

Contractors to DoD: Insourcing has Become a 'Quota-Driven Exercise'

STEPHEN LOSEY | May 4, 2010

A trade group representing government contractors and a labor union yesterday said the Defense Department's drive to bring critical contracted jobs back in-house is being executed poorly and will yield little savings.

Professional Services Council President Stan Soloway and International Association of Machinists and Aerospace Workers president Thomas Buffenbarger said in May 3 letters to Defense Secretary Robert Gates that routine positions such as maintenance and janitorial staff are being insourced. The union represents many employees who work for contractors.

"What you conceived and set forward as a vital, strategic human capital initiative is rapidly devolving into a quota-driven exercise based on highly questionable cost assumptions with no validation, oversight or other verification that the intended results are being achieved," Soloway and Buffenbarger said in the nearly identical letters.

Defense must increase the use of competition to decide whether positions that are not inherently governmental should be brought back in-house and consider the costs of an employee's entire career when estimating savings, they said.

Gates hopes to convert as many as 41,000 contractor-performed jobs to federal positions by 2015. Many of those are expected to be in the acquisition and information technology fields.

Soloway — a senior Pentagon acquisition official during the Clinton administration — and Buffenbarger said the department is not fully considering all costs of government labor, such as lifetime benefits, training programs and personnel support, as it estimates the savings each insourced position will yield. They said a classified Defense directive assumed 40 percent savings for each insourced position, but believe that is wildly overblown.

One Air Force insourcing program only saved \$500,000, Soloway and Buffenbarger said — about one-fifth of 1 percent of the program's \$220 million contract.

The insourcing drive could also cost thousands of contractor employees their jobs, Soloway and Buffenbarger said, or result in pay cuts for contractors who take federal jobs.

Defense "faces the very real possibility of losing access to vital expertise and experience as employees opt to not accept government positions," Soloway and Buffenbarger said. "And we are seeing the spirit, and sometimes the letter, of merit systems hiring, veterans preference hiring, and the sound principles of business and workforce integrity commonplace in the commercial market increasingly ignored."