



Is the End of 2010 the End of Insourcing?

By Jim Garrettson January 4, 2011

As 2011 begins, many are wondering where the government's insourcing strategy stands.

In December, the Office of Federal Procurement Policy Administrator Daniel Gordon said to an audience of contracting officers and government procurement officials, "Insourcing is not a goal."

Gordon said insourcing is a solution to the problem. Contractors should be used for work that is appropriate, but they shouldn't be performing inherently governmental functions.

Well, according to Federal Computer Week, the Obama administration is not giving up on its insourcing strategy, but it does need to be adjusted. At the beginning of December, two bills that included insourcing provisions have either been cut or have been dropped all together.

According to sources, the defense authorization bill that passed through the House and the Senate did not include provisions to expand the government's ability to insource private sector functions. The now-defunct, fiscal 2011 omnibus bill also included insourcing provisions.

However, Robert Burton, former deputy administrator at the Office of Federal Procurement Policy, told FCW insourcing shouldn't be written off yet.

"Officials are still thinking in terms of insourcing, not balancing the workforce," he said.

Others have a different opinion on what will happen to insourcing in 2011. Lou Crenshaw, a principal at Grant Thornton, said the word 'insourcing' will dry up and be replaced with 'multisector workforce', which is a blending of the workforce between federal employees and contractors.

Possible circumstance would give agencies a reason to switch to a 'multisector workforce' in 2011. One circumstance is the proposed pay freeze. The freeze could reduce candidates' interest in insource jobs. Another possible problem is that government agencies might have problems finding federal candidates with the necessary skills. Since the 2010, initial insourcing sweep took all of the qualified candidates.

"All those reasons mean agencies need to develop strategic plans for building the multisector workforce," Crenshaw said. "This is not just about whacking contractors."

Neil Albert, president and CEO of MCR, LLC, has lost 200 employees to government insourcing in the last two years. The company lost 25 employees in November and December alone.

"We continue to see certain (government) organizations target and try to grow by taking contractors and canceling contracts," Albert said. "These agencies tell contractors they will no longer employ them unless they become federal employees."

Albert said he feels the end of 2011 should be the end of government insourcing, because it will be too costly for the government to continue to turn contractors into federal employees.