

Army Rethinks Insourcing

By Jill R. Aitoro

February 3, 2011

The Army took steps to rein in efforts to bring in house jobs performed by contractors, with Army Secretary John McHugh officially suspending ongoing insourcing activities.

"In an era of significantly constrained resources, the Army must approach the in-sourcing of functions currently performed by contract in a well-reasoned, analytically based and systemic manner," McHugh said in a memo distributed to offices across the agency. "Accordingly, I reserve to myself the authority to approve any in-sourcing proposal, wherever generated across the Army. Any in-sourcing proposal presented for my consideration must be fully documented and justified. Any proposal will include, at minimum, a manpower requirements determination, an analysis of all potential alternatives to the establishment of permanent civilian authorizations to perform the contracted work, certification of fund availability and a comprehensive legal review"

He also suspended any previously approved in-sourcing actions until appropriate justification is documented and approved.

The Defense Department launched a massive insourcing initiative in Spring 2010, only to backstep when the effort did not produce the expected cost savings.

"Secretary McHugh is taking the right approach to insourcing," said Stan Soloway, president of Professional Services Council in a released statement. "All sourcing decisions for clearly commercial work must be done strategically with the best interests of the government mission and American taxpayer in mind. Policies requiring decisions be fully documented and justified and based on 'an analysis of all potential alternatives' should be adopted across DOD and other federal agencies. We hope, as they say, the Army leads the way."