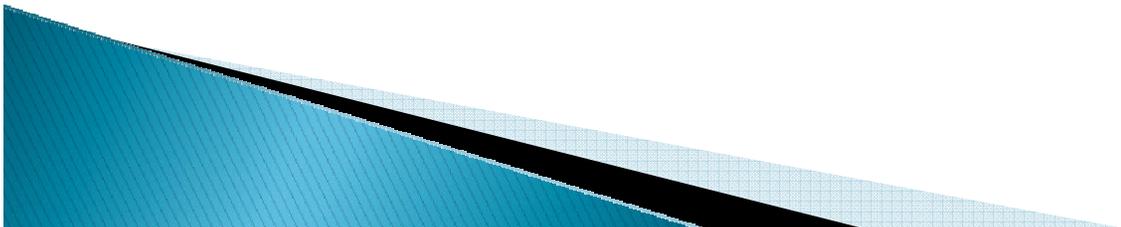
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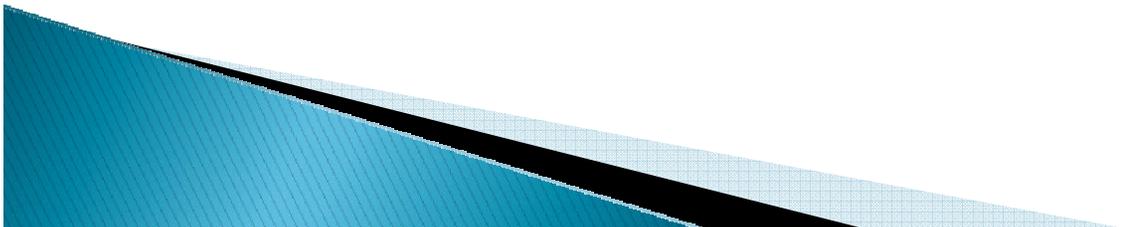
# Topics

- ▶ Today's Headlines
- ▶ At Issue
- ▶ Toward Managing a Blended Workforce: Example Model
- ▶ Summary
- ▶ Backup
- ▶ Resources



# Today's Headlines

- ▶ Defense contractors not held to conflict-of-interest rules (3/10/08)
  - The Defense Department's increasing use of contractors in key decision-making roles is putting the integrity of government spending at risk, according to the Government Accountability Office.
  - Contractors don't have to follow most conflict-of-interest and ethics rules that guide the conduct of federal employees, GAO said. Only three of the 23 contractors working in the [DoD] offices had policies requiring employees to disclose such conflicts to the government, GAO found.



# Today's Headlines (continued)

- ▶ **Pentagon blurred line between contractors, feds (3/26/08)**
  - Auditors found that 42 percent of the Army Contracting Agency's Contracting Center of Excellence's [CCE] contract specialists work for private industry but often were not identified as such when dealing with the public.
  - In nearly 70 percent of contract modifications examined by auditors, the [contractor] industry employee who prepared the document was identified as the federal official administering the contract.
  - And on a handful of occasions, the contractor was listed as the "government point of contact."
  - The CCE example delineates two major areas of concern in today's environment: hiring contractors for sensitive positions in reaction to a shortfall in the government workforce rather than as a planned strategy to help achieve an agency mission, and the need to properly manage those contractors once they are hired.



# At Issue

- ▶ Increased reliance on the private sector to perform commercial government work requires
  - Contractor's adherence to ethics and conflict of interest rules
  - Effective ongoing contractor oversight by the government
    - Ability to inspect contractor performed work to maintain quality assurance
    - Periodic price and performance review
  - Government human capital plan recognition for use of contractors to help achieve the mission (acquisition services)

# Toward Managing a Blended Workforce: Example Model

- ▶ Verify commercial mission-related work requirement
  - Is the work commercial-in-nature?
- ▶ Identify current activities utilizing a blended workforce
  - Can you distinguish government from contractors?
- ▶ Identify use of blended workforce in human capital plan (acquisition services)
  - Does human capital plan identify or anticipate use of contractors to support acquisition services?
- ▶ Verify contract scope and contractor quality controls
  - Does contract specify only commercial work?
- ▶ Maintain ongoing government oversight
  - Do contractors meet government timeliness and quality standards?

