

Balanced Workforce Strategy

Guidance

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**Homeland
Security**



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I. Introduction

The Balanced Workforce Strategy (BWS or Strategy) Guidance provides information on how to assess and make decisions regarding the balance and effective use of Federal and contractor workforces in achieving the mission of the Department of Homeland Security (DHS). Balancing the government workforce requires determining the proper mix of Federal employees and contractors. The Department's approach to this effort, and how it is implemented, is described herein.

The purpose of BWS is to:

- Achieve the appropriate mix of Federal and contractor skills, expertise, experience and other assets necessary to effectively achieve the Department's mission;
- Ensure that inherently governmental functions and unauthorized personal services are not performed by contractors;
- Dedicate an adequate number of Federal employees to the performance of critical functions or functions that are closely associated with inherently governmental such that the Department can maintain control of its mission and operations;
- Give consideration to using, on a regular basis, Federal employees to perform new functions and functions that are performed by contractors that could be performed by Federal employees (and Special Consideration to the use of Federal employees in those areas specifically identified by law); and
- Integrate management and planning activities to reduce risk to the Department's mission and promote improvements in the Department's economy, efficiency and performance.

The Department's workforce is responsible for managing and executing DHS's missions and operations. By providing their expertise, innovation, and efficiencies, contractors serve as an important resource to Federal employees in meeting these responsibilities. However, there have been instances within the Department where an overreliance on contractors could expose the Department to an unacceptable level of risk.¹ The analytic approach outlined in this Guidance ensures an intentional review of the Department's work, addressing applicable laws and regulations, mitigation of risk, and cost. Following this analysis, DHS decision makers can determine whether Federal employees or contractors are best suited to perform the work at issue.

This Guidance document begins with a summary of the policies, statutes, and guidance that drive the Balanced Workforce Strategy; these requirements are outlined in Section II. Section III addresses the potential impact of the Strategy on small businesses, and re-emphasizes the Department's support for small businesses. Section IV describes the importance of Management

¹ See GAO report, *Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services*, GAO-07-990 (Sept. 2007). GAO faulted DHS for not assessing and taking steps to avert the risk of losing control over, and accountability for, mission-related decisions, including inherently governmental decisions, in its widespread use of professional and management support service contracts, and for not managing such risks in contact administration.



Integration to achieve success in implementing a balanced workforce. Section V describes what the Strategy is, including the steps used to implement the Strategy:

- Step 1—Identify the Work;
- Step 2—Conduct the Analysis (using the BWS Tool); and
- Step 3—Implement the Sourcing Decision.

More detailed information describing each Step may be found in the Balanced Workforce Strategy User's Guides.²

To date, the Balanced Workforce Strategy has been deployed in two phases. Section VI of the Guidance document details how the basic 3-step Strategy is applied to review existing contract work. Section VII specifies how the basic 3-step Strategy is applied to review new work or recompleted requirements, through a pilot implementation beginning September 30, 2011.

The Guide also walks readers through the BWS reporting processes and requirements (Section VIII), describes oversight and audit processes (Section IX), and includes a number of appendices with additional detailed information to assist Components³ in implementing the Balanced Workforce Strategy in their organizations.

II. Policies, Statutes and Guidance

The BWS was created as a comprehensive approach to comply with relatively new policies, statutes, regulations, and guidance issued by the President, Congress, the Office of Management and Budget (OMB), and DHS leadership that relate to managing the total Federal workforce, both Federal employees and private-sector contractors.

Presidential Memorandum on Government Contracting

Prior to 2009, workforce structuring efforts in the Executive Branch, guided by the OMB Circular A-76, focused largely on outsourcing. A Presidential Memorandum issued on March 4, 2009, signaled a fundamental shift in Executive Branch workforce planning and directed OMB to develop Government-wide guidance that would, among other things, “clarify when governmental outsourcing for services is and is not appropriate.” The Memorandum observed that the line between inherently governmental⁴ activities that may not be outsourced, and other activities that may be performed by private sector contractors, had become blurred. Consequently, this blurring may have led to the performance of inherently governmental functions by contractors and, more generally, an overreliance on contractors by the government.

² User's Guides for the BWS Process Steps 1, 2, and 3 are described in Appendix A, and may be found at: <http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Pages/BWF.aspx>

³ Any Department organization, which reports directly to the Office of the Secretary, to include Operational and Support Components as defined in DHS Management Directive 252-01 (3/31/2009).

⁴ Appendix B contains definitions of specialized terms used in this guidance; accordingly, unless otherwise defined in Appendix B, the common definition of a term shall apply.



*Section 736 of the FY 2009 Omnibus Appropriations Act*⁵

Soon after the Presidential Memorandum was issued, President Obama signed into law the Omnibus Appropriations Act of 2009. Section 736 of the Act (Public Law 111-8, Div. D, § 736 (2009)) required most Federal agencies, including DHS, to “devise and implement guidelines and procedures to ensure that consideration is given to using, on a regular basis, Federal employees to perform **new functions and functions that are performed by contractors and could be performed by Federal employees.**” The law also required that agencies “provide for special consideration to be given to using Federal employees to perform any function that:

(A) is performed by a contractor and—

- (i) has been performed by Federal employees at any time during the previous 10 years;
- (ii) is a function closely associated with the performance of an inherently governmental function;
- (iii) has been performed pursuant to a contract awarded on a non-competitive basis; or
- (iv) has been performed poorly, as determined by a contracting officer during the 5-year period preceding the date of such determination, because of excessive costs or inferior quality; or

(B) is a new requirement, with particular emphasis given to a new requirement that is similar to a function previously performed by Federal employees or is a function closely associated with the performance of an inherently governmental function.”

This statutory mandate required that the Department, and its Components, evaluate all existing service contracts for one or more of these categories. Some aspects of this requirement are simple and straightforward, for instance, the identification of contracts that were procured non-competitively (e.g., sole source). However, to address other issues (such as determining whether the work was inherently governmental or closely associated with inherently governmental), the Department created a methodology for prioritizing the large volume of contracts which needed review. The Department applied this methodology during the pilot test of the Strategy in the first quarter of FY 2011.

⁵ Section 736 of the Omnibus Act of 2009 provides for “special consideration to be given to using Federal employees to perform any function that...is currently performed by a contractor and; i) has been performed by Federal employees at any time during the previous 10 years; ii) is a function closely associated with the performance of an inherently governmental function; iii) has been performed pursuant to a contract awarded on a non-competitive basis; or iv) has been performed poorly, as determined by a contracting officer during the 5-year period preceding the date of such determination, because of excessive costs or inferior quality...” Omnibus Appropriations Act of 2009, Division D, Section 736(b)(2)(A). Section 736 also requires “special consideration to be given to using Federal employees to perform any function that...is a new requirement, with particular emphasis given to a new requirement that is similar to a function previously performed by Federal employees or is a function closely associated with the performance of an inherently governmental function.” *Id.* At Section 736(b)(2)(B).



OMB Memorandum on Managing the Multi-Sector Workforce

In a Memorandum dated July 29, 2009, “Managing the Multi-Sector Workforce” (M-09-26), OMB provided initial guidance to help agencies improve management of the multi-sector workforce, and required agencies to begin the process of developing and implementing balanced workforce policies, practices, and tools for workforce management by:

1. Adopting a framework for planning and managing the multi-sector workforce that is built on strong strategic human capital planning;
2. Conducting a pilot human capital analysis of at least one program, project, or activity, where the agency has concerns about the extent of reliance on contractors; and
3. When considering in-sourcing, using guidelines that facilitate consistent and sound application of statutory requirements.

DHS Memorandum on Initial Implementation of OMB’s Multi-sector Workforce Guidance

On October 30, 2009, the DHS Under Secretary for Management (USM) released a memorandum outlining the “initial implementation” of OMB’s multi-sector workforce guidance. This memorandum directed the conversion of approximately 3,500 contractor positions identified by Components as possibly either inherently governmental, personal services, or critical core. This modest first step proved to be a valuable learning opportunity for the Department and served as the basis for the formulation of the BWS methodology.

DHS Memorandum on Implementing the Balanced Workforce Strategy

Citing “inadequate” progress to date on the conversion effort noted above, on July 13, 2010, the Deputy Secretary for DHS issued a memorandum directing the Department to “act more quickly and comprehensively to ensure the appropriate mix of Federal and contractor skills and experience.” The Deputy Secretary directed the Office of the Chief Human Capital Officer (OCHCO) to draft and implement guidance reflecting her desire for “more significant and demonstrable results – going forward.”

OMB Memorandum on Service Contract Inventories

In a Memorandum dated November 5, 2010, “Service Contract Inventories,” OMB issued implementing guidelines for Section 743 of Division C, of the FY 2010 Consolidated Appropriations Act, P.L. 111-117 requiring agencies to prepare an annual inventory of its service contracts and to conduct an analysis of its annual inventory. *“The service contract inventory is used to assist agencies in better understanding how contracted services are being used to support mission and operations and whether the contractors’ skills are being utilized in an appropriate manner.”*

In addition, OMB indicated that agencies *“shall conduct a meaningful analysis of the data in their inventories for the purpose of determining if contract labor is being used in an appropriate and effective manner and if the mix of Federal employees and contractors in the agency is effectively balanced. ... Accordingly, agency reviews shall give priority consideration to agency use of contracted (a) professional and management services and (b) information technology support services. Review of professional and management services should include acquisition support and an appropriate sampling of policy and program management and development*



services.” In March 2011, the Department determined that Components’ application of the Balanced Workforce Strategy to its 2010 service contract inventory ensures compliance with this OMB directive.

OMB Memorandum on Increasing Small Business Participation in Federal Contracting

On February 11, 2011, the Administrator for Federal Procurement Policy, the Administrator of the Small Business Administration, and the National Director of the Minority Business Development Agency in the U.S. Department of Commerce jointly issued direction to Federal agencies on increasing small business participation in Federal contracting. Attachment 5 of the Memorandum (*Small Business Contracting and Rebalancing the Relationship between the Government and Contractors*) describes recommended policies for addressing potential impact of insourcing on small businesses, policies later included in OMB Policy Letter 11-01 and incorporated in this Guidance Document. See Section III, following, for specific guidance related to small business contracting.

OMB Policy Letter (PL) 11-01 “Performance of Inherently Governmental and Critical Functions”

Policy Letter 11-01, issued September 12, 2011, effective October 12, 2011, provides policy guidance to implement Section 736, Public Law 111-8 and Section 743, Public Law 111-117. This Policy Letter provides a single definition of “inherently governmental” functions; revises the list of inherently governmental functions and “closely associated” with inherently governmental functions; describes the criteria for identifying inherently governmental functions using the “nature of the function” test and the “exercise of discretion” test; requires agencies to identify their “critical functions;” outlines a series of management responsibilities related to the planning and awarding of contracts; and outlines a series of management responsibilities for closely associated with inherently governmental functions to strengthen accountability for the effective implementation of the Policy Letter.

DHS Memorandum on Balanced Workforce Strategy Implementation

On September 13, 2011, the Under Secretary for Management and the Chief Human Capital Officer jointly issued the memorandum announcing the BWS pilot program which requires that certain new and re-competed contracts undergo BWS review prior to procurement. The memorandum also reiterated upcoming deadlines for current contract reviews and reemphasized that the Balanced Workforce Strategy is a priority for the Secretary and Deputy Secretary.

DHS Memorandum on Department of Homeland Security Balanced Workforce Strategy Update

On October 14, 2011, the Deputy Secretary of Homeland Security issued a memorandum, indicating that DHS Components “should implement the BWS new work pilot.” The Deputy Secretary further stated that additional guidance will be released after the initial six-month pilot phase is concluded and evaluated.

DHS Workforce Planning Guide

In March 2011, the Office of the Chief Human Capital Officer re-issued the Department’s *Workforce Planning Guide*, to include a number of modifications. Most importantly, the reissued *Guide* incorporated the Balanced Workforce Strategy within Step One of the workforce



planning process, *Strategic Direction Setting*. The Guide provides general information on the roles of Federal and contractor workforces, and cross-references this BWS Guidance document to inform decisions on which workforce is best suited to perform the work needed.

Accordingly, this BWS Guidance is issued pursuant to, and consistent with, these authorities, policies, related OMB guidance, and at the express direction of the DHS Deputy Secretary.⁶ This Guidance Document also is complementary with Acquisition Alert 11-30 which describes the process for ensuring procurements comply with these requirements.

III. Impact on Small Business

DHS is committed to a unified team approach involving senior management, small business specialists, acquisition personnel, and program officials to support critical homeland security missions and to meet public policy objectives concerning small business participation in Departmental procurements. In accordance with Government-wide policy, small businesses receive primary consideration among commercial sources on planned contracts regardless of dollar value. Based on acquisition planning and market research, if small businesses are able to serve as prime contractors, DHS should first consider selecting a small business prime contractor for the project. To ensure this commitment and adhere to established laws and rules, the Office of Small and Disadvantaged Business Utilization (OSDBU) provides leadership in supporting small businesses within DHS.

As part of the balanced workforce effort, DHS will maintain its commitment to small businesses when making decisions regarding the proper balance between contractors and the Federal workforce. How will DHS maintain this commitment? Specifically, Component program officials should:

- Consider risk mitigation strategies or enhanced contractor oversight as options to minimize the impact on small businesses, when small business contracts are considered for potential insourcing;
- Work closely with their OSDBU or Component Small Business Specialist in notifying small businesses which may be affected by potential insourcing; and
- Involve Small Business Specialists as new work requirements or re-competed contracts are evaluated using the Balanced Workforce Strategy.

In Policy Letter 11-01, the Office of Federal Procurement Policy (OFPP) provides specific instructions on the importance of Small Businesses, with respect to ensuring performance of inherently governmental and critical function. In implementing the Balanced Workforce Strategy, DHS Components shall:

⁶ The BWS Guidance will be reviewed on a regular basis and when appropriate, revised. Revisions may originate from, among other sources, lessons learned during the implementation phase of the Guidance and or additional policy guidance by the Secretary, Deputy Secretary, USM, or OMB.



Place a lower priority on reviewing work performed by small businesses when work is not inherently governmental and where continued contractor performance does not put the agency at risk of losing control of its mission or operations;
Involve its small business advocate (at the Component level) if considering the insourcing of work currently being performed by small businesses; and
Apply the Rule of Two,⁷ if it is determined that the contract requires some level of insourcing. When a current contract results in workforce rebalancing, and the contracted work is provided by both small and large businesses, then the work that continues is reserved for the small business.

Please contact your Component Small Business Specialist whenever you have questions or need further information to increase the utilization of small business contracts within DHS.⁸

IV. The Importance of Management Integration

Successful execution of BWS is a shared responsibility achievable only through meaningful teamwork and cooperation within and across Components. Components should ensure strong collaboration among Officials responsible for programs, human resources, acquisition, budget, and legal counsel. Each office has an important role to play in achieving a balanced workforce.

To successfully implement the Strategy, there must be a mechanism in place for driving effective management integration. Components are required to form a BWS Component Working Group consisting of program and business representatives to closely coordinate the complexities of planning and implementation. These working groups, discussed in greater detail in Section IX and Appendix C, are necessary to ensure successful implementation of the BWS. BWS Component Working Groups will perform important review and oversight functions, advise their respective Component Heads as to the soundness of decisions made by Program Officials, and promote and ensure constant and consistent attention to the implementation of a balanced workforce.

V. What is the Balanced Workforce Strategy?

The Department adopted the Balanced Workforce Strategy in August 2010 to undertake a thorough, repeatable, risk analysis to make workforce planning decisions. The Strategy is comprised of a set of processes that, repeated on a regular basis, enable the Department to achieve the appropriate mix of Federal employees and contractors to accomplish the Department's mission while minimizing mission risk that may result from an over-reliance on contractors. Following these processes:

⁷ The Rule of Two is set out in FAR subpart 19.5, and requires that acquisitions be reserved for award to small businesses, or certain subsets of small businesses, if there are two or more responsible small businesses capable of performing the work at fair market prices.

⁸ A listing of small business specialists can be found here:
http://www.dhs.gov/xopnbiz/smallbusiness/gc_1178570919850.shtm



Ensures compliance with applicable statutes, regulations, guidance, and policies, through a repeatable, documented decision-making process;
Determines the proper workforce balance for each Component activity; and
Reduces mission risk while, as practicable, reducing or controlling costs.

This section describes the process to identify the appropriate mission-related work that must be performed and evaluating which workforce, Federal or contractor, is most suitable to perform that work.⁹ The following chart provides an overview of the BWS process.

