DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
MANPOWER AND RESERVE AFFAIRS
111 ARMY PENTAGON
WASHINGTON, DC 20310-0111

SAMR-FMMR

MAR 4 2011

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army In-sourcing Approval Procedures

1. Reference SecArmy memo, 1 February 2011, Subject: Reservation of In-sourcing Approval Authority.

2. The Army remains committed to in-sourcing as an element of total workforce planning; in-sourcing remains an essential component of our human capital strategy. We will continue to assess our contracted services by means of our contractor inventory review process established pursuant to sections 2330a and 2463 of Title 10, United States Code, in an effort to identify contracts of potential concern. Statutory requirements prohibit the contracting of inherently governmental functions and unauthorized personal services, and direct that we eliminate contract performance of those functions closely associated with inherently governmental functions to the "maximum extent practicable". In certain cases, the divestiture of currently contracted work may be appropriate.

3. In cases where in-sourcing may be appropriate, before filling unencumbered authorizations or adding new civilian authorizations, consider shifting resources from lower priority missions, consolidating or absorbing work into work centers, reengineering for efficiency and use of either military or civilian staffing options. We must also validate the workload proposed for in-sourcing as an enduring requirement, but the use of temporary hires may be appropriate for non-enduring workload.

4. All requests for in-sourcing, to include requests for approval to retain unencumbered authorizations previously identified for in-sourcing, requests to create new authorizations or requests to hire term or temporary civilian employees to perform in-sourced work of a non-enduring nature, must be submitted for the approval of the Secretary of the Army. The requesting command should initiate the process by submitting an in-sourcing approval package, with the requisite justification, as described in the Enclosure. Consolidated in-sourcing approval packages must be submitted to the Deputy Chief of Staff, G-3/5/7 (ATTN: DAMO-FMP).

5. My point of contact for this matter is Dr. John Anderson, 703-693-2119.

Enclosure

JAY D. ARONOWITZ
Deputy Assistant Secretary of the Army
(Force Management, Manpower and Resources)

DISTRIBUTION:
Principal Officials of Headquarters, Department of the Army
Commander
U.S. Army Forces Command
U.S. Army Training and Doctrine Command
U.S. Army Materiel Command
U.S. Army Europe
U.S. Army Central
U.S. Army North
U.S. Army South
U.S. Army Pacific
U.S. Army Africa
U.S. Army Special Operations Command
Military Surface Deployment and Distribution Command
U.S. Army Space and Missile Defense Command/Army Forces Strategic Command
Eighth U.S. Army
U.S. Army Network Enterprise Technology Command/9th Signal Command (Army)
U.S. Army Medical Command
U.S. Army Intelligence and Security Command
U.S. Army Criminal Investigation Command
U.S. Army Corps of Engineers
U.S. Army Military District of Washington
U.S. Army Test and Evaluation Command
U.S. Army Reserve Command
U.S. Army Installation Management Command
Superintendent, United States Military Academy
Director, U.S. Army Acquisition Support Center

CF:
Commander, U.S. Army Accessions Command
Commander, U.S. Army Cyber Command
Director of Business Transformation
Executive Director, Army National Cemeteries Program

In-sourcing Implementation Guidance

The Secretary of the Army's memorandum does not create a legal entitlement to have a contract option exercised or renewed or for re-competition of a requirement. The Secretary's policy does not affect the pre-existing obligation of commanders and managers to exercise appropriate oversight over the procurement of contract services and to observe the obligations expressed in executing the Service Contract Approval form required by Army Federal Acquisition Regulation Supplement (AFARS) Subpart 5107.503.

For purposes of the Secretary's memorandum, a Program Budget Assessment Team (PBAT) - approved authorization documented in a future year that has been encumbered before 1 February 2011 (i.e., firm offer and acceptance completed by 31 January 2011), does not require Secretarial approval. All requests to in-source involving unencumbered authorizations, the creation of additional authorizations, or term or temporary appointments, must follow the process set forth in this guidance to obtain a decision by the Secretary of the Army.