# Verify commercial mission-related work requirement

- ▶ Is the work mission-related and commercial in nature (i.e., a required activity identified in the FAIR Act inventory) and not inherently governmental?
- ▶ Commercial work:
  - May currently be performed by government or private sector employees, or a combination of both
  - Usually involves limited decision making authority not involving value judgments
  - Is identified on the FAIR Act inventory if currently performed by government employees

# Identify current activities utilizing a blended workforce

- ▶ Are blended workforce activities performing commercial work or both commercial and inherently governmental work?
  - Are government employees and contractor performing identical commercial work?
  - Are government employees performing inherently governmental and commercial work with the contractor performing only commercial work?
  - Can you easily tell who is government and who is contractor?
    - Do contractors wear distinctive name tags, use identifying email addresses, and have distinctive voice mail greetings?

# Identify use of blended workforce in human capital plan (acquisition services)

- ▶ Does the human capital plan identify current and future use of contractors as part of workforce planning efforts for acquisition services?
- ▶ Considerations
  - Does the work involve a Mission Critical Occupation?
  - Is the work of a limited duration effort?
  - Is the activity subject to deployment or surge requirements?
  - Is the occupation difficult to recruit or retain government employees?
  - Is the contractor more cost effective than government employees?

# Verify contract scope and contractor quality controls

- ▶ Does a review of the contract's Statement of Work specify performance of only commercial work?
- ▶ Is the contractor implementing a quality control plan that indicates how they will ensure acceptable performance?
- ▶ What steps will the contractor take to verify that corrective action is taken if necessary?

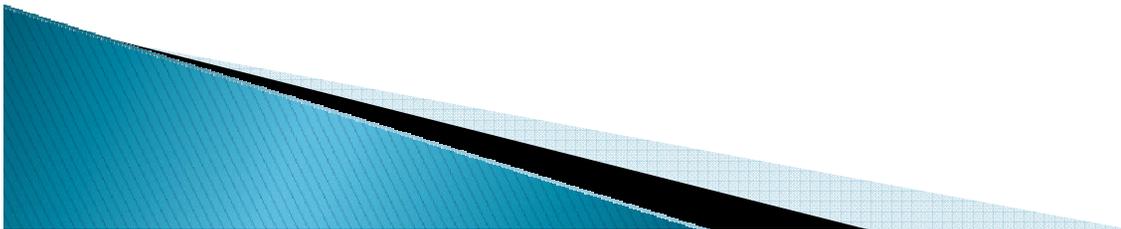
# Maintain ongoing government oversight

- ▶ Does the government use a quality assurance surveillance plan to inspect contractor's work?
- ▶ Does the contractor routinely meet timeliness and quality performance standards?
- ▶ Does the contractor company proscribe a code of ethics and do they regularly train their employees?
- ▶ Does government management hold joint meetings with both government and contractor staffs to discuss strategy and goals?

# Summary

- ▶ Contractor work must always be commercial in nature
- ▶ Government is always in control (and responsible for results)
- ▶ Government must conduct regular meetings with the contractor to ensure intended results
- ▶ Contracts must clearly delineate deliverables, handoffs, inspections, etc.
- ▶ Contractor work must be distinguishable from government work
- ▶ Contract price must be reasonable
- ▶ Human capital plan must identify the use of contractors supporting government acquisition services