Balanced Workforce Strategy

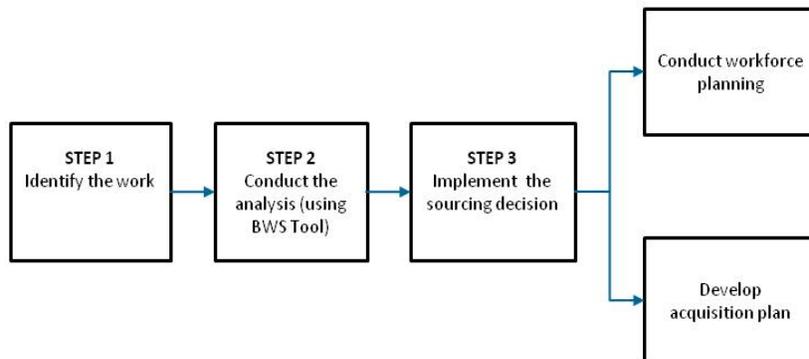


Figure 1: Balanced Workforce Strategy Steps

A. Step 1—Identify the Work

Step 1 entails identifying the work that needs analysis, by developing a concise statement of the work “unit of analysis.” This description can be based on a Statement of Work (SOW), a Statement of Objectives (SOO), or Performance Work Statement (PWS). It can also be based on mission goals and priorities, or related budget justifications or information. Organizational function statements, or even employee positions descriptions, can be used to identify and describe the work to be analyzed.

It is essential that the appropriate unit of analysis be identified prior to undertaking the second step of the Strategy. With the identified unit of analysis, Components have a basis for analyzing whether or not the proper mix of Federal employees is available to maintain control of the Department’s missions and operations. Identifying the work¹⁰ should include a review of what work is currently being performed by both Federal employees and contractors.

⁹ Appendix A references additional resources to assist with conducting all three steps of the BWS process.

¹⁰ Department leadership may wish to refer to Steps 1 and 2 of the DHS Guide for Workforce Planning (revised and reissued in March 2011) to perform this analysis. This Guide gives specific information for performing gap, overlap, and other pertinent analyses and is available online at:
http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/hr/Documents/DHS_Workforce_Planning_Guide.pdf



By the end of this step, Components will have a written description of the work, based on mission goals and priorities, and related to current and future budgets. This information is the foundation for the next step, which is the analysis.

B. Step 2—Conduct the Analysis

Step 2 requires the user to analyze the work unit of analysis described in Step 1. This analysis enables Components to categorize work as, among other things, inherently governmental, closely associated with an inherently governmental, or a critical function. Other significant analytic aspects include assessment of possible mission risk, the level of contractor oversight and management needed, and cost analysis.

To assist Components in conducting this analysis, the Department created the BWS Tool, allowing Component Programs Officials to analyze work and receive a recommended sourcing decision via one process. The BWS Tool takes into account, and is consistent with, the many statutes, regulations, and Executive Branch guidance and policies applicable to the Department. Relevant authorities require the following:

1. **Performance of Work by Federal Employees.** Federal employees shall:
 - a. Perform inherently governmental functions;
 - b. Perform or be given Special Consideration for performance of functions closely associated with an inherently governmental function;
 - c. Perform critical functions to the extent necessary for the Department to establish or maintain internal capability to exercise effective control over its mission and operations;
 - d. Perform personal services (except in cases where the Department elects to contract for personnel services as authorized by statute);
 - e. Be given Special Consideration for performance of functions statutorily identified for such consideration; and
 - f. Perform other functions where it is appropriate and shown to be cost-efficient to do so, in accordance with this guidance.
2. **Performance of Work by Contractor Personnel.** Contractor employees shall:
 - a. Provide specific expertise and/or temporary supplemental support to DHS and its Components of services unavailable in the Department; and
 - b. Perform functions when it is neither required nor necessary for Federal employees to perform them, as set forth in B.1. above, and it is appropriate and cost-effective to do so, in accordance with this guidance.

3. Risk Assessment

Assessing risk is a key element in making a workforce sourcing determination. The BWS Tool includes functionality to assess the criticality of a function and the risk



associated with contractor performance of that function. This assessment is titled Sufficient Internal Capability (found in Appendix F). As Program Officials apply the BWS Tool, they will likely evaluate the unit of analysis with this test.

The test result will indicate a recommended balance for Federal and contractor workforces. In cases where Components disagree with the recommendation or concur only in part, the BWS Tool provides the opportunity to describe mitigation strategies to address potential risk.

4. Oversight of Federal Contractors

When the Department contracts for work, steps must be taken to determine the appropriate number of government personnel needed to ensure the robust and informed oversight of contractor performance. Enhanced contract oversight is particularly necessary where contracts have been awarded for the performance of functions closely associated with the performance of inherently governmental functions, critical functions, or where due to the nature of the contract services provided, there is a potential for confusion as to whether an activity is being performed by government employees or contractors.

Contract management should:

- Be appropriate to the nature of the contract (i.e., complexity, dollar value, contract type, type of service or item procured);
- Ensure that the contract is under the control of Federal officials at all times; and
- Make clear to the public when citizens are receiving service from contractors.

If it is determined that a function can be performed by either Federal employees or contractors, a cost analysis should be conducted, to include the costs of contract management and oversight.

5. Cost Analysis

While risk and mission performance are paramount considerations, cost is an important factor to be weighed when making sourcing decisions about whether work should be performed by Federal employees or contractors.

When a function must be reserved for Federal employee performance, it is unnecessary to conduct a full cost analysis comparing Federal employee to contractor performance.¹¹ It is also unnecessary to perform a full cost analysis when risk considerations favoring Federal employee performance clearly outweigh cost considerations. Among the situations in which such considerations may be dispositive are:

¹¹ Even though a full cost analysis may be unnecessary in these circumstances, cost still should be evaluated so the work can be properly managed by the Department.



- The Department needs to establish or build internal capacity to maintain control of its mission and operations;
- The function is closely associated with an inherently governmental function and in-house performance is necessary for the Department to maintain control of its mission and operations; or
- The continued use of contractor services would compromise a critical Department or Administration policy.

If work is not reserved for Federal performance, and may be performed by either Federal employees or contractors, Components must undertake some level of cost analysis (See Appendix G). In all cases, the level of analysis should generally be commensurate with the size and complexity of the function to be performed as well as its importance to the Department's mission. According to OMB Policy Letter 11-01, "Supporting cost analyses should address the full costs of government and private sector performance and provide like comparisons of costs that are of a sufficient magnitude to influence the final decision on the most cost effective source of support for the organization."¹²

Upon completion of the analysis, the BWS Tool will provide an initial sourcing recommendation. If the Program or other Component Official decides that s/he does not concur, or only concurs in part, with the initial sourcing recommendation, s/he may opt to develop, document, and implement a risk mitigation strategy, thereby ameliorating any potential risks identified through the BWS Tool analysis. Examples of risk mitigation strategies include alternatives such as increasing contract oversight, ensuring the contractor is financially solvent to avoid an unexpected loss of service, or employing multiple contracts to handle large workloads, so there is sufficient expertise in the event of losing an individual contractor or contract.

C. Step 3—Implement the Sourcing Decision

To help Program Officials move from current state to future state, there are two paths which will result in achieving a balanced workforce:

Conduct Workforce Planning: Attracting, Developing, and Retaining a Federal Employee Workforce. The DHS Workforce Planning Guide is the first step to linking the potential issues and strategies associated with attracting, developing, and retaining Federal employees.¹³ The Guide will soon provide information and direction on identifying competency models, assessing the skills and competencies needed to perform work, and methods for ensuring that the Federal workforce possesses these prerequisites.

Initiate Acquisition Planning: Acquiring a Contract Employee Workforce. In accordance with the Homeland Security Acquisition Manual (HSAM), program and contracting offices shall

¹² See OMB Memorandum 09-26, *Managing the Multi-Sector Workforce*, July 29, 2009. Attachment 3, p. 2.

¹³ The Office of the Chief Human Capital Officer (OCHCO) provides the *Workforce Planning Guide*, along with other helpful workforce planning materials, available online at: <http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/hr/Pages/WorkforcePlan.aspx>.



use the acquisition planning process to develop a strategy to acquire applicable services. Planning and effectively managing each acquisition from requirement identification through close-out of the final contract action will directly contribute to meeting the Department's missions by ensuring that DHS receives services acquired at the contract-established performance standards, schedules, and prices.¹⁴

D. Applying the Balanced Workforce Strategy

The Balanced Workforce Strategy has been deployed through a phased-in process, as follows:

Phase 1: Review of Existing Contracts

When launched in September 2010, DHS first asked Components to apply BWS to contracts already in place. Each Component received a list of contracts for review, was trained on the BWS process, and began analyzing high risk contracts to assess the appropriate workforce balance. (See Section VI below for more details).

Phase 2: Review of New Work or Re competed Requirements

In September 2011, DHS began a pilot to review contract requirements for new or re competed work in the initial stage of the acquisition process. The pilot effort will last until March 2012. The work involves services that may be contracted for and does not entail the procurement of supplies or equipment, unless the supplies and/or equipment are incidental to the services being procured. As described in Section VII, Components must apply the Balanced Workforce Strategy, including use of the BWS Tool, prior to initiating the Procurement Request Package.¹⁵ At the conclusion of the Pilot Program, the Department will evaluate the use of BWS in analyzing new work and re competed requirements, and make a final decision on full implementation.

VI. Phase 1: Review of Existing Contracts

A. Applying BWS to Current Contracts

Statutory mandates and OMB guidance require the Department to evaluate all existing service contracts to address inherently governmental, closely associated with inherently governmental, and critical functions, as well as unauthorized personal service contracts. The BWS flowchart in Figure 2 outlines the process for applying the Strategy to existing contracts.

1. Prioritization of Contracts for Review

¹⁴ The DHS Office of the Chief Procurement Office (OCPO) provides relevant information regarding acquisition workforce requirements, available online at:

<http://dhsconnect.dhs.gov/ORG/COMP/MGMT/CPO/APMD/Pages/default.aspx>.

¹⁵ Contracts of \$150,000, which fall below the Simplified Acquisition Threshold, do not require BWS analysis but must be analyzed using the Determination and Finding Template consistent with DHS Acquisition Alert 11-30.



Due to the large volume (more than 10,000 contracts or segments of contracts) of existing service contracts, the Department created a methodology for prioritizing contracts for review. In July 2010, the Office of the Chief Procurement Officer (OCPO) created a list of all existing DHS service contracts to define the universe of all contract work to be analyzed. The BW PMO, in consultation with OCPO, sorted this group of contracts by Component and prioritized each resulting list according to a series of factors (i.e., type of Product Service Code (PSC), dollar value, expiration date, and scope of competition). This methodology was used by Components conducting the pilot test of the Strategy in the first quarter of FY 2011.

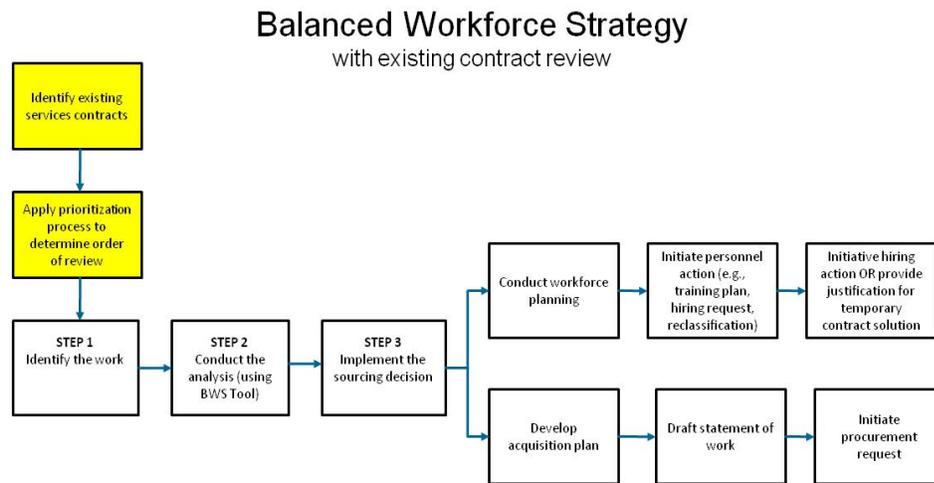


Figure 2: Balanced Workforce Strategy with Existing Contract Review

In January 2011, Components requested that the Department modify the existing prioritization methodology. Consequently, a new contract prioritization strategy was established in February 2011. Components were given discretion to reprioritize their remaining contracts for review into a new series of Tiers (“Tier 2” through “Tier 5”) based on the following methodology:

Use the Reference PIID (Procurement Instrument Identification Document) Number to identify primary source contracts.¹⁶ Then stratify, sort and aggregate commonalities among contracts for the respective Component (this would include indefinite delivery/indefinite quantity contracts; blanket purchase agreements, etc.).

Place PIID/Primary Source contracts in order by final expiration dates,¹⁷ and annotate and account for any contracts where work is not scheduled to continue.

¹⁶ During the Tier 1 pilot, we learned that the list of contracts contained a variety of contract vehicles, including Task Orders. This list made it challenging to analyze a “contract,” so it was recommended that the primary contract be used instead.

¹⁷ Components recommended the use of the final expiration date, in order to better plan for conversion, if that was the result of the analysis.



Re-order the list of PIID/Primary Source contracts from highest to lowest contract award dollar value. Retain any contracts with a value of greater than \$150,000 (\$150,000 is an estimated Contract Work Year Equivalent cost, and is also the threshold for simplified acquisitions).

Once Tier 5 contract analyses are completed, review all contracts valued at \$150,000 or below, to ensure full compliance with Section 736 analysis.¹⁸

Contracts referenced in Exhibit K¹⁹ as part of the FY 2012 budget process should be placed into Tier 2 to ensure timely review.

Examine the list for specific products or services identified on the Department's Blanket Exemption List; annotate and account for affected contracts accordingly.²⁰

Since expiration dates play such a significant part in the new prioritization process, all new 2011 contract work not captured in the 2010 list of service contracts will be addressed at the close of Tier 5.

As a result of the new prioritization methodology, most Components created an updated series of prioritized Tiers. Components also provided recommendations for types of contracts that should be exempted, on a blanket basis, from BWS analysis (e.g., copier machine maintenance, credit reporting services, etc). This list has been finalized, and is described in Section 2, below.

In addition, Components identified contracts valued at \$150,000 and below, and those reviews were postponed to the second quarter of FY 2012. With the issuance of OMB Policy Letter 11-01 in September 2011, the Department determined that contracts below the \$150,000 Simplified Acquisition Threshold would not require review via the Balanced Workforce Strategy process.

2. Exceptions to BWS Review of Current Contracts

As Components reviewed the final list of contracts for a specific Tier, it was possible for them to request an exemption from the BWS Tool analysis, based on a select set of criteria:

¹⁸ With OMB's September 12 guidance, contracts valued below the Simplified Acquisition Threshold of \$150,000 do not require BWS analysis.

¹⁹ Exhibit K is the document used in the FY 2012 budget planning process to account for planned conversion of contractor positions to federal positions in FY 2012.

²⁰ The approved list of exemptions may be found in Appendix J. Please note, "exempt" functions should still be reviewed periodically (perhaps when contracts are expiring or up for option) to consider whether: (1) the contract approach needs to be adjusted, such as by re-competing, changing the contract vehicle, increasing or decreasing the scope of work, etc.; (2) the contract is no longer necessary or appropriate in that the function can more cost-effectively and efficiently be carried out by absorbing it into the work of existing federal employees or contracts, or by new employees or contracts; and (3) the contract is no longer necessary because the function need no longer be carried out.



Functions that the Federal Government considers low mission risk when performed by contractors (e.g., lawn services or pest control).

Services that are only used for surge capacity (e.g., when a natural disaster occurs and immediate assistance must be deployed) AND are not inherently governmental.

Functions identical or nearly identical in requirements to a function already analyzed, with similarities so marked that comparable decisions would assuredly be made consistent with the first analysis.

Requests for Exemption exceptions not found on the approved list of exemptions must be formally submitted by Components for review and approval at the Department level (See BWS Tool Exemption Template in Appendix H).

If a contract is close to its expiration date, Components may choose to request that the contract be free from the BWS Tool analysis if the work performed under the contract will no longer be performed at the Component, currently or in the near future. However, if part of the work will continue, if the contract will be extended, or if the work is to be recompeted, the contract must undergo analysis using the BWS Tool (See BWS Notice of Contract Expiration Template in Appendix H). Requests for Expiration exceptions must be submitted to, and approved by, the Department.

