

Insourcing Road Blocks should be Cleared for Key DoD Weapons Offices

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The case for insourcing work performed by Pentagon contractors is growing stronger and stronger. As our latest report made clear last week, billions of dollars could be saved if the federal government converted many jobs into federal positions that are currently outsourced to more expensive contractors. On top of that, a Department of Defense (DoD) report from earlier this month said that of the nearly 17,000 jobs that the Pentagon insourced in FY 2010, 50 percent were brought back in house because it cost less to have the jobs performed by federal employees.

Furthermore, there are thousands of government positions outsourced to contractors that are considered “inherently governmental,” in other words, core government tasks that no one but government employees should undertake (many more positions are “closely related to inherently governmental”). Nine percent of those 17,000 insourced positions were insourced because they were inherently governmental, according to the DoD report.

But in the summer of last year—close to the end of fiscal year 2010—insourcing at the DoD largely stopped. “With regard to insourcing, other than changes planned for FY '10, no more full-time positions in these organizations will be created after this fiscal year to replace contractors,” then-Secretary of Defense Robert Gates said at an August 2010 press conference. “Some exceptions can be made for critical areas such as the acquisition workforce.”

According to senior officials at the DoD, two important areas where more insourcing needs to occur are the DoD’s Developmental Test and Evaluation office and its system engineering office. While Gates said that insourcing might still continue in this part of the workforce, winds have been blowing the other way even though the case for insourcing is stronger than ever.

Take for instance the Developmental Test and Evaluation office: its staff is 67 percent contractors. The systems engineering office, another key weapons acquisition office, is comprised of 85 percent contractors. According to a new Government Accountability Office (GAO) report:

Both Deputy Assistant Secretaries would like to have a larger proportion of government employees because they believe it is important to maintain a core cadre of people with the required institutional knowledge and skills to support current and future program office needs. However, they are not optimistic about their chances of getting additional government employees because of a civilian hiring freeze.

Leaving aside the question of the right composition of staff (i.e. government employee versus contract employee), the development test office is finding it difficult to cover its portfolio of approximately 250 acquisition programs with its current staff of just 63 people.

This lack of personnel has led the Deputy Assistant Secretary for Developmental Test and Evaluation to employ a “triage” strategy for handling the disparity between programs and his workforce. In 2010 this led to 39 percent (89) of all programs not being evaluated at all. The office is currently “providing minimal coverage to programs prior to the start of development, which is the most opportune time to influence a program’s acquisition strategy,” according to the GAO report.

DoD’s developmental test office has been on a starvation diet for a while. As Tom Christie, the Pentagon’s former top operational test official, noted at a conference in 2009, the DoD mostly killed off developmental test and evaluation for a time. As a result, taxpayers and troops faced consequences. As Christie noted, “the Defense Science Board Task Force on Development Test and Evaluation headed by Pete Adolph reported that, in the ten-year period, 1997 through 2006, roughly 70 percent of Army systems had failed to meet their specific reliability requirements in operational testing.” Why? At least part of the answer is because developmental test and evaluation (which occurs before operational testing) got short shrift, according to Christie.

With the 2009 Weapon Systems Acquisition Reform Act, developmental test and evaluation within DoD got a new lease on life. But clearly more needs to be done. The GAO says the developmental test office “needs more influence and resources to be effective.”

Additionally, the insourcing slowdown may further constrain insourcing of weapons systems acquisition personnel. The report notes that insourcing will account for 96 percent of the planned growth in new Army and Navy personnel hired in the systems engineering field between 2011 and 2015. Of new test and evaluation personnel, GAO says that 40 percent of all new personnel during this same time period will come from insourcing.

But will growth from insourcing in those offices happen to the degree the DoD is planning? Insourcing decisions are now considered on a “case-by-case” basis. Whenever insourcing would breach the civilian personnel cap, the insourcing proposal “must be provided to the Director of Human Capital Initiatives and then the proposal will be reviewed by the two Under Secretaries of Defense issuing the memorandum [establishing the case-by-case rules] and approved by the Deputy Secretary of Defense,” according to the GAO report. In other words, any insourcing decision would have to navigate through an intense bureaucratic labyrinth.

Budget constraints pose similar road blocks to expansion of staffing. Service headquarters officials told the GAO that “if DOD’s proposed budget cuts between fiscal years 2012 and 2015 remain intact, they may have to cut some of their developmental test capabilities as well as personnel who conduct tests,” this, “could limit the amount of testing performed on weapon acquisition programs, which could increase the risk associated with those programs and/or result in an extension of a program’s test schedule.”

While it is clear that the DoD spends too much on a number of programs and has far too many personnel in some areas, DoD testing and evaluation is understaffed and underfunded. This is particularly problematic given the return on investment of spending on testing and evaluation. Early and adequate development testing of weapon system can save billions of dollars in the long run and soldiers can be spared the dangers of fighting with faulty weapons. Even the most ardent penny-pinching patriots should support increased funding for oversight of the DoD weapons acquisition process.

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