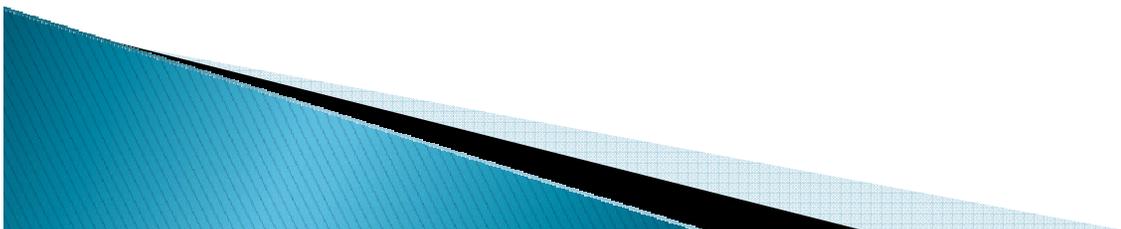
**QUESTIONS?**



# Commercial vs. Inherently Governmental

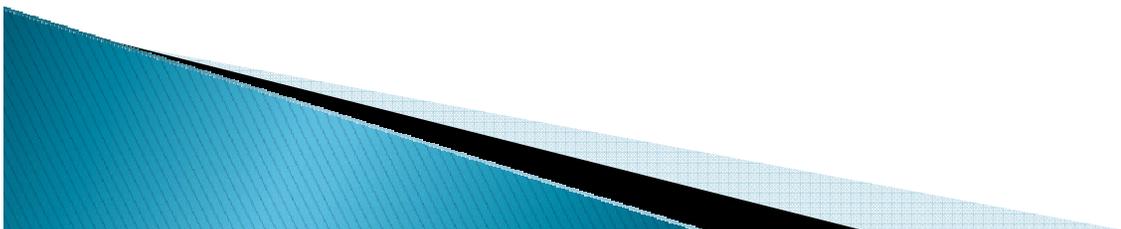
## ▶ Commercial Activity

- May currently be performed by private sector or government employees, or a combination of both
- Involves limited decision making authority
  - Example test: Limited (one or two) possible courses of action
  - Example test: Does not involve value judgments
- Example commercial functions
  - Mail Distribution (e.g., Mail and Files Clerk)
  - Custodial Services (e.g., Janitor)
- Identified on annual agency FAIR Act inventory if currently performed by government employees



# Commercial vs. Inherently Governmental (continued)

- ▶ Inherently Governmental Activity
  - May only be performed by government employees
  - Requires discretionary judgment in decision making
    - Example test: More than two possible courses of action
    - Example test: Making value judgments
  - Involves application of statutory authority
  - Examples
    - Policy making (e.g., Agency Director)
    - Enforcement of federal statute (e.g., Federal Law Enforcement Officer)
    - Obligation of funds (e.g., CFO)
  - Identified on annual agency inherently governmental inventory



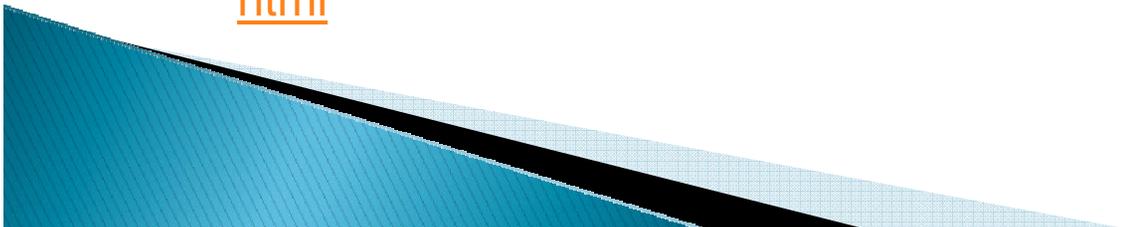
# Resources

## ▶ Commercial and Inherently Governmental

- Office of Management and Budget, Office of Federal Procurement Policy, Federal contracting policy, <http://www.whitehouse.gov/omb/procurement/>
- Federal Acquisition Regulation, Subpart 7.5—Inherently Governmental Functions, [http://www.acqnet.gov/FAR/current/html/Subpart%207\\_5.html#wp1078196](http://www.acqnet.gov/FAR/current/html/Subpart%207_5.html#wp1078196)

