



Officials Change Tone on Insourcing

Officials say they never intended for massive insourcing, and the administration has not let it happen

By Matthew Weigelt Mar 17, 2011

In speeches before industry this week, senior federal officials have attempted to allay worries of companies by pointing out that they have not gone as far as expected on insourcing federal work.

"There have been a lot of misunderstandings" about changes in the government's relationship with contractors, Dan Gordon, administrator of the Office of Federal Procurement Policy, said in the first eight minutes of his hourlong speech March 15. "A year ago, I think people thought we were on the verge of massive insourcing."

"We never intended to do massive insourcing, and I think the record now demonstrates that," he said, speaking at the Integrated Resources Management Conference.

Shay Assad, director of defense procurement and acquisition policy at the Defense Department, said DOD is stepping back somewhat from its intent to insource roughly 10,000 workers for its acquisition workforce over a span of several years.

"We're changing tactics just a little bit," he told a group of government officials and industry executives today at the Coalition for Government Procurement's Spring Conference.

DOD has insourced roughly 3,000 people so far, but defense officials are not striving for its stated goal of insourcing 10,000 employees. Instead, he wants a more intentional move from now on.

"We want to make sure when we make the decision [to insource] that, in fact, it is an inherently governmental function that we're asking someone to do and secondly that it is critical and needed," he said.

Furthermore, to make any more insourcing moves, it would have to be approved by Ashton Carter, undersecretary of defense for acquisition, technology and logistics. Assad also expects a slowdown in insourcing.

However, DOD will continue its aggressive approach to build the acquisition workforce through the department's direct hiring authority. DOD wants to hire 10,000 employees through that authority and has brought in roughly 6,000 people.

The direct hiring authority allows DOD officials to avoid the morass of the federal hiring process.

Since President Barack Obama arrived at the White House, companies, especially small businesses, have feared a growing possibility that they would lose their work. He issued a procurement policy memo soon after his inauguration that told agencies to bring work back into the government and decrease the use of contractors. The Office of Management and Budget issued further policies on accomplishing that in mid-2009. In March 2010, Gordon's office issued a draft of a policy letter on how to determine if a job would be insourced. The policy even delved into blurry territory of insourcing a "critical function," a very generic term that concerned many people. Times have changed now.

Tom Davis, a former chairman of the House Government Reform Committee and one of the drafters of the Services Acquisition Reform Act, said the administration has to move toward the middle and because officials have laid out their agenda, they now have to put it to work.

"The Obama administration is in a governance mode," he said this morning during the Coalition's conference. "Things are coming back to normal."

Congress is also viewing insourcing a little differently. The fiscal 2008 National Defense Authorization Act included a provision that allowed DOD to insource work. However, it was meant for bringing in inherently governmental functions, or jobs only a federal employee is allowed to do, and similar critical jobs, said a staff member on the House Armed Services Committee.

Speaking today at the coalition's conference, Cathy Garman, a professional staff member of that committee, said the panel agrees with DOD insourcing policy, but it's still cautious. Based on her briefings with defense officials, Garman said she realizes the department has not figured out how to best use the insourcing tools to its benefit.

"Anything that is focused on arbitrary goals and arbitrary savings sometimes drives bad decisions, and we have seen many bad decisions," she said.

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