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Levin, Federal Workers Slam Army's Move to Put Brakes on Insourcing

By Lisa Rein

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The Army's decision this month to suspend its efforts to move more work in-house has drawn a cool reaction from federal employee unions and the chairman of the Senate Armed Services Committee.

In a Feb. 1 memo, Army Secretary John McHugh suspended any already-approved insourcing and said he will personally authorize all new proposals.

Senate Armed Services chairman Carl Levin (D-Mich.) told McHugh he's not happy.

In a Feb. 17 letter to McHugh, Levin said he is concerned that the call for better documentation and justification of any future insourcing proposals does not conform to federal law. The U.S. code of laws for the federal government requires the Department of Defense to "identify activities - such as activities closely associated with inherently governmental activities" that should be considered for in-house work, Levin wrote.

The Army is the latest service to express reservations about insourcing, a policy backed by the Obama administration but criticized by contractor advocates as too hastily implemented.

The policy is meant to ensure that federal employees oversee "inherently governmental" work, such as awarding contracts. In a Feb. 4 letter, John Gage, president of the American Federation of Government Employees, balked at McHugh's plan, which returns the work to contractors. Outsourcing has the potential to take jobs from federal workers.

Gage was "surprised and disappointed" by the Army's decision. "The Department of Defense added 17,000 positions to its in-house workforce through insourcing," Gage wrote, "saving dollars for taxpayers whether the work was insourced for cost reasons or because it was inappropriate for outsourcing."

Levin pointed out that 2,357 Army contractors were performing "inherently governmental" functions as of last year, according to the Government Accountability Office. "The Department is required by law to develop a plan to consider these services for possible conversion to government performance, as well," he wrote in the letter.