B. Departmental Oversight of Current Contract Reviews

After Components apply the BWS approach to a current contract, the Component Program Official will have information on whether work should be reserved for Federal employees, whether enhanced Federal oversight of the work is needed, and which workforce is the most appropriate option. For current contracts reviews, Components must submit their Sourcing Decision documents for approval at the Department level. Once final sourcing decisions have been made by the Department, the Balanced Workforce Program Management Office (BW PMO) Desk Officer will communicate the results to the Component.

If the final decision is to insource all or a portion of the work, and the affected contractor is a small business, the BW PMO Desk Officer will notify the Director of the Department's Office of Small and Disadvantaged Business Utilization (OSDBU) regarding the approved decision. This consultation will ensure appropriate review of impact on, and communication with, the affected small business contractor.

While the Departmental review process is underway, the Component will develop its plan for re-balancing the workforce. If augmenting Federal staff is necessary, new employees may need to be hired, or current employees may need to be trained or redeployed to undertake the work. Alternatively, new or current Federal employees may be necessary to monitor and provide contract oversight. If the Program Official determines that the Federal workforce should be increased, and contract services decreased, s/he also must engage the Component's Chief Financial Officer (CFO) organization. Budget staff will assist in moving dollars across object



classes, advising on Full Time Equivalent (FTE) allocations, and ensuring that any needed budget reprogrammings are prepared.²¹

Due to financial, legal, and logistical considerations, Components are not required to prematurely terminate contracts containing functions more suitable for Federal workforce performance, unless legally required to do so. However, those contracts should be identified in such a way as to ensure that the relevant functions are converted as soon as practicable, including related budget and human resource planning to prepare for the conversions.

VII. Phase 2: Review of New Work or Recompleted Requirements Pilot

A. Using the Strategy to Evaluate New Work or Recompleted Requirements

Statutory and OFPP (OMB) requirements mandate that work planned for contracting be evaluated to determine if the work should be performed by contractors or Federal workers. As of September 30, 2011, the Department launched a pilot program to apply the Balanced Workforce Strategy process to new or recompleted work requirements. In addition, Acquisition Alert 11-30 describes enhanced requirements for making and documenting decisions prior to proceeding with contracting. The application of BWS to new and recompleted work is shown in Figure 3, the Pilot BWS “New Work/Recompetition” Analysis Process.

²¹ An important “lesson learned” from the Office of the Chief Information Officer Pilot Multi-sector Workforce Analysis was that engagement of the budget organization is critical to the success of any workforce rebalancing initiative.

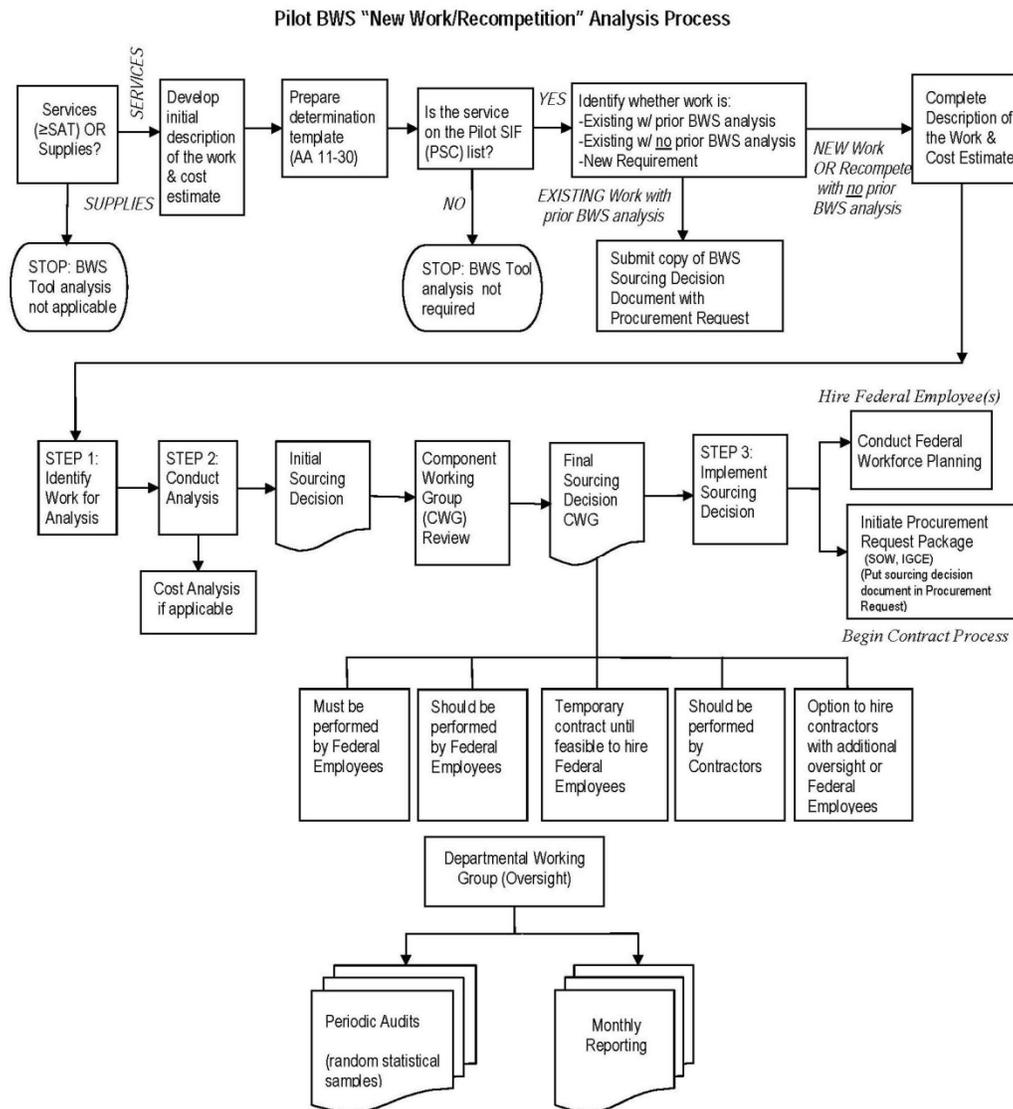


Figure 3: Balanced Workforce Strategy with Existing Contract Review

During the pilot period, and for specified PSCs, the 3-step Balanced Workforce Strategy must be applied for new work being considered for contracting, or for work previously contracted that is being re competed. As shown in Figure 3 above, *Pilot BWS New Work/Recompetition Process*, Program Officials and Contracting advisors will first determine if the work requires a review. Program Officials will use the BWS Tool for Special Interest Functions shown on the Pilot List. However, Program Officials must prepare the written determination that no inherently governmental functions are included in the Statement of Work (SOW), Statement of Objectives (SOO), or Performance Work Statement (PWS), pursuant to FAR 7.5 and DHS Acquisition Alert 11-30.

If a BWS analysis has been completed and documented for similar work or applied to the previous contract now undergoing recompetition, then the complete BWS analysis does not need



to be repeated; the original Sourcing Decision Document is sufficient and must be included in the Procurement Request Package.

If a full BWS analysis is required, then the Program Official will apply the steps of the BWS process to determine the sourcing decision recommended by the BWS Tool. In addition, the Program Official will review the government cost estimate. Once these steps are completed, the Program Official conducts an analysis of the work using the Balanced Workforce Strategy Tool, and arrives at the initial sourcing decision recommended by the BWS Tool. The Component Working Group will review the Program Official's recommendation and make the final sourcing decision.

If the sourcing decision is to initiate procurement, then the Program Office should develop the Procurement Request Package (PR) and initiate acquisition planning pursuant to the HSAM and Component specific policies and procedures. The results of the BWS analysis (including the final Sourcing Decision Document) will be attached to the PR Package. If Federal workers are needed, then the Human Resources office will assist in the next steps of implementation (i.e., conducting workforce planning, hiring, or training).

The Departmental Working Group will provide oversight for the overall BWS process and will conduct periodic audits of sourcing decisions for Special Interest functions, using a review of PRs and related procurement documents to assess compliance. The DWG will also receive monthly reports from Components that document BWS analyses and final sourcing decisions.

B. Pilot Program Parameters

The Pilot Phase for BWS review of new contract work or recompeting existing contract work is limited to a set of specific Professional Service Codes found in Table 1.²²

²² These PSCs are listed in the OMB Memorandum "Service Contract Inventories," November 5, 2010. The Department has augmented that initial list with several additional PSCs.



Table 1: Special Interest Functions for BWS Pilot

Special Interest Functions – FY 2010 Description of Function	Product & Service Code
SPECIAL STUDIES/ANALYSIS, Not Research & Development (R&D)	
Special Studies/Cost Benefit Analyses –	B505
PROFESSIONAL/ADMINISTRATIVE/MANAGEMENT SUPPORT SERVICES	
Policy Review/Development Services	R406
Program Management/Support Services	R408
Program Evaluation/Review/Development Services	R410
Specifications Development Service	R413
Intelligence Services	R423
Engineering and Technical Support Services	R425
Personal Services Contracts	R497
Other Professional Support Services	R499
Other Administrative Support Services	R699
Contract/Procurement/Acquisition Support	R707
Other Management Support Services	R799
INFORMATION TECHNOLOGY SUPPORT SERVICES	
IT & Telecom Systems Development Services	D302
IT & Telecom – IT Strategy and Architecture	D307
IT & Telecom-Cyber Security & Data Back-up	D310
IT & Telecom-System Acquisition Support	D314
IT & Telecom – Other IT & Telecommunications	D399

The Pilot Program is limited to a 6-month timeframe, and is scheduled to conclude on March 31, 2012. Prior to its conclusion, the Pilot Program will be assessed and needed changes identified. Additional guidance on implementing BWS for new and recompleted work, on a permanent basis, will be issued.

VIII. Reporting

Components are required to provide a quarterly report incorporating decisions for the entire quarter, to the BW PMO to document and communicate key information gathered in BWS Step 2 (Conduct the Analysis) and Step 3 (Implement the Sourcing Decision). The full-scale quarterly report will be updated monthly, to document progress made against the planned workforce changes outlined in the quarterly report. (See Appendix I for further information.)



This report contains information such as:

- Results of applying the BWS Tool;
- Number of reviews that have been conducted;
- Results of those reviews;
- Contract information;
- Status of conversions; and
- Identified cost differentials.

This information will be used to:

- Review results across various Components. We can then ensure the same or similar outcomes are being produced for each contract or function that is very similar, and if the outcome is different, determine the reason for the difference;
- Identify functions that may be common across different contracts, potentially enabling elimination of future analyses of the same function, DHS-wide, or provide insight into additional strategic sourcing opportunities;
- Provide detailed contract information to accurately track each contract and its results, from beginning to end, reducing the potential for analyzing the same contract/function more than once;
- Ensure that all contracts identified within the Federal Procurement Data System (FPDS) are reviewed or analyzed, as required;
- Evaluate the impact of BWS implementation on Small and Disadvantaged Business contracting;
- Identify obstacles and/or challenges to full implementation of BWS; and
- Identify cost savings and/or increases resulting from rebalancing the workforce.

The information gathered will be useful for individual Component and aggregated Departmental reporting purposes; OCHCO will submit reports quarterly to the Secretary, Deputy Secretary, and Under Secretary for Management, and provide updates as requested.

Beginning September 2011, quarterly reports will be due to the BW PMO 30 days after the close of each fiscal year quarter. Information from this process will also be used to prepare the report on the status of service contract analyses required by OMB; the first report to OMB is due December 30, 2011.

IX. Oversight and Audits

To ensure consistent application of the BWS, thereby ensuring compliance with applicable laws and rules, BWS will be subject to several layers of oversight review and audit.



A. Component Working Group Review

Program Officials responsible for contract requirements are initially responsible for utilizing the BWS Tool and documenting sourcing recommendations. Once the Program Official defines the work, conducts the BWS Tool analysis, and makes his or her sourcing recommendation, that recommendation is forwarded to the BWS Component Working Group. This Working Group consists of representatives from the following offices within each Component: human resources, acquisition and procurement, legal counsel, and budget, as well as the Department's BWS Desk Officer assigned to the Component.²³ The Department strongly encourages the inclusion of a small business representative as an advisor to the Working Group. The Working Group is responsible for:

- Ensuring that Program Officials follow the proper procedures for evaluating work under the BWS Tool;

- Ensuring that Program Officials correctly identify a function as inherently governmental, closely associated with an inherently governmental function, or a critical function;

- Reviewing the appropriateness of Program Official recommendations justifying contractor performance of critical functions outside the specified level recommended by BWS Tool analysis (See Level of Criticality Score in Appendix F);

- Ensuring that Program Officials provide the proper justification and documentation to support their sourcing recommendations;²⁴

- Considering the impact of proposed insourcing on any affected small business, as well as ensuring application of the Rule of Two when both a large and small business are involved with the contract; and

- Approving or rejecting Program Official sourcing recommendations for all categories of work not reviewed by the BWS Departmental Working Group.

B. Departmental Working Group Review

In addition to the BWS Component Working Group, the BWS Departmental Working Group (DWG) provides an additional level of review of sourcing decisions resulting from BWS reviews of current contracts; the BWS Departmental Working Group does not review component BWS analysis for new requirements. Comprised of senior officials from the Office of the Chief Human Capital Officer, the Office of the Chief Procurement Officer, the Office of the Chief Financial Officer, and the Office of General Counsel, the DWG ensures strong management integration. A representative appointed by the Director of the Office of Small and

²³ In consideration of the fact that Component heads are responsible for certifying Component sourcing decisions to the Secretary, it is recommended that Component Heads designate a representative to serve on the Component's BWS Working Group.

²⁴ Generally, a PDF copy of the Statement of Work will be included. If cost estimates are completed, those will also be included in the submission.



Disadvantaged Business Utilization serves in an advisory capacity to the DWG.²⁵ The DWG is responsible for:

Reviewing aggregate data to ensure Department-wide consistency in the application of the BWS Tool;

Approving or rejecting Component sourcing recommendations for currently existing contracts, for the following categories of work:

- inherently governmental functions;
- functions closely associated with inherently governmental functions; or
- recommendations that the work should be performed by Federal employees.

Reviewing the appropriateness of Program Official justifications and documentation relating to contractor performance of critical functions outside the Level of Criticality Scores documented in the BWS Tool (See Appendix F). Mitigation strategies will also be reviewed by the Departmental Working Group.

C. Additional Audits

Departmental and Component Working Groups shall also be responsible for conducting periodic audits or reviews of completed BWS Tool evaluations to further appraise the degree of consistency in decision-making and the appropriateness of those decisions.

Additional audits will be performed by the Under Secretary for Management or his or her designee, the Office of the Inspector General (OIG), and /or the Government Accountability Office (GAO).

²⁵ Per OMB guidance in Policy Letter 11-01, “The agency should involve its small business advocate if considering the insourcing of work currently being performed by small businesses.”



X. Appendix

The following are attached to this Guidance:

- A. Resources for the Balanced Workforce Strategy Process
- B. Definitions
- C. Responsibilities
- D. Determining Inherently Governmental Functions
- E. Determining Whether a Function is Closely Associated with an Inherently Governmental Function
- F. Critical Functions
- G. Cost Analysis
- H. Balanced Workforce Strategy Templates
- I. Quarterly Report Guidance
- J. Exemption List



A. Resources for the Balanced Workforce Strategy Process

In addition to the information outlined in this Guidance, a number of other resources are available to assist with the implementation of the Balanced Workforce Strategy. Below please find a listing and short description of these resources.

User's Guides:

Balanced Workforce Strategy User's Guide for Step 1: Identify the Work for Analysis

This User's Guide provides information on Step 1, Identify the Work for Analysis, which is the foundation for successful performance of the BWS analysis. Following the Guide, Components will analyze functions performed by their current and future workforce to determine whether the appropriate mix of Federal employees and contractors are available to maintain control of the Department's missions and operations. This analysis will include a review of new work and work that is currently being performed by Federal employees and contractors, as well as mission-related workload, cost, and budget information.

Upon completion of Step 1, Components will have a documented description of the work to be performed based on mission goals and priorities, and related to current and future budgets. This information lays the foundation for the next step in BWS, Conduct the Analysis.

The link to the full User's Guide for Step 1 is below:

http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Documents/Step_1_User_Guide.pdf

Balanced Workforce Strategy User's Guide for Step 2: Conduct the Analysis

The BWS User's Guide for Step 2 provides instructions for analyzing work (or a function) and determining the appropriate workforce sourcing decision. The Guide provides instructions on effectively using the BWS Tool, reviewing sourcing recommendations made using the BWS Tool, managing the Component Analysis Package, and satisfying BWS reporting requirements. As the BWS process matures, efficiencies to the process are implemented, and the BWS Tool is enhanced and updated, the User's Guide for Step 2 is modified to reflect these changes.

