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## Army Puts Insourcing on Hold

By Marjorie Censer

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The Army is suspending its existing efforts to move more work in-house, calling for better documentation and justification of any future insourcing proposals.

The service is the latest to express reservations about insourcing, a policy the Obama administration has backed, but that contractor advocates have said was being implemented without enough analysis. The policy is meant to ensure federal employees are overseeing "inherently governmental" work, like awarding contracts.

Defense Secretary Robert M. Gates raised his own doubts about the effort in August, telling reporters that the Pentagon was not "seeing the savings we had hoped" from bringing work in-house. In December, Daniel I. Gordon, administrator for federal procurement policy at the Office of Management and Budget, said some agencies apparently misunderstood that the policy was only meant to target limited numbers of positions.

In a Feb. 1 memo, Army Secretary John M. McHugh suspended any already approved insourcing actions and said he will personally authorize any new proposals.

"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," McHugh wrote, adding that the Army's manpower office and comptroller will prepare criteria by which to evaluate the policy's success.

The Army's insourcing plans have been aggressive; the service said last year it planned to convert to government jobs as many as 4,150 acquisition positions currently performed by contractors. The move was supposed to be spread over five years.

Industry advocates said they don't expect the Army's action to halt insourcing but to ensure the process is being implemented fairly. However, Stan Soloway, president and chief executive of the Professional Services Council, a contractor trade group, said he expects the number of jobs to be converted will decrease.

"I think that there's a growing recognition that in some cases insourcing clearly makes some sense," Soloway said. "But the process as it's evolved . . . has been much more quota- and budget-driven. . . . I think we're seeing that begin to reverse."

Robert A. Burton, a partner at Washington law firm Venable who said he has worked with several small-business clients hurt by insourcing, said he would like to see other organizations take similar steps.

"I think it's a very promising development," Burton said. "I very much hope that this sets a precedent for other services within the Department of Defense and also the civilian agencies."

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