Companies Lost More Folks in 2011 Due to Insourcing

By Matthew Weigelt   April 09, 2012

In a recent survey of more than 100 companies, 60 percent of them reported they had lost employees to the government insourcing initiative.

It's a 13 percent increase from 2010, according to the consulting firm Grant Thornton in its 17th Annual Government Contractor Industry Survey, which was conducted in 2011. Grant Thornton released it in 2012.

Agencies have more aggressively insourced work from companies in recent years as Congress and the Obama administration have said the government relies too much on the private sector to do its work. Spending on contracts increased greatly under the George W. Bush administration and the Barack Obama administration has proudly said it's cut back on contract spending.

Obama's former administrator of the Office of Federal Procurement Policy, Dan Gordon, reiterated that the government needed to "right-size" the balance between government employees and contractors. More importantly, federal employees need the in-house knowledge and expertise to handle those contractors' jobs to release the government from an over-reliance on companies.

Government officials have also said they would save money with federal employees doing the same work instead of contractors. It's stemmed a heated debate and both sides of the argument have generated their facts to prove their point.

From Grant Thornton's perspective, thinking that insourcing saves money is an "unsubstantiated and frankly unimaginable belief." In 2010, defense officials said they could find no evidence of savings from insourcing work.

In the survey report, Grant Thornton expressed some hope for those who dislike the insourcing initiative.

"Based on experience, we assume that this desire to grow government at the expense of the private sector is another initiative that will eventually be reversed, most likely when the political climate in the country changes," wrote the author of the survey report.

In other words, the pendulum will swing back.