



## **Defense Authorization Act Includes Troubling Provisions on Insourcing, Compensation, and More**

**May 17, 2011**

The House Armed Services Committee-approved version of the fiscal year 2012 National Defense Authorization Act (NDAA) includes provisions that could apply an overly broad definition to the kind of work for which the Defense Department must use federal employees rather than create an appropriate balance between civilian and contractor personnel. Moreover, the bill fails to address the evident problems with current costing methodologies that are utilized to determine the most cost-effective source of performance.

Over the past few months, PSC has engaged extensively with the House Armed Services Committee to include provisions in this year's authorization bill that would create a balanced, fiscally sound approach to the department's use of contractors. Unfortunately, the committee-approved bill fails to fully address the key gaps in the current process and, at the same time, includes language that could be interpreted as an expansion of the type of work for which there is a strong preference for government performance. PSC will continue to work with the committee to narrow the functions that civilian personnel must perform and to expand the types of activities that contractors can perform to meet the department's mission.

The bill would also lift the current moratorium on competitive sourcing in the department, but not until a GAO analysis of an as-yet-unwritten DoD report on public/private competitions. The bill would also increase the authority of the Undersecretary of Defense/Personnel and Readiness over competitive sourcing procedures and planning, thus diminishing the responsibilities and authorities of the department's finance, operational and acquisition components.

PSC is also closely examining other provisions that would expand to all company employees the current executive compensation cap; an extension of the GAO's authority to hear protests on civilian-agency task and delivery order contracts in excess of \$10 million; expansion of the government's access to company records of foreign owned prime and subcontractors; and an increase in the simplified acquisition threshold to \$1 million and the micro-purchase threshold to \$25,000 for contracting activities in support of contingency operations in Iraq and Afghanistan.

© Professional Services Council 4401 Wilson Blvd., Suite 1110 Arlington VA 22203 | P: 703-875-8059