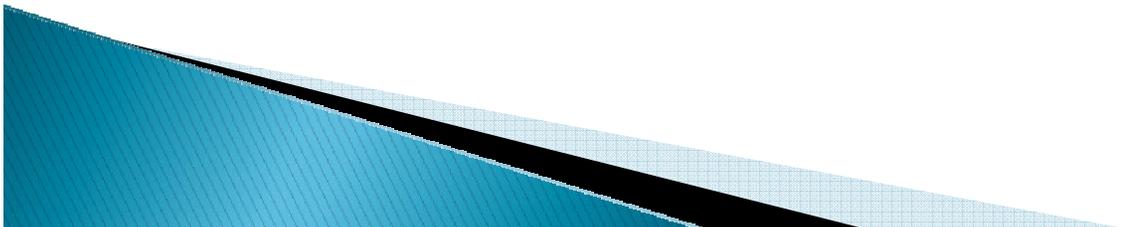
## ▶ Ethics and Conflict of Interest Rules

- Contractors: Federal Acquisition Regulation Part 3, Improper Business Practices and Personal Conflicts of Interest, <http://www.arnet.gov/far/current/html/FARTOCP03.html>
- Government: Office of Government Ethics, 5 C.F.R. Part 2635 - Standards of ethical conduct for employees of the executive branch, [http://www.usoge.gov/pages/laws\\_regs\\_fedreg\\_stats/oge\\_regs/5cfr2635.html](http://www.usoge.gov/pages/laws_regs_fedreg_stats/oge_regs/5cfr2635.html)



# Resources (continued)

- ▶ Acquisition Advisory Panel, Services Acquisition Reform Act (SARA) Of 2003  
<http://acquisition.gov/comp/aap/index.html>
- ▶ Managing Federal Missions With A Multi-sector Workforce: Leadership For The 21st Century,  
<http://www.acquisition.gov/comp/aap/documents/National%20Academy%20of%20Public%20Administration%20%2012%2016%2005.pdf>
- ▶ Government Accountability Office Reports [www.gao.gov](http://www.gao.gov)
  - Additional Personal Conflict of Interest Safeguards Needed for Certain DOD Contractor Employees
  - Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists



# Toward Managing a Blended Workforce: Example Model (References)

- ▶ **Verify commercial mission-related work requirement**
  - Federal Acquisition Regulation, Subpart 2.1—Definitions, Commercial Item, [http://acquisition.gov/far/current/html/Subpart%202\\_1.html](http://acquisition.gov/far/current/html/Subpart%202_1.html)
  - OMB Circular A-76, Performance of Commercial Activities, Attachment A, Section B. Categorizing Activities Performed By Government Personnel As Inherently Governmental Or Commercial, [http://www.whitehouse.gov/omb/circulars/a076/a76\\_incl\\_tech\\_correction.html](http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html)
- ▶ **Identify current activities utilizing a blended workforce**
  - Federal Acquisition Regulation, Subpart 4.13—Personal Identity Verification, [http://acquisition.gov/far/current/html/Subpart%204\\_13.html#wp1074116](http://acquisition.gov/far/current/html/Subpart%204_13.html#wp1074116)
- ▶ **Identify use of blended workforce in strategic human capital plan (acquisition services)**
  - OMB's Conducting Acquisition Assessments under OMB Circular A-123, [http://www.whitehouse.gov/omb/procurement/memo/a123\\_guidelines.pdf](http://www.whitehouse.gov/omb/procurement/memo/a123_guidelines.pdf)
- ▶ **Verify contract scope and contractor quality controls**
  - Federal Acquisition Regulation, Subpart 46.2—Contract Quality Requirements, [http://acquisition.gov/far/current/html/Subpart%2046\\_2.html](http://acquisition.gov/far/current/html/Subpart%2046_2.html)
- ▶ **Maintain ongoing government oversight**
  - Federal Acquisition Regulation, Subpart 3.10—Contractor Code of Business Ethics and Conduct, [http://acquisition.gov/far/current/html/Subpart%203\\_10.html#wp1079445](http://acquisition.gov/far/current/html/Subpart%203_10.html#wp1079445)
  - Federal Acquisition Regulation, Part 46—Quality Assurance, <http://acquisition.gov/far/current/html/FARTOCP46.html>