



# DoD Reconsiders the Insourcing Question

Officials say they are taking a strategic approach, but are contractor jobs safer?

By Matthew Weigelt

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As the Defense Department works to build its acquisition workforce, officials are reconsidering the question of just how important it is to fill a given position with a federal employee.

According to a DoD memo issued on March 15, the procedure for making that determination depends on several basic questions:

- Does the job fill a critical need?
- Does the job include work that only a federal employee should do?
- Would there be a cost benefit to filling the job in-house rather than with a contractor?

Officials also have to show that bringing the job in-house would not exceed the current budget, particularly under continuing resolutions.

Ashton Carter, undersecretary of defense for acquisition, technology, and logistics, and Robert Hale, DoD's comptroller and CFO, offered the memo to DoD as a strategy for building the workforce in lean budget times.

When new workers, who are hired through the Defense Acquisition Workforce Development Fund, become full-time federal employees, those new positions cannot exceed existing caps on the number of civilian employees, and the service branches must also be able to pay for the new employees, Carter and Hale said.

"The strategy requires that the components provide funding for long-term sustainment of the in-sourced positions," they wrote in the memo.

Speaking March 17, Shay Assad, director for defense procurement, acquisition policy, and strategic sourcing, said DoD is not trying to build its workforce through insourcing alone.

"We're stepping back from that a little bit. We want to make sure when we make that decision" it meets the criteria, he said at the Coalition for Government Procurement's Spring Conference.

DoD is ahead of its schedule to boost its acquisition workforce numbers by 10,000 employees by 2015, Assad said.

With this adjustment, he said he expects "a significant lessening" of insourcing but no slowdown on hiring employees through the direct hire authority. DoD will continue to enlarge the acquisition workforce. The authority gives DoD a speedy way to get employees on board, avoiding the slow traditional hiring process.

Defense officials describe the concerns they face regarding the acquisition workforce in the overview of the department's fiscal 2012 budget proposal. In the last decade, defense spending on contracts for weapons and other systems nearly tripled, while DoD's acquisition workforce fell by roughly 10 percent.

"More important, the department lacks sufficient numbers of technically trained personnel to conduct effective oversight. The department needs additional contracting officers, cost estimators, systems engineers and acquisition managers," according to the overview.

Stan Soloway, a former deputy undersecretary of defense for acquisition reform and now president and CEO of the Professional Services Council, said the approach laid out in the memo will help DoD assemble a stronger workforce that suits DoD's needs.

"We have long supported the department's efforts to build critical skills but have become increasingly concerned as those efforts veered off track, as most of the work identified for insourcing falls outside of 'critical skills' and is based on questionable cost-and-savings assumptions," Soloway said in a statement.

Nevertheless, there still is apprehension about what defense officials consider to be the acquisition workforce.

Peter Levine, general counsel for the Senate Armed Services Committee, said he's concerned senior-level defense officials won't recognize the breadth of what the acquisition workforce encompasses, even with the broad definition Congress laid out in the fiscal 2011 National Defense Authorization Act. The workforce includes, along with contracting officers, program and project managers, and contracting officer's representatives.

He said the people working close to acquisition understand who's all involved in the acquisition process. "The concern that we have is that when the secretary comes in and says, 'I'm going to exempt the acquisition workforce,' now you're talking about non-acquisition people trying to understand what's exempt," he said during a panel discussion at the coalition's conference.

Further, the committee has concerns about balancing the growth of the acquisition workforce against hunting for efficiencies throughout DoD.

"We're concerned there will be a temptation to define the acquisition workforce more narrowly, to say people who aren't a part of contract support are not exempt," he said.