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To: David C. Childs A-76comments/OMB/EOP@EOP  
cc:  
Subject: Competitive Outsourcing

December 19, 2002

Mr. David C. Childs  
Office of Federal Procurement Policy  
Office of Management and Budget  
725 17th Street NW  
New Executive Office Building, Room 9013  
Washington, DC 20503

Dear Mr. Childs:

I am writing to express my concerns regarding competitive outsourcing. I am writing to you as a private citizen who was previously employed by a government contractor and who is currently employed as a federal employee. In addition, I am writing as a tax payer and a concerned citizen.

As a tax payer, I applaud the effort to reduce costs while still providing essential and inherently governmental services; however, I question the cost effectiveness of the outsourcing program. My understanding is that employees and managers will be provided training, education and professional assistance to develop bids. In the short term this represents an increased cost and loss of productivity. While savings in salary and benefit costs will be realized in the long-term, the costs of repeated training and lost productivity due to increased staff turnover must also be considered. In addition, the inability of the "lowest bidder" to attract and retain qualified and competent contract staff can further decrease the quantity and quality of work. The additional costs associated with the bid process and contract management must be calculated into the long term cost as well. In addition, administrative requirements and delays associated with contract award and changes in contractor can further reduce productivity.

Contract staff are ideal for projects that are finite in time and scope or tasks that are ancillary to an agency's mission (i.e. cleaning, grounds maintenance); however, the use of temporary staff for on-going and long-term professional positions that are inherent to an agencies mission is questionable. Excessive staff turnover results in a loss of investment in training, decreased productivity and poor employee moral. Productivity is decreased due to position vacancy and the cost to train replacement staff. Contract positions almost always make it difficult to attract and retain qualified and talented professional staff. Each time an employee leaves or a new employee is hired, at least temporarily, a greater burden is shifted onto the remaining employees. This constant shuffling of employee responsibilities affects the quantity and quality of work.

I also think that there is a cost in lost productivity due to poor moral. When a position is labeled as nonessential and there is no job security, an employee has little motivation to give 110% or make personnel sacrifices

for his/her job. This is evident in the contract pool at our own facility. Talented contract employees either move into federal positions or move on very quickly. The mediocre and unmotivated contractor employees remain year after year. Intuitively one would think that the contract status would allow federal task order managers to more easily remove that employee; however, it is the contractor that has the control over hiring and firing for any contracted position.

In addition, I think that the competitive outsourcing program will affect the federal government's ability to attract and retain quality employees. My experience is within research and natural resource management. Generally there are a large number of applications for any given federal position in this field despite the fact that federal salaries are lower in this field than offered by consulting firms or private industry. While agency directions change and are influenced by political climates and changes in administration, the federal government is one of the few natural resource employers that afford scientist an opportunity to work on issues of importance to society in a relatively unbiased environment. As a consultant, I would necessarily be serving the needs of the client which may or may not be in the best interest of the over all society. While many of my colleagues and I may be idealistic, we are also realistic. Lower wages are balanced by the long term benefits of federal employment. Competitive outsourcing removes these benefits and I believe will reduce the governments ability to attract a talented and committed work force.

The philosophy behind the competitive outsourcing strategy is cost-effectiveness and productivity, however, I believe the end result will lower productivity.

Sincerely,  
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(See attached file: Outsourc.wpd)

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