



PROFESSIONAL SERVICES COUNCIL

The Unified Voice of the Government Services Industry

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Robert M. Gates
Secretary of Defense
United States Department of Defense
1000 Defense Pentagon, Room 3E880
Washington, DC 20301-1000

Fax: 703-517-8951

April 7, 2009

Dear Secretary Gates:

On behalf of the more than 330 member companies of the Professional Services Council (PSC), the nation's largest trade association of government services contractors, I am writing today to express our desire to assist with your initiative to rebuild some of DoD's most critical human capital capabilities. PSC has long advocated for the reinvigoration of the federal acquisition workforce to include key technical and associated skills that are so fundamental to the effective execution of DoD's missions. To the extent this initiative leads to a reasoned and thoughtful effort to rebalance internal capabilities in targeted functions and addresses the significant critical skills gaps the department faces, it could be of significant value to the department, our men and women in uniform, and the taxpayer. At the same time, many of the support service contracts referenced in your remarks yesterday do not fall into or near the category of "critical capabilities" and thus, any decision to insource this work should be accompanied by sound analyses that demonstrate the cost savings and/or performance improvements that will result.

We share the concern that the department's contracting workforce has been under-resourced for too long; and we are equally concerned about the slow but steady atrophy of key technical capabilities (systems and other engineering, cost and pricing, etc.) across the department's broader, and much larger, acquisition and technical workforce. As such, your initiative to address these shortfalls offers a unique opportunity for a fresh approach to the department's human capital challenges based on today's marketplace realities. Its implementation must be driven by realistic, forward-looking strategic human capital planning that focuses on truly critical positions and capabilities with the goal of building the department and workforce of the future, and not seeking to reinvent the department or workforce of the past. Moreover, it must also be underpinned by a commitment to ensuring that the outcome will be higher performance and, where appropriate, lower costs.

To achieve those important goals, we also believe that several key principles should guide the initiative's implementation:

- I. The department's first step should be to carefully and fully assess the extent to which any "inherently governmental" functions are currently being performed by contractors. While we are not aware of any evidence suggesting that this practice is widespread, to the extent it exists at all, those functions should be of highest priority for action.
- II. Each component of the department should submit or update a human capital plan that carefully maps the most critical positions in their organization that are not inherently governmental. These positions are those that are essential to the department's ability to manage and oversee its missions, activities, and contracts, and may vary from component to component. A broad brush approach which assumes that all contractors providing contract support should be "insourced" is unrealistic and unnecessary. Likewise, while many program offices lack adequate experienced technical staff to evaluate and oversee the work of non-government technical experts, it is also unreasonable to assume that all such contractor support is inappropriate or even undesirable.

The key is to identify those specific positions that must be performed internally and to create the proper balance between contracted and in-house performance to ensure appropriate and necessary evaluation, oversight and performance. In fact, many of those skills are in short supply throughout the economy, even during these difficult economic times. Thus, the department's efforts must be targeted to its real needs and to realistic goals.

- III. Decisions to convert these carefully targeted, non-inherently governmental positions from contract to organic performance should be accompanied by a clear justification of need (i.e., truly mission critical).
- IV. For positions that do not involve these clearly identified, critical skills, any decision to convert contracted work to internal performance should be accompanied by a clear, analytically sound assessment of the fully burdened costs associated with the conversion, the availability of personnel to perform the work, and the performance improvements that will be attained. Absent such analyses, there is a real risk that presumption will rule over facts, and that the best interests of the taxpayers and the warfighter will not be served.
- V. The conversion of contracted functions or positions from contracted to internal performance must also be done in a fair and balanced manner. Just as many government entities today limit what contractors can offer federal employees to leave the government, so too must DoD activities be limited in a similar way as to what they can offer contractor employees as an incentive to come into the government. Out of fairness to both the government and the companies, the playing field must be leveled.

As I noted above, we support your efforts to address the workforce challenges facing the department and look forward to working with you and your team to ensure the successful implementation of your initiative. These are issues that impact us all and we stand ready to work with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Soloway". The signature is stylized with a large, looped initial "S" and a cursive "Soloway" following it.

Stan Soloway
President and CEO