



Army Halts Insourcing Initiatives

Proposals now must be fully documented and justified before they get senior officials' approval

By Matthew Weigelt Feb 04, 2011

Army Secretary John McHugh said he will make decisions about insourcing government work to take a more strategic approach.

In a memo released Feb. 1, McHugh reserved the authority to approve any Army insourcing proposal and even suspend already approved insourcing decisions to conduct a full review.

To get his approval, a proposal must be fully documented and justified, the memo states. It must show how many workers would be affected and include an analysis of all the other options to creating additional permanent civilian jobs. McHugh also wants a full legal review of each proposal and certification that the Army has the money to carry it out.

"In an era of significantly constrained resources, the Army must approach the insourcing of functions currently performed by contract in a well-reasoned, analytically based and systemic manner," McHugh wrote.

The Army's assistant secretaries in charge of finances and the workforce will draft more detailed criteria by which to measure and evaluate whether a proposal is efficient enough to be approved, according to the memo.

McHugh also put a hold on any insourcing plan that is not fully completed until he receives the information required in his memo.

His directive remains in effect until February 2012.

A year ago, McHugh told the Senate Armed Services Committee that the Army planned to insource 11,084 positions between fiscal 2011 and 2015, with nearly 4,000 of the positions in the acquisition workforce. The Army also saved a lot of money in fiscal 2009 by bringing back more than 900 core government jobs.

Speaking broadly about insourcing, Dan Gordon, administrator of the Office of Federal Procurement Policy, today said administration officials are not using insourcing programs to save money but because it's a good government management initiative.

One business group that has pushed the government to take a more thoughtful approach to insourcing said McHugh has taken the right approach.

"We have said all along that all sourcing decisions for clearly commercial work — whether insourcing or outsourcing — must be done strategically with the best interests of the government mission and American taxpayer in mind," said Stan Soloway, president and CEO of the Professional Services Council.

The strategic and fully documented approach gives fundamental information on whether insourcing or outsourcing is the best approach, he added. The Army will find out whether it's worthwhile by considering the total life cycle costs associated with those decisions and the degree to which they address the Army's workforce needs.

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