



PSC Succeeds on Two Fronts of Insourcing Fight

December 22, 2010--Congress has eliminated arbitrary and imbalanced insourcing language that was contained in two pieces of major legislation—the National Defense Authorization Act and the Omnibus Appropriations bill. PSC worked against both provisions since their introduction earlier this fall.

On December 16, the Omnibus Appropriations bill was withdrawn from Senate consideration as negotiations fell apart and Congressional leaders determined that a Continuing Resolution to fund the government into 2011 was the most feasible way forward. As such, Congress passed and the President signed a further Continuing Resolution through March 4, 2011. PSC opposed language in the Omnibus bill that would have required the government to insource work currently performed by contractors, despite current law and recent OMB guidance to agencies. PSC sent a letter to every Senator urging them to strip the anti-business language from the bill or oppose the Omnibus bill. Further, PSC issued an Action Alert to the PSC membership urging them to contact all Senate offices and voice concerns about this provision. The membership response was strong and focused.

Additionally, on December 15, leaders of the House and Senate Armed Services committees reached an agreement on a scaled-down version of the fiscal year 2011 National Defense Authorization Act (NDAA). In so doing, the insourcing language included in Section 850 (Sarbanes Amendment) and Section 326 (Perriello Amendment) of the original House-passed NDAA were cut from the new version of the bill, due in great part to outreach efforts by PSC and its member companies. Like the provision in the Omnibus Appropriations bill, the Sarbanes amendment would have encouraged civilian agencies to increase insourcing of work currently and appropriately performed by the private sector. The Perriello amendment would have excluded from DoD-conducted cost comparisons any consideration of the value of employer-sponsored health and retirement benefit plans provided by both DoD and private government contractors with regard to DoD insourcing decisions. Although PSC-supported language prohibiting the setting of quotas for insourcing remains in the bill, the bill also retains language requiring DoD to use the Directive Type Memorandum (DTM) as its baseline for cost comparisons between the public and private sectors. PSC has provided DoD with a lengthy critique of the DTM, which, among other things, continues to exclude most post-retirement costs associated with the federal workforce.

The NDAA also included numerous acquisition-related provisions. Notable provisions in the bill focus on supply chain security and cybersecurity, technical data rights, contractor business systems, and broadening the industrial base. PSC is assessing the language and evaluating its potential impact on our industry. The House passed this revised NDAA on December 17. This morning, the Senate passed the bill with a minor amendment and the House concurred with the Senate amendment, leaving the bill for the President.