The Guide outlines the nine phases involved in Step 2. Each phase, or a group of phases, is described in detail in the Guide.



The link to the full User's Guide for Step 2 is below:

http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Documents/BWS_Users_Guide_Step_2.pdf

Balanced Workforce Strategy User's Guide for Step 3: Implement the Sourcing Decision

The BWS User's Guide for Step 3 provides instructions for implementing the sourcing decision identified at the conclusion of Step 2 of the BWS process. The Guide outlines the general actions Components will take to shift the balance of Federal employees and contract work to reflect a specific sourcing decision. In addition, guidance for completing the required Implementation Plan Template and preparing for ongoing monthly status reports is provided.

The link to the full User's Guide for Step 3 is below:

http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Documents/BWS_Users_Guide_Step_3.pdf

Training:

Balanced Workforce Strategy Training

The BW PMO offers group (8-12 participants) training sessions to registered participants and Component groups upon request. Any Federal Employee involved with the application of the BWS is welcome and encouraged to attend. The training provides an overview of BWS Process Steps and affords participants an opportunity to learn more about Identifying the Work, Conducting the Analysis using the BWS Tool, and Implementing the Sourcing Decision.

Registration is available on the Balanced Workforce Connect Site.

Other Resources:

BW PMO Desk Officer

Each Component has been assigned a Desk Officer from the OCHCO Balanced Workforce Program Management Office to assist them with the Strategy. A complete list of Component Desk Officers can be found on the Balanced Workforce Connect Site.

Balanced Workforce Connect Website

The Balanced Workforce Connect site includes information and documents related to the Balanced Workforce Strategy.



Items include:

- DHS Guidance (memos, fact sheets, User's Guides, etc.)
- Balanced Workforce Events
- Balanced Workforce Presentations
- White House/OMB Guidance
- Congressional Testimony
- GAO Reports
- Document Templates
- Other Links

The Balanced Workforce Connect site can be found below:

<http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Pages/BWF.aspx>



B. Definitions

Balanced Workforce – A structured total workforce, consisting of the best mix of Federal employee and contractor labor, which provides efficiencies and cost-effective performance and ensures that work that should be performed by Federal employees is reserved for performance by them, while properly using the expertise and strengths of contractors for mission delivery.

BWS Tool – An automated system used by Components, Agencies and Offices in DHS to analyze a work function and make a recommendation on the proper work sourcing. The BWS Tool applies required laws and policy established by the OFPP, OMB, Presidential Memo and section 321 of the National Defense Authorization Act (NDAA) FY 2009. The Tool includes analysis of inherently governmental functions, closely associated with inherently governmental functions, reserved and non reserved functions, critical functions, mission risk, contractor oversight and management issues, and cost analysis.

Closely Associated Functions – Certain services and actions that generally are not considered to be inherently governmental functions may approach being in that category because of the nature of the function and the risk that performance may impinge on Federal officials' performance of an inherently governmental function. Although closely associated functions are not reserved exclusively for performance by Federal employees, section 736 of Division D of the Omnibus Appropriations Act, 2009, Public Law 111-8, requires civilian agencies subject to the FAIR Act to give special consideration to using Federal employees to perform these functions. Similarly, the Department of Defense is required to ensure special consideration is given to Federal employee performance consistent with the requirements of 10 U.S.C. 2463. The Department is further required, to the maximum extent practicable, to minimize reliance on contractors performing functions closely associated with inherently governmental functions consistent with 10 U.S.C. 2330a. For additional guidance on identifying functions closely associated with the performance of inherently governmental functions, see the Office of Management and Budget, Office of Procurement Policy's final Policy Letter (11-08) on "Performance of Inherently Governmental and Critical Functions" Appendix B.

Component – Any organization, which reports directly to the Office of the Secretary (the Secretary, the Deputy Secretary, the Chief of Staff, the Counselors, and their respective staff) when approved as such by the Secretary, to include operational and support Components as defined in MD 252-01, Organization of the Department of Homeland Security, dated March 31, 2009. For the purpose of the BWS process, all support Components are considered Headquarters Offices with the exception of the National Protection and Programs Directorate and the Federal Law Enforcement Training Center.

Critical Functions – A function that is necessary to the Department being able to effectively perform and maintain control of its mission and operations. Typically, critical functions are recurring and long-term in duration. Determining the criticality of a function requires the exercise of informed judgment by Department officials. The criticality of the function depends on the mission and operation. In making that determination, officials shall consider the



importance that a function holds and its mission and operations. The more important the function, the more important to have internal capability to maintain control of the Department's mission and operations. Where a critical function is not inherently governmental, the Department may appropriately consider filling positions dedicated to the function with both Federal employees and contractors. However, to meet its fiduciary responsibility to the taxpayers, the Department must have sufficient internal capability to control its mission and operations and must ensure it is cost effective to contract for the services.

Exempt – Functions that meet the requirements for exclusion from the BWS Tool analysis. Requirements include work that the Federal Government does not intend to undertake, services used for surge capacity, and work identical to contract work already analyzed.

Exhibit K – The document used in the FY 2012 budget planning process to account for upcoming conversion of contractor positions to Federal positions.

Expired – Contracts that have been closed after reaching the end of the contract period of performance; and work is not continuing.

Functions – A function often includes multiple activities, or tasks, some of which may be inherently governmental, some of which may be closely associated with inherently governmental work, and some may be neither. By evaluating work at the activity level, an agency may be able to more easily differentiate tasks within a function that may be performed only by Federal employees from those tasks that can be performed by either Federal employees or contractors without blurring the line between the role of Federal employees and contractors.

Headquarters Office – All support Components as defined in MD 252-01 dated March 31, 2009 with the exception of the National Protection and Programs Directorate and the Federal Law Enforcement Training Center.

Inherently Governmental Function – As defined in section 5 of the Federal Activities Inventory Reform Act, Public Law 105-270, an “inherently governmental function” is so intimately related to the public interest as to require performance by Federal Government employees.

- (i) The term includes functions that require either the exercise of discretion in applying Federal Government authority or the making of value judgments in making decisions for the Federal Government, including judgments relating to monetary transactions and entitlements. An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as --
 - a. to bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise;
 - b. to determine, protect, and advance United States economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal judicial proceedings, contract management, or otherwise;



- c. to significantly affect the life, liberty, or property of private persons; 42
 - d. to commission, appoint, direct, or control officers or employees of the United States; or
 - e. to exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of appropriations and other Federal funds.
- (ii) The term does not normally include –
- a. gathering information for or providing advice, opinions, recommendations, or ideas to Federal Government officials; or
 - b. any function that is primarily ministerial and internal in nature (such as building security, mail operations, operation of cafeterias, housekeeping, facilities operations and maintenance, warehouse operations, motor vehicle fleet management operations, or other routine electrical or mechanical services).

For additional guidance on identifying inherently governmental functions, see the Office of Management and Budget, Office of Procurement Policy’s final Policy Letter (11-08) on “Performance of Inherently Governmental and Critical Functions” Appendix A for an illustrative list of inherently governmental functions and pages 48-51 for “the nature of the function” and “exercise of discretion” tests.

Internal Capability – A sufficient number of Federal employees are dedicated to the performance and/or management of critical functions so that Federal employees can provide for the accomplishment of, and maintain control over, their mission and operations. Proper identification of inherently governmental and critical functions is the first step for meeting these requirements. Generally, internal capability requires that

- (i) an adequate number of positions filled by Federal employees with appropriate training, experience, and expertise to understand the agency’s requirements, formulate alternatives, take other appropriate actions to properly manage and be accountable for the work product, and continue critical operations with in-house resources, another contractor, or a combination of the two, in the event of contractor default; and
- (ii) the ability and internal expertise to oversee and manage any contractors used to support the Federal workforce.

Determinations concerning what constitutes sufficient internal capability must be made on a case-by-case basis taking into account, among other things the:

- (i) agency’s mission;
- (ii) complexity of the function and the need for specialized skill;
- (iii) current strength of the agency’s in-house expertise;
- (iv) current size and capability of the agency’s acquisition workforce; and
- (v) effect of contractor default on mission performance.



Insourcing – A decision and related actions to use Federal employees to perform activities that are presently performed by contractors.

Multi-Sector Workforce – The full complement of talent that comprises the human capital available to perform tasks and functions of a unit. This includes Federal employees (regardless of appointment type or appointing authority), contractor employees, authorized personal service contractors, detailees, and other human capital assignments to the Department.

New Requirement – A Department’s newly established need for a product or service that is not currently performed by: (1) the agency with government personnel; (2) a fee-for-service agreement with a public reimbursable source; or (3) a contract with the private sector.

Outsourcing – The use of contractors to perform new, unrestricted activities or to perform unrestricted activities currently performed by Federal employees.

Personal Services Contract – A contract characterized by an employer-employee relationship between the Department and the contractor (if an individual) or a contractor’s personnel. Such contracts must be specifically authorized by statute.

Program Official – A program manager or supervisor with authority to make hiring or contracting decisions for that program.

Sourcing Decision – The determination of the appropriate workforce balance to perform a function.

Special Consideration²⁶ – Federal employees are given special consideration for performance of functions closely associated with inherently governmental functions and, when such work is performed by contractors, provide greater attention and an enhanced degree of management oversight of the contractors’ activities to ensure that contractors’ duties do not expand to include performance of inherently governmental functions. Specific evaluation, prior to the pursuit or non-pursuit of a contract action, of whether to use Federal employees to perform a function that is presently performed by a contractor. Such evaluation includes consideration whether contractor performance of the work causes the Department to lack sufficient internal capability to maintain control of its mission and operations, whether preliminary analysis suggests that public sector performance is more cost effective and that it is feasible to hire Federal employees

²⁶ Section 736 of the Omnibus Act of 2009 provides for “special consideration to be given to using Federal employees to perform any function that...is currently performed by a contractor and; i) has been performed by Federal employees at any time during the previous 10 years; ii) is a function closely associated with the performance of an inherently governmental function; iii) has been performed pursuant to a contract awarded on a non-competitive basis; or iv) has been performed poorly, as determined by a contracting officer during the 5-year period preceding the date of such determination, because of excessive costs or inferior quality....” Omnibus Appropriations Act of 2009, Division D, Section 736(b)(2)(A). Section 736 also requires “special consideration to be given to using Federal employees to perform any function that...is a new requirement, with particular emphasis given to a new requirement that is similar to a function previously performed by Federal employees or is a function closely associated with the performance of an inherently governmental function.” Id. At Section 736(b)(2)(B).



to perform the function, and whether poor contractor performance necessitates conversion to Federal performance. Special Consideration is required for any function currently being performed by a contractor that:

1. Has been performed by Federal employees at any time during the previous 10 years;
2. Is a function closely associated with the performance of an inherently governmental function;
3. Has been performed pursuant to a contract awarded on a non-competitive basis; or
4. Has been performed poorly, as determined by a contracting officer during the five-year period preceding the date of such determination, because of excessive costs or inferior quality.

Special Consideration must also be given to Federal Employees to perform a new requirement, with particular emphasis given to a new requirement that is similar to a function previously performed by Federal employees or is a function closely associated with the performance of an inherently governmental function (See New Requirement above).

Statement of Work – The description of goods or services to be supplied pursuant to a contract.

Unit of Analysis – The segment of work being analyzed in the BWS Tool. In the case of new work, for example, it may be the work, function, specific task, or activity to be performed. If the work has been performed through a contract that includes separate contract line item numbers (CLIN) or task orders, the reviewer will need to look at each to determine if the functions they cover are similar enough so that responses in the BWS Tool are likely to be the same. If Tool responses are very different, then the unit for analysis is too large and will need to be revised.

Unrestricted Activity – A recurring service that is not an inherently governmental function or some other function that must be reserved for Federal performance. Unrestricted activities may be found within organizations that perform inherently governmental activities or classified work.



C. Responsibilities

Multi-sector workforce management is a responsibility shared by program offices, the human capital office, the acquisition office, the legal office, and the budget and finance office. All responsible parties must review, on an ongoing basis, the composition of the multi-sector workforce. Activities of contractors, especially those performing professional and technical services, should be examined to determine if they continue to contribute to an appropriate workforce balance.

1. **The Secretary of the Department of Homeland Security**, or his or her designee, is responsible for ensuring that DHS complies with applicable laws, regulations, and guidance in developing and managing the multi-sector workforce to carry out DHS missions.
2. **The Deputy Secretary of the Department of Homeland Security** is responsible for oversight of the BWS throughout the Department. The Deputy Secretary receives and reviews results reported by Component Heads, determines if results are satisfactory, and mandates corrective action, as needed.
3. **The Under Secretary for Management**, through the DHS Chief Human Capital Officer (CHCO), is responsible for all aspects of this Guidance.
4. **The Chief Human Capital Officer** shall:
 - a. Manage the BWS and Program;
 - b. Develop Department-wide policy and instructions for achieving and maintaining a balanced workforce consistent with applicable statutes, regulations, and Executive Branch and DHS guidance and policies;
 - c. Develop a workforce planning structure for the Department that includes and incorporates the BWS;
 - d. On behalf of the Department and its Components, coordinate and respond to reporting requirements regarding the BWS;
 - e. Develop and publish the BWS and oversee and evaluate Components' implementation of that strategy, including the development of any necessary supplemental Component strategy;
 - f. Designate an official to convene and lead the Departmental BWS Working Group to conduct oversight and review of sourcing determinations made by Components; and
 - g. Designate an official to convene and lead the Executive Steering Group to conduct oversight and review of sourcing determinations made by Components.



5. **The Chief Procurement Officer** shall:
 - a. Review acquisition plans as required to ensure that all new contract activity and recurring contract activity is in compliance with statute, regulation, the Federal Acquisition Regulation (FAR) and BWS Guidance;
 - b. Review, at appropriate levels as prescribed in DHS Acquisition Alert 09-06, all services contract awards or options;
 - c. In conjunction with Office of the Chief Human Capital Officer (OCHCO), Office of the General Counsel (OGC), and Office of the Chief Financial Officer (OCFO), develop processes and guidance for the assessment and oversight of the Federal employee and contractor balance;
 - d. Provide advice and guidance to DHS Procurement Offices and contractors about the BWS and its implementation throughout DHS; and S.HS
 - e. Designate an official to participate in the Departmental BWS Working Group to conduct oversight and review of sourcing determinations made by Components.

6. **The Chief Financial Officer** shall:
 - a. Incorporate the BWS into the budget formulation, budget execution, and the Resource Allocation Process (RAP);
 - b. Provide advice and guidance on costing new Federal positions, reallocating base funding, and properly justifying the BWS to OMB and Congress through Budget Justification materials;
 - c. In conjunction with OCHCO, OCPO, and OGC, develop processes and guidance for the assessment and oversight of the Department's multi-sector workforce; and
 - d. Designate an official to participate in the Departmental BWS Working Group to conduct oversight and review of sourcing determinations made by Components.

7. **The General Counsel** shall:
 - a. Provide advice, guidance, and drafting assistance on legal issues as they arise in developing, publishing, and implementing the BWS;
 - b. In conjunction with OCHCO, OCPO, and OCFO, develop processes and guidance for the assessment and oversight of the Department's multi-sector workforce;
 - c. Provide legal review and concurrence or non-concurrence on all analyses and determinations relating to whether a function may permissibly be performed by contractors, including those relating to the application of definitions of inherently governmental functions, functions closely associated with inherently governmental functions, critical functions, personal services contracts, and Section 736 Special Consideration; and
 - d. Designate officials to participate in the Component and Departmental BWS Working Groups to conduct oversight and review of sourcing determinations made by Components.



8. **DHS Component Head (or his or her designee)** shall:
 - a. Ensure that his or her Component complies with applicable law, regulations, and Departmental instructions and guidance in developing and managing DHS's multi-sector workforce;
 - b. Report to the DHS CHCO on implementation of the BWS within his or her Component;
 - c. Establish a Component BWS Working Group in their respective Component; and
 - d. Approve Component sourcing determinations and submit them to the Departmental BWS Working Group for oversight and review.

9. **Executive Steering Group** shall:
 - a. Advise the OCHCO on the BWS Guidance and process, including changes to the BWS Guidance;
 - b. Review Component reports, and advise the Deputy Secretary on the successful implementation of BWS; and
 - c. Serve as the primary point of contact for DHS Component Heads.

