

Federal Computer Week

Agency In-sourcing Plans Make Industry Nervous

Some agencies believe a call to consider in-sourcing to save money a mandate to take back work, industry experts say.

- **By Matthew Weigelt**
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As the Obama administration tells agencies to consider bringing outsourced work back into agencies as a way to cut costs, industry experts say some agencies have taken it as a mandate.

The rumblings about bringing work in-house are audible, experts say. Nearly 70 percent of the Professional Services Council's 350 member companies are hearing about agencies taking back their work, said Stan Soloway, the council's president. And Richard Sylvester, vice president of acquisition policy at the Aerospace Industries Association, said the Navy apparently plans to in-source nearly 10,000 jobs during the next six years, projecting the cost to be about 60 percent of outsourcing.

The process is still in its early stages, and it remains to be seen exactly what agencies will do, experts say. The Obama administration has only been in office nine months, and the Office of Management and Budget just issued an important memo on the multi-sector workforce July 29.

Congress and OMB are urging agencies to consider in-sourcing as part of an overall strategy to trim budgets, not a mandate.

"This in-sourcing initiative should not be driven by random goals or arbitrary budget reductions, which may prove to be counterproductive," the House Armed Services Committee wrote in June in its report on the fiscal 2010 National Defense Authorization Act.

It might also prove counter-productive because the touted savings are based on fuzzy math and faulty analyses, Soloway said.

The comparisons take into account the total, billed cost of a contractor versus the immediate salary and benefits of a federal employee. But he said the agencies forget about the cost of the training to develop employees' skills, laptops and cell phones issued to employees, lifetime benefits, and increasing the work for offices that manage personnel records and paychecks.

"The supposed savings might well turn into significant cost increases," Soloway said.

Colleen Kelley, president of the National Treasury Employees Union, has said for a long time that, if they have the appropriate tools, resources and training, "no one can perform the work of the federal government as well as trained, dedicated and accountable federal employees."



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