



## Insourcing “Inherently Governmental” Work Will Save Money

### Study Finds 2,357 Army Contract Jobs Violating White House Guidelines

By Pratap Chatterjee | January 25, 2011

The U.S. Army has identified 2,357 contractors doing work that is supposed to be reserved exclusively for federal employees, according to a new report by the Government Accountability Office released last week.

Another 1,877 contractors are doing “unauthorized personal services” for the Army, the GAO found, while 45,934 contractors are doing Army jobs that are considered closely associated with inherently governmental functions, which require strict oversight and management. Other military services as well as civilian agencies are probably employing thousands of contractors with similar conflicts.

Work that is “inherently governmental,” such as oversight functions or those that may commit the government to overall policy decisions, must not be done by contractors, according to draft guidelines issued last March by the Obama administration.

The GAO estimates that 766,732 contractors worked for the military on service contracts worth \$140.4 billion in fiscal 2009. That’s more than the 737,000 civilians that were employed by the military in 2009, according to the U.S. Office of Personnel Management.

The Center for American Progress believes that eliminating contractors who do “inherently governmental” work will save the military dollars and bring it into compliance with the law. Returning or “insourcing” these jobs back to the permanent federal workforce should be the military’s first action in complying with Defense Secretary Robert Gates’s request for a 10 percent annual reduction in contract spending over the next three years.

It’s a shame, but not a surprise, that no such suggestion was included in the spending reduction proposal released last week by the Republican Study Committee. As CAP Senior Fellow Scott Lilly has previously noted: “The real question is why Republicans, in their earnestness to reduce the deficit, have not taken on the issue of government contracting. That has been where the real growth in government has occurred.”

Daniel Gordon, administrator of the Office of Federal Procurement Policy, tells CAP that the Army should not renew contracts for inherently governmental work. But he cautions that this insourcing is likely to only be a “very small subset of reforming the federal government’s over-reliance on contractors.”