



## DoD gets Ball Rolling on Insourcing

To save money and reduce the influence of defense contractors, Congress has handed the agency \$5 billion and a mandate to insource inherently governmental jobs

By Amber Corrin

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The tug-of-war is on: The government's largest department wants to downsize its contractor presence in favor of more federal jobs and, at the same time, keep up with the constantly evolving technological edge driven by private industry.

In its fiscal 2010 spending bill, passed Dec. 10, Congress handed the Defense Department \$5 billion and a mandate to insource inherently governmental jobs. The move echoes a vow by Defense Secretary Robert Gates to bring 30,000 jobs back into the Pentagon fold. According to the House Appropriations Committee, moving those jobs in-house will save \$44,000 per year for each position converted from contract to federal civilian.

The idea is to save money in the long run and reduce the influence of — and potential abuse by — the defense contractors who now make up more than half of U.S. coalition personnel in Iraq and Afghanistan. DOD already is instituting programs to get the ball rolling, including a government/contractor hybrid approach to building a new missile and peer review program designed to improve oversight of contracting and procurement.

All of that raises the question: If the federal government can do the same work for so much cheaper, why did we ever outsource to begin with?

The use of contractors, which goes back to the Revolutionary War, has gained momentum with the emergence of high technology. But it was the major downsizing after the Cold War that rendered DOD unable to carry out significant missions without contractor support, according to a report released Dec. 14 by the Congressional Research Service (CRS).

Contractors now make up 53 percent of the DOD workforce in Iraq and Afghanistan — with a 30,000-strong surge in troops and as many as 56,000 contractors on the way, CRS said.

So how will DOD adhere to Congress' demand to bring jobs under the federal umbrella and still meet U.S. warfighting needs? Can the Obama administration reform procurement, reduce overhead and still provide U.S. troops with the tools they need?

The Office of Management and Budget, which is helping federal agencies meet President Barack Obama's new goal of shaving \$40 billion from federal contracting costs by 2011, seems to think so. In a report dated Dec. 21, OMB touted DOD measures to streamline the so-called multisector workforce.

According to OMB, DOD brought in a team of department engineers to improve the design of a next-generation Javelin shoulder-fired missile, originally built by Raytheon and Lockheed. The government/contractor hybrid team will save an estimated \$10 million in hardware costs during the five-year contract, OMB said.

Additionally, a peer review team of non-DOD senior leaders with contracting experience will help ensure best practices, implement policies and share information across the department. For larger contracts, a deputy director for Defense procurement and acquisition policy will lead the team.

DOD leaders haven't commented on either program. But experts say the government needs industry to help it function and vice versa.

"Government may be a late adopter, but we should be exploiting its procurement power," said Melissa Hathaway, former acting senior director of cyberspace for the Obama administration. "A public/private partnership is necessary to protect the national infrastructure."

DOD relies heavily on outside assistance to supply the military with innovations that the government can't always provide ad hoc.

"Our operational environment in Iraq and Afghanistan, as well as our homeland security needs, require [DOD] to rapidly address capability shortfalls from our warfighters and homeland security forces. In many cases, it is industry that provides an interim solution," said Navy Capt. Kevin Ruce, joint capability development directorate and host combatant commander for the Coalition Warrior Interoperability Demonstration, an annual Joint Staff-directed science-fair-cum-test bed for DOD technology procurement.

Although Congress might just now be on board, those joint efforts are nothing new to the military. "We need to realize the economies and efficiencies while improving effectiveness," said Lt. Gen. Jeffery Sorenson, the Army's chief information officer and a vocal proponent of collaboration and joint partnerships.

And that's where the coveted sweet spot emerges: a viable middle ground for the changing business operations demanded by a high-speed society struggling to get back on its feet after rounds of devastating — and costly — blows.



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