



Insourcing: A Congressional Mandate

presented by

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National Defense Authorization Acts



- Congress is concerned with the growing and seemingly unconstrained reliance on contractors to accomplish the Department of Defense (DOD) mission.
- Release of the NDAA 06 implemented Section (§) 343 of the of the public law that required the SecDef prescribe guidelines and procedures for ensuring special consideration be given to using federal employees for work currently, or would otherwise be performed, under DOD contracts. Contracted work could be returned if:
 - Work associated with performance of inherently governmental functions.
 - Executed by a DOD employee since 1 Oct 80.
 - Not awarded on a competitive basis (via A-76).
 - Poorly performed due to excessive costs or inferior quality.
- The NDAA 08 rescinded §343 and implemented §324 and §807 which directed establishment of insourcing and contractor inventory reviews with special concerns for:
 - Inherently governmental functions.
 - Unauthorized personnel services (employee relationship).
 - Work closely associated with inherently governmental functions.
- Both eliminated the need to conduct a public-private competition.



Implementation



- Services were given guidelines by OSD and told to begin evaluating their contracting policies, contracts, and continue to return work to in-house performance.
 - Balancing the workforce.
 - Operating within the confines of our core dollars, less dependence on supplemental and Overseas Contingency Operations (OCO) funding of enduring missions.
 - Building a base of federal employees to ensure continuity of operations.
 - Returning work executed as personal services or considered to be inherently governmental.
- Commands began a lengthy process to determine if contracts should be:
 - Retained
 - Justify how contract will be modified or performed in order to mitigate risk.
 - Certify the contract, as written or performed, will not contain inherently governmental functions or unauthorized personal services.
 - Insourced
 - Identify positions.
 - Justify rationale, including cost analysis.
 - Develop an insourcing plan.





Leveraging the Private Sector



- When/How do we leverage the private sector workforce?
 - New mission start-ups when time is of the essence and permanent workforce is not in place.
 - Work is considered a one-time requirement.
 - Skill is perishable or fluid, such as unique language training requirements or guest speakers.
 - Associated with an overseas contingency operation and not considered enduring in nature.
- Performance work statements and contract administration have to be revised to eliminate any immediate government supervision or personal services relationship.
- Contracts identified for conversion to in-house performance will not have options exercised or follow-on contracts awarded.
- Contract employees will be eligible to apply for the newly-created positions.



Looking to the Future



- TRADOC recently returned 327 contractor manyear equivalents (CMEs) to in-house performance, generating an annual cost savings of \$7M dollars.
- A recently completed review of all our service contracts identified a potential pool of over 4,000 CMEs which could be brought in-house. These will be evaluated and identified as candidates if:
 - Long term funding is continuous and verifiable.
 - Mission is enduring in nature, not tied to:
 - The war effort.
 - Fluctuations in training requirements.
 - CME positions have been included on our manning documents.
 - Conversion should generate a savings to the government.



Reality of Insourcing



- Congressional oversight of contracting and insourcing will continue.
- Incentives may include further budget reductions which have already been applied in FY 10, further reducing funds available for contract support.
- The eventual downsizing of military operations for Operations Enduring Freedom and Iraqi Freedom will further reduce our reliance on private sector augmentation.
- The federal government has no obligation to the private sector to continue contracting if it is not in the best interests of the services.