

Think Tank Criticizes Defense Department Insourcing

By Jill R. Aitoro Friday, July 22, 2011

A D.C. think tank recently punched holes in the process used by the Defense Department to make insourcing decisions, suggesting an alternative strategy for deciding when work performed by contractors should be reassigned to full-time federal employees.

The Center for Strategic and International Studies released a report in May that analyzed the January 2010 directive used by DOD to compare the estimated costs of contractors with those of full-time government employees. The department is expected to replace those instructions in September. The key shortcomings of the current directive, according to the report, include a failure to account accurately for associated overhead.

For example, the current methodology fails to account for the full cost of DOD-owned assets but includes those costs for contractors. It also doesn't consider the loss in tax revenue that would be paid by contractors but not by the federal government, the report notes.

The overhead line items that should be tallied into cost comparisons for contractors and federal employees include management and oversight, information technology and human resources