



Some Federal Agencies Move Forward with Insourcing

Chandler Harris - January 18, 2011

While insourcing programs have slowed at some federal agencies, the Department of Homeland Security has accelerated insourcing by outlining thousands of contractor positions to be converted to federal employee positions.

The Office of Information and Technology at Homeland Security's Custom and Border Protection (CBP), recently announced it plans to cut about 1,200 contractors and replace them with 1,000 new federal employees. The department, which employs more than 3,200 contractors, said it would save up to \$40,000 annually per worker and save a total of \$40 million through its insourcing initiative.

CBP has already cut about 200 contract workers and hired 700 new IT staff, which has reduced the office's budget by more than \$300 million during the past two years. This is significant after the CBP has seen its IT budget shrink by \$300 million over the past two years.

The Deputy Assistant Commissioner for the Office of Information and Technology, Ken Ritchhart Ritchhart said his department also needs to bring in young hires now before a large number of current employees retire in the next ten years. He said the department has focused recruitment to students and recent graduates.

Last July, the DHS deputy secretary instructed DHS agency heads to develop "specific, expedited plans ... for either eliminating contractor work entirely or converting contractor work to federal positions." Each DHS department must send periodic hiring status reports and name a representative to a DHS steering group that will review DHS work force issues.

However, last year Defense Secretary Robert Gates abandoned plans to replace civilian contractors with full-time federal positions, after admitting the idea has failed to save money so far.

And more recently Gates did not mention insourcing when he announced \$154 billion in efficiencies savings over the next five years through cutting overhead, improving business practices and eliminating troubled programs. The 2011 Defense authorization bill President Obama signed earlier this month was stripped of several provisions that would have expanded insourcing opportunities.