10. **Departmental Working Group** shall:
 - a. Consist of representatives from the following Headquarters Offices: OCHCO, OCPO, OGC, OCFO, and the Office of Legislative Affairs;
 - b. Review aggregate data to ensure Department-wide consistency in the application of the BWS Tool;
 - c. Approve or reject Component Program Official sourcing recommendations for the following categories of work:
 - i. inherently governmental functions;
 - ii. functions closely associated with inherently governmental functions;
 - iii. critical functions;
 - iv. personal services; and
 - v. functions requiring Special Consideration.
 - d. Review the appropriateness of Program Official justifications and documentation relating to contractor performance of critical functions outside of the appropriate level (See Level of Criticality Score in Appendix F).

11. **Component Working Group** shall:
 - a. Consist of representatives from the following Component offices: human resources, acquisition, chief counsel, budget, and a representative from BWS Program Management Office;
 - b. As part of the sourcing decision:
 - i. Ensure that Program Officials follow the proper procedures for evaluating work under the BWS Tool;
 - ii. Ensure that Program Officials correctly identify a function as inherently governmental, closely associated with an inherently governmental function, or a critical function;



- iii. Review the appropriateness of Program Official recommendations justifying contractor performance of critical functions outside of the appropriate level (See Level of Criticality Score in Appendix F);
 - iv. Ensure that Program Officials provide the proper justification and documentation to support their sourcing recommendations;
 - v. Approve or reject Program Official sourcing recommendations for all categories of work not reviewed by the Departmental BWS Working Group (See below); and
 - vi. Review aggregate data to ensure Component-wide consistency in the application of the BWS Tool.
- c. Conduct periodic audits of completed BWS Tool evaluations not included in Section 11.b., directly above.



D. Determining Inherently Governmental Functions

A function is inherently governmental if it:

1. Fits within the definition of an inherently governmental function;²⁷ or
2. Is statutorily identified as inherently governmental;²⁸ or
3. Is on the illustrative list of inherently governmental functions that appear on the Office of Management and Budget, Office of Procurement Policy's final Policy Letter (11-08) on "Performance of Inherently Governmental and Critical Functions" Appendix A.

If the function does not fall within (2) or (3) above:

The Department should determine whether the function otherwise falls within the definition of inherently governmental by evaluating, on a case-by-case basis, the nature of the work and the level of discretion associated with performance of the work using the tests below. A function meeting *either* of these tests would be inherently governmental.

The nature of the function test. Functions which involve the exercise of sovereign powers of the United States are governmental by their very nature. Examples of functions that, by their nature, are inherently governmental are officially representing the United States in an inter-governmental forum or body, arresting a person, and sentencing a person convicted of a crime to prison. A function may be classified as inherently governmental based strictly on its uniquely governmental nature and without regard to the type or level of discretion associated with the function.

The exercise of discretion test. A function requiring the exercise of discretion shall be deemed inherently governmental if the exercise of such discretion commits the government to a course of action where two or more alternative courses of action exist and decision making is not already limited or guided by existing policies, procedures, directions, orders, and other guidance that:

- Identify specified ranges of acceptable decisions or conduct concerning the overall policy or direction of the action; and
- Subject the discretionary authority to final approval or regular oversight by Department officials.

²⁷ The Federal Activities Inventory Reform (FAIR) Act (Pub. L. No. 105-270, 112 Stat. 2382), Section 5 defines an inherently governmental function as "a function that is so intimately related to the public interest as to require performance by Federal Government employees."

²⁸ For example, the Federal Activities Inventory Reform Act (FAIR Act) of 1998 (31 U.S.C. 501) provides statutory authority to support the proposition that the functions of a Federal Laws Enforcement Training Center instructor are inherently governmental as required by Title V, Sec. 520 of DHS's 2010 Appropriations Act.



In applying this test, consider that:

A function may be appropriately performed by a contractor consistent with the restrictions in this section – including those involving the exercise of discretion that has the potential for influencing the authority, accountability, and responsibilities of government officials – where the contractor does not have the authority to decide on the overall course of action, but is tasked to develop options or implement a course of action, and the agency official has the ability to override the contractor’s action. The fact that decisions are made, and discretion exercised, by a contractor in performing its duties under the contract is not, by itself, determinative of whether the contractor is performing an inherently governmental function. For instance, contractors routinely, and properly, exercise discretion in performing functions for the Federal Government when, providing advice, opinions, or recommended actions, emphasizing certain conclusions, and, unless specified in the contract, deciding what techniques and procedures to employ, whether and whom to consult, what research alternatives to explore given the scope of the contract, or how frequently to test.

A function is not appropriately performed by a contractor where the contractor’s involvement is or would be so extensive, or the contractor’s work product so close to a final agency product, as to effectively preempt the Federal officials’ decision-making process, discretion or authority. Such circumstances may be avoided by: (1) carefully delineating in the statement of work the contractor’s responsibilities and types of decisions expected to be made in carrying out these responsibilities; and (2) having Federal employees oversee and, as necessary, give final approval of contractor conduct and decisions. This requires that a sufficient number of in-house personnel with the appropriate training and expertise be available and remain available through the course of the contract to make independent and informed evaluations of the contractor’s work, approve or disapprove that work, perform all inherently governmental functions, and preclude the transfer of inherently governmental responsibilities to the contractor. Agencies should consider whether time constraints, the operational environment, or other conditions may limit their ability to effectively manage the contractor’s actions or inappropriately restrict their final approval authority. If this is the case, government performance may be the only way that Federal officials can retain control of their inherently governmental responsibilities. For example, providing security in a volatile, high-risk environment may be inherently governmental if the responsible Federal official cannot anticipate the circumstances and challenges that may arise, and cannot specify the range of acceptable conduct (as required by paragraph 5-1(a)(1)(ii)). Agencies should also consider if the level of management and oversight that would be needed to retain government control of the operation and preclude the transfer of inherently governmental responsibilities to the contractor would result in unauthorized personal services. In such cases, the function should not be contracted out.



Illustrative List of Inherently Governmental Functions

Examples of inherently governmental functions that appear on the Office of Management and Budget, Office of Procurement Policy's final Policy Letter (11-08) on "Performance of Inherently Governmental and Critical Functions" Appendix A.

1. The direct conduct of criminal investigation.
2. The control of prosecutions and performance of adjudicatory functions (other than those relating to arbitration or other methods of alternative dispute resolution).
3. The command of military forces, especially the leadership of military personnel who are performing a combat, combat support or combat service support role.
4. Combat.
5. Security provided under any of the circumstances set out below. This provision should not be interpreted to preclude contractors taking action in self-defense or defense of others against the imminent threat of death or serious injury.
 - a. Security operations performed in direct support of combat as part of a larger integrated armed force.
 - b. Security operations performed in environments where, in the judgment of the responsible Federal official, there is significant potential for the security operations to evolve into combat. Where the U.S. military is present, the judgment of the military commander should be sought regarding the potential for the operations to evolve into combat.
 - c. Security that entails augmenting or reinforcing others (whether private security contractors, civilians, or military units) that have become engaged in combat.
6. The conduct of foreign relations and the determination of foreign policy.
7. The determination of agency policy, such as determining the content and application of regulations.
8. The determination of budget policy, guidance, and strategy.
9. The determination of Federal program priorities or budget requests.
10. The selection or non-selection of individuals for Federal Government employment, including the interviewing of individuals for employment.
11. The direction and control of Federal employees.
12. The direction and control of intelligence and counter-intelligence operations.
13. The approval of position descriptions and performance standards for Federal employees.
14. The determination of what government property is to be disposed of and on what terms (although an agency may give contractors authority to dispose of property at prices with specified ranges and subject to other reasonable conditions deemed appropriate by the agency).
15. In Federal procurement activities with respect to prime contracts:
 - a. determining what supplies or services are to be acquired by the government (although an agency may give contractors authority to acquire supplies at prices within specified ranges and subject to other reasonable conditions deemed appropriate by the agency);
 - b. participating as a voting member on any source selection boards;



- c. approving of any contractual documents, including documents defining requirements, incentive plans, and evaluation criteria;
 - d. determining that prices are fair and reasonable;
 - e. awarding contracts;
 - f. administering contracts (including ordering changes in contract performance or contract quantities, making final determinations about a contractor's performance, including approving award fee determinations or past performance evaluations and taking action based on those evaluations, and accepting or rejecting contractor products or services);
 - g. terminating contracts;
 - h. determining whether contract costs are reasonable, allocable, and allowable; and
 - i. participating as a voting member on performance evaluation boards.
16. The selection of grant and cooperative agreement recipients including:
- a. approval of agreement activities,
 - b. negotiating the scope of work to be conducted under grants/cooperative agreements,
 - c. approval of modifications to grant/cooperative agreement budgets and activities, and
 - d. performance monitoring.
17. The approval of agency responses to Freedom of Information Act requests (other than routine responses that, because of statute, regulation, or agency policy, do not require the exercise of judgment in determining whether documents are to be released or withheld), and the approval of agency responses to the administrative appeals of denials of Freedom of Information Act requests.
18. The conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involving actions that affect matters of personal reputation or eligibility to participate in government programs.
19. The approval of Federal licensing actions and inspections.
20. The collection, control, and disbursement of fees, royalties, duties, fines, taxes and other public funds, unless authorized by statute, such as title 31 U.S.C. 952 (relating to private collection contractors) and title 31 U.S.C. 3718 (relating to private attorney collection services), but not including:
- a. collection of fees, fines, penalties, costs or other charges from visitors to or patrons of mess halls, post or base exchange concessions, national parks, and similar entities or activities, or from other persons, where the amount to be collected is predetermined or can be readily calculated and the funds collected can be readily controlled using standard cash management techniques, and
 - b. routine voucher and invoice examination.
21. The control of the Treasury accounts.
22. The administration of public trusts.
23. The drafting of official agency proposals for legislation, Congressional testimony, responses to Congressional correspondence, or responses to audit reports from an inspector general, the Government Accountability Office, or other Federal audit entity.



24. Representation of the government before administrative and judicial tribunals, unless a statute expressly authorizes the use of attorneys whose services are procured through contract.



E. Determining Whether a Function is Closely Associated with an Inherently Governmental Function

Certain services and actions that generally are not considered to be inherently governmental functions may approach being in that category because of the nature of the function and the risk that performance may impinge on Federal officials' performance of an inherently governmental function. See OMB Final Policy Letter 11-01, "Performance of Inherently Governmental and Critical Functions" (September 12, 2011).

The following is an illustrative list of functions that are generally not considered to be inherently governmental, but are closely associated with the performance of inherently governmental functions.

1. Limit or guide a contractor's exercise of discretion and retain control of government operations by both –
 - a. establishing in the contract specified ranges of acceptable decisions and/or conduct; and
 - b. establishing in advance a process for subjecting the contractor's discretionary decisions and conduct to meaningful oversight and, whenever necessary, final approval by an agency official;
2. Assign a sufficient number of qualified government employees, with expertise to administer or perform the work, to give special management attention to the contractor's activities, in particular, to ensure that they do not expand to include inherently governmental functions, are not performed in ways not contemplated by the contract so as to become inherently governmental, do not undermine the integrity of the government's decision-making process as provided by subsections 5-1(a)(1)(ii)(b) and (c), and do not interfere with Federal employees' performance of the closely-associated inherently governmental functions (see subsection 5- 2(b)(2) for guidance on steps to take where a determination is made that the contract is being used to fulfill responsibilities that are inherently governmental);
3. Ensure that the level of oversight and management that would be needed to retain government control of contractor performance and preclude the transfer of inherently governmental responsibilities to the contractor would not result in unauthorized personal services as provided by FAR 37.104;
4. Ensure that a reasonable identification of contractors and contractor work products is made whenever there is a risk that Congress, the public, or other persons outside of the government might confuse contractor personnel or work products with government officials or work products, respectively; and
5. Take appropriate steps to avoid or mitigate conflicts of interest, such as by conducting pre-award conflict of interest reviews, to ensure contract performance is in accordance with objective standards and contract specifications, and developing a conflict of interest mitigation plan, if needed, that identifies the conflict and specific actions that will be taken to lessen the potential for conflict of interest or reduce the risk involved with a potential conflict of interest.



F. Critical Functions

Critical Function:

A function that is necessary to the Department being able to effectively perform and maintain control of its mission and operations. Typically, critical functions are recurring and long-term in duration. Determining the criticality of a function requires the exercise of informed judgment by Department officials. The criticality of the function depends on the mission and operation. In making that determination, officials shall consider the importance that a function holds and its mission and operations. The more important the function, the more important to have internal capability to maintain control of the Department's mission and operations. Where a critical function is not inherently governmental, the Department may appropriately consider filling positions dedicated to the function with both Federal employees and contractors. However, to meet its fiduciary responsibility to the taxpayers, the Department must have sufficient internal capability to control its mission and operations and must ensure it is cost effective to contract for the services.

Sufficient internal capability:

A sufficient number of Federal employees are dedicated to the performance and/or management of critical functions so that Federal employees can provide for the accomplishment of, and maintain control over, their mission and operations. Proper identification of inherently governmental and critical functions is the first step for meeting these requirements. Generally, internal capability requires that

- (iii) an adequate number of positions filled by Federal employees with appropriate training, experience, and expertise to understand the agency's requirements, formulate alternatives, take other appropriate actions to properly manage and be accountable for the work product, and continue critical operations with in-house resources, another contractor, or a combination of the two, in the event of contractor default; and
- (iv) the ability and internal expertise to oversee and manage any contractors used to support the Federal workforce.

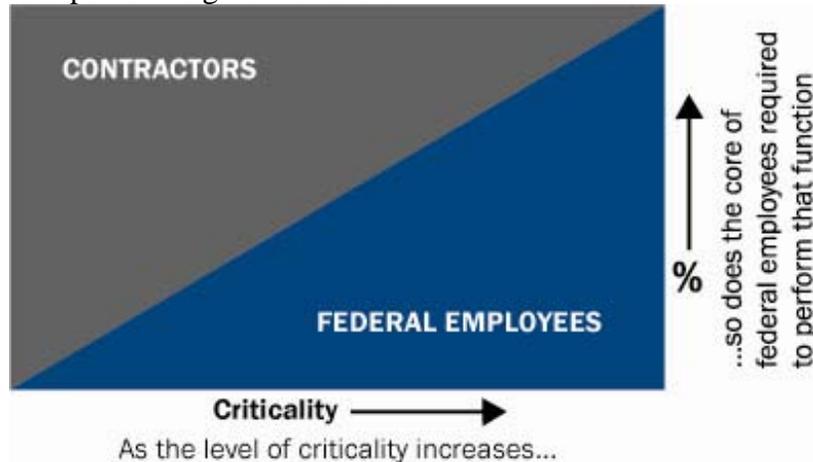
Determinations concerning what constitutes sufficient internal capability must be made on a case-by-case basis taking into account, among other things the:

- (i) agency's mission;
- (ii) complexity of the function and the need for specialized skill;
- (iii) current strength of the agency's in-house expertise;
- (iv) current size and capability of the agency's acquisition workforce; and
- (v) effect of contractor default on mission performance.



Sufficient Internal Capability Test:

For a given critical function, the Department is required to maintain a sufficient core of Federal employees performing that function. The more critical the function is to the Department, and the more risk associated with the failure to adequately perform that function, the larger that core workforce must be. There is a direct relationship between criticality/risk and the need for of Federal employees to perform a given function.



The following procedure shall determine whether a Component has sufficient internal capability to control its mission and operations with respect to the performance of critical functions.²⁹

Step 1: Answer each of the following questions, assigning to each a score between 1 and 10, where 1 = “low risk” and 10 = “high risk”:

1. Does accomplishing this function have a direct impact on the Component's critical mission(s)? Specifically, analyze the function in terms of your Component's critical mission(s), not the sub-Component or branch level mission(s). How direct is the connection between the performance of this function and the Department’s mission.
2. How complex is the function?
3. To what extent are persons with the skill set to accomplish this function available in the marketplace?
4. If contractors were unavailable, to what extent would the Component have the robust, in-house, organic, technical expertise needed to successfully accomplish this function?
5. How much oversight is necessary to ensure successful performance of the function or requirement?

²⁹ This procedure should also be applied to the application of Special Consideration due to several statutory categories of work. The “key issues” in application of Special Consideration, according to OMB Memorandum dated September 29, 2009, Managing the Multi-Sector Workforce, Attachment 3, Criteria for In-sourcing Work Under Public Law 111-8, are cost effectiveness and the requirement to have “sufficient internal expertise to maintain control of its mission and operations.” The BWS Guidance treats “sufficient internal expertise” and “sufficient internal capability” as equivalents for purposes of assessing the appropriate balance of Federal employees and contractors.



