

## Defense In-Sourcing Policies Create Widespread Confusion

Sept 17, 2010

By Sandra Erwin

The business of in-sourcing government jobs has become progressively more confusing in recent months.

After the Obama administration launched plans last year to convert contractor-held positions into civil service slots, panic ensued across the private sector, and industry executives braced for big losses, particularly in services-related contracts. Then came word from Defense Secretary Robert Gates that the Pentagon would be slowing down in-sourcing efforts because it was not clear that it was saving any money, and he called for additional studies before further hiring decisions are made.

A senior Pentagon official who oversees in-sourcing recently met with a group of industry insiders and cautioned that in-sourcing remains the policy, even though, as Gates noted, it is not delivering enough cost savings.

"Secretary Gates wants cuts to contract funding," the official said. "But in-sourcing is alive and well." He also suggested that it was unfortunate that the secretary chose to make these remarks during a briefing on the budget, because cost savings were not the primary purpose of in-sourcing. The main goal of in-sourcing is not to save money but to reshape the work force, he said. In-sourcing is intended to bring "inherently governmental" positions back into government and is not focused on "body counts," he said.

Everyone at the meeting agreed that there is genuine confusion regarding implementation of the administration's policy.

One contractor said there is anecdotal evidence that in-sourcing is harder than anyone envisioned. In some program offices, in-sourced workers are not trained to execute governmental decisions they are now required to make, the contractor said. As a result, the very people whom the government recruited are leaving for different jobs in the private sector. "Not the expected outcome they planned on," the contractor said. Bottom line: the unintended consequences of in-sourcing already are manifesting themselves.