6. To what extent are the acquisition workforce available to oversee the function (consider both size and capability)?
7. If all contractors ceased performance of this function at one time, how difficult would it be to accomplish the function to deliver the mission with the existing Federal workforce for a 30-day period?
8. What is the risk that the function will evolve into restricted work (i.e., "scope creep")?

Step 2: Calculate the average score for the function. This score will be between 1 and 10, rounded to the nearest tenth. This score is the Preliminary Level of Criticality.

Step 3: Consult the lists of Mission Essential Functions (MEF) with minimal recovery time and Continuity of Operations (COOP). Functions that appear on either of these lists have a Level of Criticality that is *the greater of*:

7.5; or

Score calculated in Steps 1-2 above.

This score is the Level of Criticality.

Step 4: Depending on the score of the Level of Criticality, each function will fall into one of four numerical ranges below.

Score	1.0 - 2.4	2.5 – 4.9	5.0 - 7.4	7.5 - 10
Level of Criticality	Non-Critical	Low Criticality	Moderately Critical	Highly Critical
Maximum Allowable Variance	N/A	-20%	-15%	-10%

Step 5: Divide the Level of Criticality by 10. This score is the Adjusted Level of Criticality. In order to demonstrate sufficient internal capability, it is recommended that the Federal workforce performing that critical function be at least as much as the Adjusted Level of Criticality minus the Maximum Allowable Variance (from the table directly above).

For example, a Level of Criticality score of 7.3 once adjusted³⁰ is 73%, thus the Federal workforce performing that function should be no less than 58% of the total workforce performing that function in order to maintain a sufficient internal capability (or critical core). Having determined the Adjusted Level of Criticality and the recommended minimum percentage of Federal employees performing the function, the next step is to evaluate whether the Department currently has sufficient internal capability to perform that function.

Step 6: Depending on the Adjusted Level of Criticality calculated above, the Program Official may evaluate each function with the following guidance:

³⁰ The Adjusted Level of Criticality score, in this example, is 73% (7.3 / 10 = .73), minus the Maximum Allowable Variance, here 15% (73% - 15% = 58%).



If the function is non-critical, positions performing the function may be filled by either Federal employees or contractors.

Where the function is critical (of any degree, *i.e.*, low, moderate, or high), the Department must have an adequate number of positions filled by Federal employees with the appropriate training, experience, and expertise (organic and technical) to understand the Department's requirements, formulate alternatives, take other appropriate actions to properly manage personnel. Additionally, the Department must be accountable for the work product, continue critical operations in the event of contractor default; and the ability and internal expertise to manage any contractors used to support the Federal workforce and evaluate their work product.

Step 7: Determine the size of the Federal Workforce performing the critical function. In order to ascertain the percentage of those performing a given critical function, Program Officials must define the absolute size of that workforce. This can be challenging. For example, if the function is refueling U.S. Coast Guard rescue helicopters, whether the universe of those performing that function is limited to an individual base, a geographic region, or the type of helicopter depends on the degree to which personnel at other bases, in other regions, or operating different types of helicopters could reasonably be called upon to take on the specific function in the event of contractor default.

First, count the number of Full Time Equivalent Federal employees (FTE) who do work related to the function being analyzed including those who manage the function, oversee the contractors that perform the function, and perform the function side-by-side working with contractors. Second, count the number of Contractor Work Year Equivalents (CWYE) performing the function located in close enough proximity to effectively perform the function that supports the mission and operation. Next, the Size of the Federal Workforce is calculated by adding the number of FTEs to the number of CWYEs and dividing by the number of FTEs.³¹ The rationale behind Program Officials counting the number of FTEs and CWYEs will be documented and part of the Component BWS Working Group review process.

Step 8: If the results of Steps 1-7 suggest that the Department lacks sufficient internal capability in that critical function, the Program Official should conduct the necessary workforce planning to bring the percentage of Federal employees performing that critical function to within the Maximum Allowable Variance of a function's Adjusted Level of Criticality. Where a Program Official believes, as a matter of discretion, that the Maximum Allowable Variance of a function's Adjusted Level of Criticality need not be sufficiently increased through Federal Employee hiring, a written justification must be submitted to and approved by the Component BWS Working Group and the Departmental BWS Working Group. In all other cases, positions performing that critical function may be filled by either Federal or contractor employees.

³¹ Only include the relevant portion of a Full Time Equivalent Federal employee or Contractor Work Year Equivalent performing the function. For example, if the employee only spends 80% of his or her time on the function, this could be counted as 0.8, not 1.0.



G. Cost Analysis

While minimizing risk and ensuring mission delivery are the Department's paramount considerations, cost is an important element to consider when analyzing work that can be performed by either the public or private sector. When an agency determines that either Federal employees or contractors would be suitable to perform a function, because the agency has control of its mission, agencies must consider and compare the costs of government and private sector performance. This analysis provides "like comparisons" of costs and influences the final decision on the most cost effective and efficient source of support for the organization.

A full cost comparison analysis, however, may not be necessary under certain circumstances. For instance, there are situations where performance and risk considerations in favor of Federal employee performance will clearly outweigh cost considerations. Where such considerations are dispositive, a full cost comparison analysis is unnecessary.

Even if a full cost comparison is unnecessary because Federal employees should perform some or all of the work, Components will prepare costing information for budget formulation purposes. In these cases, Components will complete the Basic Cost Analysis.

Basic Cost Analysis

A Basic Cost Analysis is based solely on Federal employee costs. OCFO developed and standardized a Department-wide budget tool for estimating the direct and attributable costs of hiring and performance by Federal employees. Leveraging this budget tool, managers will be able to use the DHS Modular Cost Standards as the basis for any basic cost analysis completed as part of BWS.

The DHS Modular Cost Standards reflect all of the costs of performing the work in house.³² The DHS Modular Cost Standards were developed to enable program managers to calculate the true cost of a new Federal position. These standards can be used to identify salaries and expenses as well as one-time and recurring costs associated with establishing new positions.

Full Cost Comparison Analysis

A Full Cost Comparison Analysis combines a Basic Cost Analysis with an analysis of contractor costs, or cost estimates, to inform sourcing decisions. A Full Cost Comparison Analysis requires two separate analyses: (1) calculating both the cost of Federal employee and contractor performance independently; and (2) then comparing the two.

As with the Basic Cost Analysis, a Full Cost Comparison Analysis should calculate Federal employee costs using the DHS Modular Cost Standards.

³² In conjunction with OMB, the OCFO routinely reviews and adjusts the DHS Modular Cost Standards for standard inflation factors for supplies and equipment, annual Federal pay raise assumptions, and changes in the scope of an activity that impact resources needed for new positions. This periodic review helps to ensure that the cost factors are up to date in order to accurately reflect the full estimated cost of performance.



Contractor performance costs or cost estimates will be based on current contract values, contract rates, contractor proposals, historical pricing, independent government cost estimates, and other available information related to the contract being reviewed. In instances where a contract is not currently in place, contractor performance costs can be estimated by making comparisons to other contracts that are of a similar size and scope. Components should ensure that estimates of all indirect costs are included in this analysis, including the costs of Federal contract oversight, potential termination, and other procurement costs. Components must document the basis of the methodology used and assumptions that have been made.

Function Categories

OMB provided guidance, both in OMB Memorandum 09-26 *Managing the Multi-sector Workforce* and in OMB Policy Letter 11-01 *Performance of Inherently Governmental and Critical Functions*,³³ on when a Full Cost Comparison Analysis is required, specifically:

Inherently Governmental or Unauthorized Personal Services

- If a function is inherently governmental, it is so intimately related to the public interest as to mandate performance by Federal employees. In these cases, a Basic Cost Analysis is sufficient.
- A personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. If it is unauthorized, a personal services effort should be performed by Federal employees. In these cases, a Basic Cost Analysis is sufficient.

Critical Function

- With respect to critical functions:
 - if an agency determines that it has sufficient internal capability to control its mission and operations, Full Cost Comparison Analysis should be performed as part of establishing the extent to which additional remaining critical work should be performed by Federal or contract employees; or
 - if the Department does not have sufficient internal capability to control its mission and operations, performance and risk considerations outweigh cost considerations in favor of Federal employee performance. In these cases, a Basic Cost Analysis is sufficient.

Closely Associated With Inherently Governmental Functions

- If in-house performance is necessary for the agency to maintain control of its mission and operations, a Basic Cost Analysis is sufficient.

³³ In this Policy Letter, OMB states, “If an agency has sufficient internal capability to control its mission and operations, the extent to which additional work is performed by Federal employees should be based on cost considerations. Supporting cost analysis should address the full costs of government and private sector performance and provide like comparisons of costs that are of a sufficient magnitude to influence the final decision on the most cost effective source of support for the organization.”



- Where such considerations are not necessary for the agency to maintain control of its mission and operations or are not dispositive in favor of Federal employment, a Full Cost Comparison Analysis is appropriate.

Compromise a Critical Agency or Administration Policy

- If the continued use of contractors would compromise a critical agency or Administration policy (even though the function is neither an inherently governmental nor critical function that must be performed by Federal employees to ensure the government maintains control over its mission and operations), a Basic Cost Analysis is sufficient.

Special Consideration (Section 736)

- With respect to special consideration categories:
 - if the fact that work is performed by contractors causes the agency to lack sufficient internal capability to maintain its mission and operations, Basic Cost Analysis should be used until the Component establishes sufficient internal capability in that function; or
 - if a Component has sufficient internal capability in a given function or if preliminary analysis suggests that the use of contractors is more cost effective to perform the function, then the Program Official should utilize Full Cost Comparison Analysis.

Finally, if work is not reserved for Federal performance, and may be performed by either Federal employees or contractors, Components should apply the Full Cost Comparison Analysis.

The following table provides summary guidance as to the appropriate costing analysis for each type of function considered:

Type of Function	Level of Cost Analysis	Sourcing Options
Inherently Governmental Functions / Unauthorized Personal Services	Basic Cost Analysis	Federal Employees
Closely Associated or Critical Functions without Sufficient Internal Capability	Basic Cost Analysis	Federal Employees
Closely Associated or Critical Functions with Sufficient Internal Capability	Full Cost Comparison Analysis	Federal Employees or Contractors
Section 736 Functions without Sufficient Internal Capability	Basic Cost Analysis	Federal Employees
Section 736 Functions with Sufficient Internal Capability	Full Cost Comparison Analysis	Federal Employees or Contractors
All Other Functions	Full Cost Comparison Analysis	Federal Employees or Contractors

For additional information on the DHS Modular Costs Standards please contact your DHS Office of the Chief Financial Officer / Budget Division Desk Officer or Otis France, at Otis.France@hq.dhs.gov.



H. Balanced Workforce Strategy Templates

The BWS Templates listed below are included in the following pages for your reference. The full documents can be found on the [BWS Connect Site](#).

Departmental Templates

Balanced Workforce Strategy Sourcing Decision Document

Balanced Workforce Strategy BWS Tool Exemption Request Form

Balanced Workforce Strategy Notice of Contract Expiration

Headquarters Template

Balanced Workforce Strategy Sourcing Decision Document Headquarters Office Cover Sheet



Homeland Security

**Balanced Workforce Strategy
Sourcing Decision Document**

Name of ESG Member * _____

Component * _____

BWS Tool ID * _____

Component Working Group Sourcing Recommendation

- Must be performed by Feds
- Should be performed by Feds
- Temporarily contract until feasible to hire Feds
- Should be performed by Contractors
- Option to hire Contractors with additional oversight
- Combination of Feds and Contractors

Comments:

Executive Steering Group Member's Signature Date

Departmental Working Group Sourcing Decision

- Concur with Component Working Group's Recommendation
- Non-concur with Component Working Group's Recommendation

Departmental Working Member's Group Signature Date



Balanced Workforce Strategy Exemption Request



Instructions

Components must complete this Exemption Request to be exempted from analyzing a function (body of work) using the Balanced Workforce Strategy Tool. Exemption Requests are not required for functions that have been identified and/or approved on the Blanket Exemption List.

An Exemption Request for a contract that has **not** expired is typically considered if the function meets the following criteria:

1. Services that the Federal Government does not intend to undertake, and the service is consider a low mission risk; or
2. Services that are only used for surge capacity (e.g., when a natural disaster occurs and immediate assistance must be deployed); or
3. Review of a contract that has requirements that are identical or nearly identical to one already analyzed, and its similarities are so consistent that decisions would be comparable with the first analysis.

Please complete this Exemption Request and provide it to your servicing BW PMO Desk Officer. The Balanced Workforce Program Management Office (BW PMO) Executive Director will approve such requests upon coordination with the Balanced Workforce Departmental Working Group (DWG).

Exemption Request

Provide the following information to request an exemption:

1. Contract number: _____
2. Tier: _____
3. Task Order/CLIN: _____
4. Contract expiration date (ultimate): _____
5. Brief description of the function: _____

- a. Is this function identified on the blanket exemption list? Yes No
- b. If yes, provide the product and service code: _____
- c. If no, provide justification for the exemption request:

6. Additional factors that may assist in the review of the exemption request:

Point of contact: _____ Date: _____

Signature of Executive Steering Group or Component BW Director Date

Signature of Departmental Working Group Member Date



Balanced Workforce Strategy Notice of Contract Expiration



Instructions

Components must complete the Notice of Contract Expiration to receive an exemption from analyzing an expired or expiring contract with discontinuing services. The Balanced Workforce Program Management Office (BW PMO) Executive Director will approve such requests upon coordination with the Balanced Workforce Departmental Working Group (DWG).

Please complete the Notice of Contract Expiration and provide it to your servicing BW PMO Desk Officer. A list of servicing BW PMO Desk Officers can be accessed on the Balanced Workforce Strategy web page available at <http://dhsconnect.dhs.gov/org/comp/mgmt/dhshr/mgr/Pages/BWF.aspx>.

Notification of contracts that expired or are expiring with discontinued services will only be considered if the function previously performed via contractor services will no longer be performed. This includes functions that are currently being performed within the Component or that will be performed in the near future. The following table is provided to assist you in making this decision:

Status of the Contract	BWS Tool Analysis Required?	Due to BW PMO
The contract has expired/expiring and the function performed under the contract will no longer be performed at the Component, currently or in the near future.	No	Submission of Notice of Contract Expiration to your Component's respective Desk Officer in the BW PMO.
The contract has expired/expiring and <u>some</u> portion of the function performed under that contract is or will in the near future be performed at the Component.	Yes	Components are required to analyze the function using the BWS Tool.
The contract will be extended.	Yes	Components are required to submit a Sourcing Decision Document to the respective Desk Officer in the BW PMO according to the established deadline.
The contract will be re-competed.	Yes	Components are required to submit a Sourcing Decision Document to the respective Desk Officer in the BW PMO according to the established deadline. In reporting, Components will note the connection between expired contracts and the new contracts under which that function is now being performed.



Balanced Workforce Strategy Notice of Contract Expiration



Notice of Contract Expiration

Provide the following information if you determine that an analysis is not required as a result of applying the criteria provided in the instructions:

1. Contract number: _____
2. Tier: _____
3. Task Order/CLIN: _____
4. Contract expiration date: _____
5. Treasury Account Symbol: _____
6. Total amount of funding allocated to the contract: \$ _____
7. Amount of funding actually spent on the contract: \$ _____
8. Provide a brief description of the function:

9. Is the function continuing? Yes No
10. If yes, by federal employees or contractors? Feds Contractors
11. Is the function inherently governmental? Yes No
12. Why is the function no longer needed or being performed?

13. Provide any additional factors that may assist in the review of the expired contract request:

Point of contact: _____ Date: _____

Signature of Executive Steering Group Member or Component BW Director _____ Date _____

Signature of Departmental Working Group Member _____ Date _____



HQ Office BWS Lead * _____

HQ Office* _____

BWS Tool ID * _____

HQ Office Sourcing Recommendation

- Must be performed by Feds
- Should be performed by Feds
- Temporarily contract until feasible to hire Feds
- Should be performed by Contractors
- Option to hire Contractors with additional oversight
- Combination of Feds and Contractors

Comments:

HQ Office BWS Lead Signature

Date



I. Quarterly Report Guidance

On a quarterly basis, Components will be provided with a report to document and communicate progress on BWS. Each report issued will include updates to the status of contracts from the previous quarter's report, as well as information on contract analyses received since the issuance of previous reports. It is critical that Components work with their Desk Officers to ensure the report is completed fully and accurately.

Though provided on a quarterly basis, the report requires monthly status update/input submissions from each Component due no later than the last day of each month. The quarterly report will be pre-populated with all data available to the Desk Officer and, based upon the Component Working Group (CWG) decision selected, will automatically highlight in yellow all cells that require Component data/input. Non-required blocks will be shaded in gray; however, Components may choose to enter applicable information at their discretion. Submission of estimated data is acceptable for projection purposes; however, factual numbers and/or dollar amounts are required when counting actual hires

The reporting template consists of the following sections:

Summary of Tier Contracts

Name of Component

Total number of contracts analyzed, approved and/or pending a decision (by each tier).

Overall number of contracts analyzed, approved and/or pending a decision (includes all tiers).

Summary of Contracts Analyzed by the BWS Tool

Contract Identification

- Contract Tier
- Primary Contract (PIID)
- Task Order/CLIN
- New Contract Number (Relet Only)

Analysis

- BWS Tool Recommendation
- CWG Recommendation
- DWG Decision
- Disagreement with the BWS Tool

Implementation

- Hire Federal Employees
 - Number of FTE Created
 - Number of FTE Onboard
 - Status of Hiring



- Target Date for FTE Onboard
- Contract Information
 - Estimated Date Contract Will End
 - Ultimate Contract Completion Date
 - Number of Contractor Positions (Contractor Work Year Equivalents) Identified for Elimination
- Costing
 - Estimated Cost Differential
- Status of Completion
 - Implementation Strategy Process
- Comments/Remarks
 - Implementation Status Comments (i.e. significant changes in the implementation strategy status or change in implementation strategy reported previously)

The quarterly report will be verified by the Desk Officer prior to providing it to the Component. If any discrepancies or errors are identified, it is requested that Components contact the Desk Officer immediately to address and/or resolve.



J. Exemption List

The table below lists the Product Services Codes (PSC) that are exempt from analysis in the BWS Tool.

Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
B520	Special Studies/Analysis- Grazing/Range
B527	Special Studies/Analysis- Recreation
C1LB	Architect & Engineering- Construction: Highways, Roads, Streets, Bridges, Railways (Includes: Resurfacing)
C123	Architect & Engineering- Construction: Electric Power Generation (Epg) Facilities [New Code Pending]
C124	Construction: Utilities
C130	Construction: Restoration Activities
D303	IT and Telecom- Data Entry
D312	IT and Telecom- Optical Scanning
D313	IT and Telecom- Computer Aided Design/Computer Aided Manufacturing (CAD/CAM)
D315	IT and Telecom- Digitizing (Includes: Cartographic and Geographic Information)
D317	IT and Telecom- Web-Based Subscription (Includes Subscriptions to Data, Electronic Equivalent of Books, Periodicals, Newspapers, etc.)
F001	Natural Resources/Conservation- Aerial Fertilization/Spraying
F002	Natural Resources/Conservation- Aerial Seeding
F005	Natural Resources/Conservation- Forest Tree Planting
F006	Natural Resources/Conservation- Land Treatment Practices (Includes Plowing, Clearing, Erosion Control. Excludes Survey Line Clearing - PSC F012, Tree Thinning - PSC F014)
F007	Natural Resources/Conservation- Range Seeding (Ground Equipment)
F008	Natural Resources/Conservation- Recreation Site Maintenance (Non-Construction)
F009	Natural Resources/Conservation- Seed Collection/Production
F010	Natural Resources/Conservation- Seedling Production/Transplanting
F012	Natural Resources/Conservation- Survey Line Clearing (Excludes Land Clearing other than for Survey Line - PSC F006)
F013	Natural Resources/Conservation- Tree Breeding
F014	Natural Resources/Conservation- Tree Thinning
F016	Natural Resources/Conservation- Wildhorse/Burro Control
F020	Natural Resources/Conservation- Fisheries Resource Management
F022	Natural Resources/Conservation- Fish Hatchery
F105	Natural Resources/Conservation- Pesticides Support
G001	Social- Care Of Remains and/or Funeral
G002	Social- Chaplain



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
G003	Social- Recreational
G004	Social- Social Rehabilitation
G005	Social- Geriatric
G006	Social- Government Life Insurance Programs
G007	Social- Government Health Insurance Programs
G008	Social- Government Insurance Programs: Other
H112	Quality Control- Fire Control Equipment
H124	Quality Control- Tractors
H125	Quality Control- Vehicular Equipment Components
H126	Quality Control- Tires and Tubes
H128	Quality Control- Engines, Turbines, and Components
H129	Quality Control- Engine Accessories
H130	Quality Control- Mechanical Power Transmission Equipment
H131	Quality Control- Bearings
H132	Quality Control- Woodworking Machinery and Equipment
H134	Quality Control- Metalworking Machinery
H135	Quality Control- Service and Trade Equipment
H136	Quality Control- Special Industry Machinery
H137	Quality Control- Agricultural Machinery and Equipment
H138	Quality Control- Construction, Mining, Excavating, and Highway Maintenance Equipment
H139	Quality Control- Construction, Mining, Excavating, and Highway Maintenance Equipment
H140	Quality Control- Rope, Cable, Chain, and Fittings
H141	Quality Control- Refrigeration, Air Conditioning, and Air Circulating Equipment
H142	Quality Control- Fire Fighting, Rescue, and Safety Equipment; Environmental Protection Equipment and Materials
H143	Quality Control- Pumps and Compressors
H145	Quality Control- Plumbing, Heating, and Waste Disposal Equipment
H146	Quality Control- Water Purification and Sewage Treatment Equipment
H147	Quality Control- Pipe, Tubing, Hose, and Fittings
H148	Quality Control- Valves
H149	Quality Control- Maintenance and Repair Shop Equipment
H151	Quality Control- Hand Tools
H152	Quality Control- Measuring Tools
H153	Quality Control- Hardware and Abrasives
H155	Quality Control- Lumber, Millwork, Plywood, and Veneer
H156	Quality Control- Construction and Building Materials



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
H159	Quality Control- Electrical and Electronic Equipment Components
H160	Quality Control- Fiber Optics Materials, Components, Assemblies, and Accessories
H161	Quality Control- Electric Wire and Power Distribution Equipment
H162	Quality Control- Lighting Fixtures and Lamps
H165	Quality Control- Medical, Dental, and Veterinary Equipment and Supplies
H166	Quality Control- Instruments and Laboratory Equipment
H167	Quality Control- Photographic Equipment
H168	Quality Control- Chemicals and Chemical Products
H169	Quality Control- Training Aids and Devices
H171	Quality Control- Furniture
H172	Quality Control- Household and Commercial Furnishings and Appliances
H173	Quality Control- Food Preparation and Serving Equipment
H174	Quality Control- Office Machines, Text Processing Systems, and Visible Record Equipment
H175	Quality Control- Office Supplies and Devices
H176	Quality Control- Books, Maps, and Other Publications
H177	Quality Control- Musical Instruments, Phonographs, and Home Type Radios
H178	Quality Control- Recreational and Athletic Equipment
H179	Quality Control- Cleaning Equipment and Supplies
H180	Quality Control- Brushes, Paints, Sealers, and Adhesives
H181	Quality Control- Containers, Packaging, and Packing Supplies
H183	Quality Control- Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags
H184	Quality Control- Clothing, Individual Equipment, and Insignia
H185	Quality Control- Toiletries
H187	Quality Control- Agricultural Supplies
H188	Quality Control- Live Animals
H189	Quality Control- Subsistence
H191	Quality Control- Fuels, Lubricants, Oils, and Waxes
H193	Quality Control- Nonmetallic Fabricated Materials
H195	Quality Control- Metal Bars, Sheets, and Shapes
H196	Quality Control- Ores, Minerals, and Their Primary Products
J012	Maintenance, Repair and Rebuilding Of Equipment- Fire Control Equipment (<i>excludes inspections</i>)
J023	Maintenance, Repair And Rebuilding Of Equipment- Ground Effect Vehicles, Motor Vehicles, Trailers, Cycles
J024	Maintenance, Repair And Rebuilding Of Equipment- Tractors
J025	Maintenance, Repair And Rebuilding Of Equipment- Vehicular Equipment Components



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
J026	Maintenance, Repair And Rebuilding Of Equipment- Tires And Tubes
J028	Maintenance, Repair And Rebuilding Of Equipment- Engines, Turbines, And Components
J029	Maintenance, Repair And Rebuilding Of Equipment- Engine Accessories
J030	Maintenance, Repair And Rebuilding Of Equipment- Mechanical Power Transmission Equipment
J031	Maintenance, Repair And Rebuilding Of Equipment- Bearings
J032	Maintenance, Repair And Rebuilding Of Equipment- Woodworking Machinery And Equipment
J034	Maintenance, Repair And Rebuilding Of Equipment- Metalworking Machinery
J035	Maintenance, Repair And Rebuilding Of Equipment- Service And Trade Equipment <i>(includes exemption request for Elevator Maintenance)</i>
J036	Maintenance, Repair And Rebuilding Of Equipment- Special Industry Machinery
J037	Maintenance, Repair And Rebuilding Of Equipment- Agricultural Machinery And Equipment
J038	Maintenance, Repair And Rebuilding Of Equipment- Construction, Mining, Excavating, Highway Maint.
J039	Maintenance, Repair And Rebuilding Of Equipment- Materials Handling Equipment
J040	Maintenance, Repair And Rebuilding Of Equipment- Rope, Cable, Chain, And Fittings
J041	Maintenance, Repair And Rebuilding Of Equipment- Refrigeration, Air Conditioning/Air Circulating
J042	Maintenance, Repair And Rebuilding Of Equipment- Fire Fighting, Rescue, and Safety Equipment; Environmental Protection Equipment and Materials
J043	Maintenance, Repair And Rebuilding Of Equipment- Pumps And Compressors
J045	Maintenance, Repair And Rebuilding Of Equipment- Plumbing, Heating, And Waste Disposal
J046	Maintenance, Repair And Rebuilding Of Equipment- Water Purification And Sewage Treatment
J047	Maintenance, Repair And Rebuilding Of Equipment- Pipe, Tubing, Hose, And Fittings
J048	Maintenance, Repair And Rebuilding Of Equipment- Valves
J049	Maintenance, Repair And Rebuilding Of Equipment- Maintenance And Repair Shop Equipment
J051	Maintenance, Repair And Rebuilding Of Equipment- Hand Tools
J052	Maintenance, Repair And Rebuilding Of Equipment: Measuring Tool
J053	Maintenance, Repair And Rebuilding Of Equipment- Hardware And Abrasives
J055	Maintenance, Repair And Rebuilding Of Equipment- Lumber, Millwork, Plywood, And Veneer
J056	Maintenance, Repair And Rebuilding Of Equipment- Construction And Building Materials
J059	Maintenance, Repair And Rebuilding Of Equipment- Electrical/Electronic Equipment



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
	Components
J060	Maintenance, Repair And Rebuilding Of Equipment- Fiber Optics Materials, Components, Assemblies, And Accessories
J061	Maintenance, Repair And Rebuilding Of Equipment- Electric Wire, And Power And Distribution
J062	Maintenance, Repair And Rebuilding Of Equipment- Lighting Fixtures And Lamps
J065	Maintenance, Repair And Rebuilding Of Equipment- Medical, Dental, Veterinary Equipment & Supplies
J066	Maintenance, Repair And Rebuilding Of Equipment- Instruments And Laboratory Equipment
J067	Maintenance, Repair And Rebuilding Of Equipment- Photographic Equipment
J068	Maintenance, Repair And Rebuilding Of Equipment- Chemicals and Chemical Products
J069	Maintenance, Repair And Rebuilding Of Equipment- Training Aids And Devices
J071	Maintenance, Repair And Rebuilding Of Equipment- Furniture
J072	Maintenance, Repair And Rebuilding Of Equipment- Household/Commercial Furnishings And Appliances
J073	Maintenance, Repair And Rebuilding Of Equipment- Food Preparation And Serving Equipment
J074	Maintenance, Repair And Rebuilding Of Equipment- Office Machines, Text Processing Systems And Visible Record Equipment
J075	Maintenance, Repair And Rebuilding Of Equipment- Office Supplies And Devices
J076	Maintenance, Repair And Rebuilding Of Equipment- Books, Maps, And Other Publications
J077	Maintenance, Repair And Rebuilding Of Equipment- Musical Instruments, Phonographs, And Home Type Radios
J078	Maintenance, Repair And Rebuilding Of Equipment- Recreational And Athletic Equipment (Maintenance For Fitness Training, Pool Maintenance)
J079	Maintenance, Repair And Rebuilding Of Equipment- Cleaning Equipment And Supplies
J080	Maintenance, Repair And Rebuilding Of Equipment- Brushes, Paints, Sealers, And Adhesives
J081	Maintenance, Repair And Rebuilding Of Equipment- Containers, Packaging, And Packing Supplies
J083	Maintenance, Repair And Rebuilding Of Equipment- Textiles, Leather, Furs, Apparel And Shoe Findings, Tents And Flags
J084	Maintenance, Repair And Rebuilding Of Equipment- Clothing, Individual Equipment, And Insignia
J085	Maintenance, Repair And Rebuilding Of Equipment- Toiletries
J087	Maintenance, Repair And Rebuilding Of Equipment- Agricultural Supplies



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
J088	Maintenance, Repair And Rebuilding Of Equipment- Live Animals
J089	Maintenance, Repair And Rebuilding Of Equipment- Subsistence
J091	Maintenance, Repair And Rebuilding Of Equipment- Fuels, Lubricants, Oils, and Waxes
J093	Maintenance, Repair And Rebuilding Of Equipment- Nonmetallic Fabricated Materials
J094	Maintenance, Repair And Rebuilding Of Equipment- Nonmetallic Crude Materials
J095	Maintenance, Repair And Rebuilding Of Equipment- Metal Bars, Sheets, And Shapes
J096	Maintenance, Repair And Rebuilding Of Equipment- Ores, Minerals, And Their Primary Products
K012	Modification Of Equipment- Fire Control Equipment (<i>excludes inspections</i>)
K023	Modification Of Equipment- Ground Effect Vehicles, Motor Vehicles, Trailers, And Cycles
K024	Modification Of Equipment- Tractors
K025	Modification Of Equipment- Vehicular Equipment Components
K026	Modification Of Equipment- Tires And Tubes
K028	Modification Of Equipment- Engines, Turbines, And Components
K029	Modification Of Equipment- Engine Accessories
K030	Modification Of Equipment- Mechanical Power Transmission Equipment
K031	Modification Of Equipment- Bearings
K032	Modification Of Equipment- Woodworking Machinery And Equipment
K034	Modification Of Equipment- Metalworking Machinery
K035	Modification Of Equipment- Service And Trade Equipment
K036	Modification Of Equipment- Special Industry Machinery
K037	Modification Of Equipment- Agricultural Machinery And Equipment
K038	Modification Of Equipment- Construction, Mining, Excavating, And Highway Maintenance
K039	Modification Of Equipment- Materials Handling Equipment
K040	Modification Of Equipment- Rope, Cable, Chain, And Fittings
K041	Modification Of Equipment- Refrigeration, Air Conditioning, And Air Circulating Equipment
K042	Modification Of Equipment- Fire Fighting, Rescue, and Safety Equipment; Environmental Protection Equipment and Materials
K043	Modification Of Equipment- Pumps And Compressors
K045	Modification Of Equipment- Plumbing, Heating, And Waste Disposal Equipment
K046	Modification Of Equipment- Water Purification And Sewage Treatment Equipment
K047	Modification Of Equipment- Pipe, Tubing, Hose, And Fittings
K048	Modification Of Equipment- Valves
K049	Modification Of Equipment- Maintenance And Repair Shop Equipment
K051	Modification Of Equipment- Hand Tools



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
K052	Modification Of Equipment- Measuring Tool
K053	Modification Of Equipment- Hardware And Abrasives
K055	Modification Of Equipment- Lumber, Millwork, Plywood, And Veneer
K056	Modification Of Equipment- Construction And Building Materials
K059	Modification Of Equipment- Electrical And Electronic Equipment Components
K060	Modification Of Equipment- Fiber Optics Materials, Components, Assemblies, And Accessories
K061	Modification Of Equipment- Electric Wire, And Power And Distribution Equipment
K062	Modification Of Equipment- Lighting Fixtures And Lamps
K065	Modification Of Equipment- Medical, Dental, And Veterinary Equipment And Supplies
K066	Modification Of Equipment- Instruments And Laboratory Equipment
K067	Modification Of Equipment- Photographic Equipment
K069	Modification Of Equipment- Training Aids And Devices
K071	Modification Of Equipment- Furniture
K072	Modification Of Equipment- Household And Commercial Furnishings And Appliances
K073	Modification Of Equipment- Food Preparation And Serving Equipment
K074	Modification Of Equipment- Office Machines, Text Processing Systems, Visible Record Equipment
K075	Modification Of Equipment- Office Supplies And Devices
K076	Modification Of Equipment-: Books, Maps, And Other Publications
K077	Modification Of Equipment- Musical Instruments, Phonographs, And Home Type Radios
K078	Modification Of Equipment-: Recreational And Athletic Equipment
K079	Modification Of Equipment- Cleaning Equipment And Supplies
K080	Modification Of Equipment- Brushes, Paints, Sealers, And Adhesives
K081	Modification Of Equipment- Containers, Packaging, And Packing Supplies
K083	Modification Of Equipment- Textiles, Leather, Furs, Apparel And Shoe Findings, Tents And Flags
K084	Modification Of Equipment- Clothing, Individual Equipment, And Insignia
K085	Modification Of Equipment- Toiletries
K087	Modification Of Equipment- Agricultural Supplies
K088	Modification Of Equipment- Live Animals
K089	Modification Of Equipment- Subsistence
K091	Modification Of Equipment- Fuels, Lubricants, Oils, Waxes
K093	Modification Of Equipment- Nonmetallic Fabricated Materials
K094	Modification Of Equipment- Nonmetallic Crude Materials
K095	Modification Of Equipment- Metal Bars, Sheets, and Shapes
K096	Modification Of Equipment- Ores, Minerals, And Their Primary Products
L026	Technical Representative- Tires And Tubes



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
L040	Technical Representative- Rope, Cable, Chain, and Fittings
L041	Technical Representative- Refrigeration, Air Conditioning, & Air Circulating Equipment
L043	Technical Representative- Pumps And Compressors
L045	Technical Representative- Plumbing, Heating, and Waste Disposal Equipment
L047	Technical Representative- Pipe, Tubing, Hose, and Fittings
L048	Technical Representative- Valves
L051	Technical Representative- Hand Tools
L052	Technical Representative- Measuring Tool
L053	Technical Representative- Hardware and Abrasives
L055	Technical Representative- Lumber, Millwork, Plywood, and Veneer
L062	Technical Representative- Lighting Fixtures and Lamps
L071	Technical Representative- Furniture
L072	Technical Representative- Household and Commercial Furnishings and Appliances
L073	Technical Representative- Food Preparation and Serving Equipment
L074	Technical Representative- Office Machines, Text Processing Systems and Visible Record Equipment (<i>excluding IT equipment</i>)
L075	Technical Representative- Office Supplies and Devices (<i>excluding IT equipment</i>)
L077	Technical Representative- Musical Instruments, Phonographs, and Home Type Radios
L078	Technical Representative-Recreational and Athletic Equipment
L079	Technical Representative- Cleaning Equipment and Supplies
L080	Technical Representative- Brushes, Paints, Sealers, And Adhesives
L081	Technical Representative- Containers, Packaging, and Packing Supplies
L083	Technical Representative- Textiles, Leather, Furs, Apparel & Shoe Findings, Tents & Flags
L084	Technical Representative- Clothing, Individual Equipment, and Insignia
L085	Technical Representative- Toiletries
L087	Technical Representative- Agricultural Supplies
L089	Technical Representative- Subsistence
L093	Technical Representative- Nonmetallic Fabricated Materials
L095	Technical Representative- Metal Bars, Sheets, And Shapes
M1FB (M162)	Operation of Recreational Buildings
M1FD (M164)	Operation of Dining Facilities
M1FE (M165)	Operation of Religious Facilities



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
M1GB (M172)	Operation of Food or Grain Storage Buildings
M1PA (M291)	Operation of Recreation Facilities (Non-Building)
M1PB (M292)	Operation of Exhibit Design (Non-Building)
M1PC (M293)	Operation of Unimproved Real Property (Land)
N012	Installation of Equipment- Fire Control Equipment
N023	Installation of Equipment- Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycles
N024	Installation of Equipment- Tractors
N025	Installation of Equipment- Vehicular Equipment Components
N026	Installation of Equipment- Tires and Tubes
N028	Installation of Equipment- Engines, Turbines, and Components
N029	Installation of Equipment- Engine Accessories
N030	Installation of Equipment- Mechanical Power Transmission Equipment
N031	Installation of Equipment- Bearings
N032	Installation of Equipment- Woodworking Machinery and Equipment
N034	Installation of Equipment- Metalworking Machinery
N035	Installation of Equipment- Service and Trade Equipment
N036	Installation of Equipment- Special Industry Machinery
N037	Installation of Equipment- Agricultural Machinery and Equipment
N038	Installation of Equipment- Construction, Mining, Excavating, and Highway Maintenance Equipment
N039	Installation of Equipment- Materials Handling Equipment
N040	Installation of Equipment- Rope, Cable, Chain, and Fittings
N041	Installation of Equipment- Refrigeration, Air Conditioning, and Air Circulating Equipment
N042	Installation of Equipment- Fire Fighting, Rescue, and Safety Equipment; Environmental Protection Equipment and Materials
N043	Installation of Equipment- Pumps and Compressors
N045	Installation of Equipment- Plumbing, Heating, and Waste Disposal Equipment
N046	Installation of Equipment- Water Purification and Sewage Treatment Equipment
N047	Installation of Equipment- Pipe, Tubing, Hose, and Fittings
N048	Installation of Equipment- Valves
N049	Installation of Equipment- Maintenance and Repair Shop Equipment
N051	Installation of Equipment- Hand Tools



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
N052	Installation of Equipment- Measuring Tools
N053	Installation of Equipment- Hardware and Abrasives
N055	Installation of Equipment- Lumber, Millwork, Plywood, and Veneer
N056	Installation of Equipment- Construction and Building Materials
N059	Installation of Equipment- Electrical and Electronic Equipment Components
N060	Installation of Equipment- Fiber Optics Materials, Components, Assemblies, and Accessories
N061	Installation of Equipment- Electric Wire and Power Distribution Equipment
N062	Installation of Equipment- Lighting Fixtures and Lamps
N065	Installation of Equipment- Medical, Dental, and Veterinary Equipment and Supplies
N066	Installation of Equipment- Instruments and Laboratory Equipment
N067	Installation of Equipment- Photographic Equipment
N068	Installation of Equipment- Chemicals and Chemical Products
N069	Installation of Equipment- Training Aids and Devices
N071	Installation of Equipment- Furniture
N072	Installation of Equipment- Household and Commercial Furnishings and Appliances
N073	Installation of Equipment- Food Preparation and Serving Equipment
N074	Installation of Equipment- Office Machines, Text Processing Systems, and Visible Record Equipment
N075	Installation of Equipment- Office Supplies and Devices
N076	Installation of Equipment- Books, Maps, and Other Publications
N077	Installation of Equipment- Musical Instruments, Phonographs, and Home Type Radios
N078	Installation of Equipment- Recreational and Athletic Equipment
N079	Installation of Equipment- Cleaning Equipment and Supplies
N080	Installation of Equipment- Brushes, Paints, Sealers, and Adhesives
N081	Installation of Equipment- Containers, Packaging, and Packing Supplies
N083	Installation of Equipment- Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags
N084	Installation of Equipment- Clothing, Individual Equipment, and Insignia
N085	Installation of Equipment- Toiletries
N087	Installation of Equipment- Agricultural Supplies
N088	Installation of Equipment- Live Animals
N089	Installation of Equipment- Subsistence
N091	Installation of Equipment- Fuels, Lubricants, Oils, and Waxes
N093	Installation of Equipment- Nonmetallic Fabricated Materials
N094	Installation of Equipment- Nonmetallic Crude Materials
N095	Installation of Equipment- Metal Bars, Sheets, and Shapes
N096	Installation of Equipment- Ores, Minerals, and Their Primary Products



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
P400	Salvage- Demolition of Buildings
P500	Salvage- Demolition of Structures/Facilities (Other Than Buildings)
R401	Support-Professional: Personal Care (Non-Medical)
R416	Support-Professional: Veterinary/Animal Care
R427	Support-Professional: Weather Reporting/Observation
R602	Support-Administrative: Courier/Messenger
R603	Support-Administrative: Transcription (Excludes: Court Reporting (PSC R606), Stenographic (PSC R609))
R604	Support-Administrative: Mailing/Distribution
R605	Support-Administrative: Library
R606	Support-Administrative: Court Reporting (Excludes: Transcription (PSC R603), Stenographic (PSC R609))
R607	Support-Administrative: Word Processing/Typing
R608	Support-Administrative: Translation & Interpreting (Includes: Language Translation; Sign Language Interpretation)
R609	Support-Administrative: Stenographic (Excludes: Court Reporting (PSC R606), Transcription (PSC R603))
R611	Support-Administrative: Credit Reporting
R613	Support-Administrative: Post Office
R614	Support-Administrative: Paper Shredding
S111	Utilities- Gas
S112	Utilities- Electric
S113	Utilities - Telephone and/or Communications Services (includes telegraph, telex, & Cablevision Services) <i>[New code pending]</i>
S114	Utilities- Water
S119	Utilities- Other
S201	Housekeeping- Custodial Janitorial
S203	Housekeeping- Food
S204	Housekeeping- Fueling and other Petroleum (Excludes: Storage) <i>[Includes exemption request for Aircraft Fueling Services]</i>
S205	Housekeeping- Trash/Garbage Collection
S207	Housekeeping- Insect/Rodent Control
S208	Housekeeping- Landscaping/Groundskeeping
S209	Housekeeping- Laundry/Dry Cleaning
S212	Housekeeping- Solid Fuel Handling
S214	Housekeeping- Carpet Laying/Cleaning
S215	Housekeeping- Warehousing/Storage
S217	Housekeeping- Interior Plantscaping



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
S218	Housekeeping- Snow Removal/Salt (Includes: Spreading Aggregate or Other Snow Melting Material)
S222	Housekeeping- Waste Treatment/Storage
T001	Photo/Map/Print/Publication- Arts/Graphics
T005	Photo/Map/Print/Publication- Film Processing
T006	Photo/Map/Print/Publication- Film/Video Tape Production
T007	Photo/Map/Print/Publication- Microform
T008	Photo/Map/Print/Publication- Photogrammetry Services
T009	Photo/Map/Print/Publication- Aerial Photographic
T010	Photo/Map/Print/Publication- General Photographic: Still
T011	Photo/Map/Print/Publication- Print And Binding
T012	Photo/Map/Print/Publication- Reproduction
T014	Photo/Map/Print/Publication- Topography Services
T015	Photo/Map/Print/Publication- General Photographic: Motion
T016	Photo/Map/Print/Publication- Audio/Visual
U005	Education/Training- Tuition/Registration/Membership Fees
U011	Education/Training- AIDS Training
V003	Transportation/Travel/Relocation- Motor Pool and Packing/Crating: Packing/Crating
V111	Transportation/Travel/Relocation- Transportation: Air Freight
V112	Transportation/Travel/Relocation- Transportation: Motor Freight
V113	Transportation/Travel/Relocation- Transportation: Rail Freight
V114	Transportation/Travel/Relocation- Transportation: Stevedoring
V115	Transportation/Travel/Relocation- Transportation: Vessel Freight
V119	Transportation/Travel/Relocation- Transportation: Other
V125	Transportation/Travel/Relocation- Transportation: Vessel Towing Services
V211	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Air Passenger
V212	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Motor Passenger
V213	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Rail Passenger
V214	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Marine Passenger
V225	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Ambulance
V226	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Taxicab
V231	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Lodging - Hotel/Motel
V241	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Military Personnel Recruitment
V251	Transportation/Travel/Relocation- Travel/Lodging/Recruitment: Civilian Personnel Recruitment
V301	Transportation/Travel/Relocation- Relocation: Relocation



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
V302	Transportation/Travel/Relocation- Relocation: Travel Agent
W012	Lease or Rental of Equipment- Fire Control Equipment
W022	Lease or Rental of Equipment- Railway Equipment
W024	Lease or Rental of Equipment- Tractors
W025	Lease or Rental of Equipment- Vehicular Equipment Components
W026	Lease or Rental of Equipment- Tires and Tubes
W028	Lease or Rental of Equipment- Engines, Turbines, and Components
W029	Lease or Rental of Equipment- Engine Accessories
W030	Lease or Rental of Equipment- Mechanical Power Transmission Equipment
W031	Lease or Rental of Equipment- Bearings
W032	Lease or Rental of Equipment- Woodworking Machinery and Equipment
W034	Lease or Rental of Equipment- Metalworking Machinery
W035	Lease or Rental of Equipment- Service and Trade Equipment
W036	Lease or Rental of Equipment- Special Industry Equipment
W037	Lease or Rental of Equipment- Agricultural Machinery and Equipment
W038	Lease or Rental of Equipment- Construction, Mining, Excavating, and Highway Maintenance Equipment
W039	Lease or Rental of Equipment- Materials Handling Equipment
W040	Lease or Rental of Equipment- Rope, Cable, Chain, and Fittings
W041	Lease or Rental of Equipment- Refrigeration, Air Conditioning, and Air Circulating Equipment
W042	Lease or Rental of Equipment- Fire Fighting, Rescue, and Safety Equipment; Environmental Protection Equipment and Materials
W043	Lease or Rental of Equipment- Pumps and Compressors
W045	Lease or Rental of Equipment- Plumbing, Heating, and Waste Disposal Equipment
W046	Lease or Rental of Equipment- Water Purification and Sewage Treatment Equipment
W047	Lease or Rental of Equipment- Pipe, Tubing, Hose, and Fittings
W048	Lease or Rental of Equipment- Valves
W049	Lease or Rental of Equipment- Maintenance and Repair Shop Equipment
W051	Lease or Rental of Equipment- Hand Tools
W052	Lease or Rental of Equipment- Measuring Tools
W053	Lease or Rental of Equipment- Hardware and Abrasives
W055	Lease or Rental of Equipment- Lumber, Millwork, Plywood, and Veneer
W056	Lease or Rental of Equipment- Construction and Building Materials
W059	Lease or Rental of Equipment- Electrical and Electronic Equipment Components
W060	Lease or Rental of Equipment- Fiber Optics Materials, Components, Assemblies, and Accessories
W061	Lease or Rental of Equipment- Wire and Power Distribution Equipment



Balanced Workforce Strategy – Exempt Services by Product Service Code (PSC) (as of August 25, 2011)	
W062	Lease or Rental of Equipment- Lighting Fixtures and Lamps
W065	Lease or Rental of Equipment- Medical, Dental, and Veterinary Equipment and Supplies
W066	Lease or Rental of Equipment- Instruments and Laboratory Equipment
W067	Lease or Rental of Equipment- Photographic Equipment
W068	Lease or Rental of Equipment- Chemicals and Chemical Products
W069	Lease or Rental of Equipment- Training Aids and Devices
W071	Lease or Rental of Equipment- Furniture
W072	Lease or Rental of Equipment- Household and Commercial Furnishings and Appliances
W073	Lease or Rental of Equipment- Food Preparation and Serving Equipment
W074	Lease or Rental of Equipment- Office Machines, Text Processing Systems, and Visible Record Equipment
W075	Lease or Rental of Equipment- Office Supplies and Devices
W076	Lease or Rental of Equipment- Books, Maps, and other Publications
W077	Lease or Rental of Equipment- Musical Instruments, Phonographs, and Home Type Radios
W078	Lease or Rental of Equipment- Recreational and Athletic Equipment
W079	Lease or Rental of Equipment- Cleaning Equipment and Supplies
W080	Lease or Rental of Equipment- Brushes, Paints, Sealers, and Adhesives
W081	Lease or Rental of Equipment- Containers, Packaging, and Packing Supplies
W083	Lease or Rental of Equipment- Textiles, Leather, Furs, Apparel, and Shoe Findings, Tents and Flags
W084	Lease or Rental of Equipment- Clothing, Individual Equipment, and Insignia
W085	Lease or Rental of Equipment- Toiletries
W087	Lease or Rental of Equipment- Agricultural Supplies
W088	Lease or Rental of Equipment- Live Animals
W089	Lease or Rental of Equipment- Subsistence
W091	Lease or Rental of Equipment- Fuels, Lubricants, Oils, and Waxes
W093	Lease or Rental of Equipment- Nonmetallic Fabricated Materials
W094	Lease or Rental of Equipment- Nonmetallic Crude Materials
W095	Lease or Rental of Equipment- Metal Bars, Sheets, and Shapes
W096	Lease or Rental of Equipment- Ores, Minerals, and their Primary Products