If an organization has submitted Requests for Personnel Action (RPAs) to Civilian Human Resources Agency (CHRA) to fill civilian positions as a result of a previously approved in-sourcing action, CHRA will hold the actions unless the Command notifies CHRA to cancel the recruitment actions. If the Requesting Organization (i.e., a Command or HQDA Principal) is preparing a package for the Secretary's approval, CHRA will continue working the recruitment actions up to the point of issuing referral lists. Commands must notify the FMMR POC, Dr. Anderson, within 30 days of the issuance of this guidance if they plan on submitting an in-sourcing package for the Secretary's approval and continue with civilian recruitment or CHRA will return the RPAs to the Commands.

Information required for in-sourcing approval

The approval process for in-sourcing mandates five components, some of which are required by statute: (1) workload analysis evaluated by U.S. Army Manpower Analysis Agency (USAMAA); (2) a contractor inventory review evaluated by the Panel for Documenting Contractors (PDC); (3) human capital planning; (4) business case; and (5) a funding profile analysis evaluated by the Program Budget Assessment Team (PBAT) and Program Evaluation Group (PEG). DASA (FMMR) will package everything together with a Form 5 and coordinate with DCS, G-1, DCS, G-3/7, DCS, G-8, ASA(FM&C), ASA(ALT) and OGC before submitting the proposal through the ASA(M&RA) to the Secretary.

Workload Analysis (Manpower Requirements Determination). The manpower requirements determination will ensure that the mission to be accomplished by the requested manpower is valid enduring requirement (in the case of permanent positions), the component functions and tasks are necessary to meet the mission goals and the estimated level of manpower requirements is accurate. An in-sourcing initiative may not necessarily lead to a one-for-one increase in authorizations.

The Commander or HQDA Principal must explain why the function cannot be divested and why the workload cannot be absorbed by the existing in-house workforce. The explanation must include how the Commander or HQDA Principal reached this conclusion. This is a critical component of this package.

If the manpower requirements under consideration have been determined using a single point study or manpower requirements model that has been validated by USAMAA and is still in effect, then the USAMAA approval memo will satisfy this workload data requirement.

If no valid study or model exists, the following information is required to support an in-sourcing request. To facilitate review and staffing, the information should be provided in a clear format using spreadsheets, tables and explanatory narrative. Requesting Organizations should follow the guidelines set forth in Annex E of the 31 March 2010 Concept Plan Guidance when preparing their workload analysis submissions. Because an in-sourcing proposal will consider functions that are currently being executed by contractor personnel, data on task frequencies and accomplishment times must be available.

a. Mission directive – The in-sourcing proposal should cite the doctrinal basis for the mission, e.g., the specific paragraph in the regulation that originally assigned the mission to that organization.
b. Workload analysis – The in-sourcing proposal must include information, supported by empirical data, to relate the necessary workload of the work center to the **total amount** of manpower required to accomplish that workload. The workload data provided must encompass **all existing workload requirements in the affected work centers** that have similar functions; the workload data should not be restricted to the positions at issue in the in-sourcing request.

The information will be reviewed by USAMAA, which will document the rationale for its recommendation. Requesting Organizations are strongly encouraged to contact their USAMAA Command Analyst for informal pre-coordination that will help to ensure an accurate and adequate submission in the first instance and will facilitate the review and staffing of the in-sourcing request. Mr. Scott Flood is the point of contact for in-sourcing action reviews in USAMAA. Mr. Flood may be contacted at (703) 805-4236.

Contractor Inventory Review. The contractor inventory review will ensure that there is, in fact, a contract to be in-sourced that has been properly accounted for in the Contractor Manpower Reporting Application (CMRA) reported to Congress. The CMRA contract data must also be linked to contract manpower equivalents that are documented in the Total Army Authorization and Structure and Manpower Allocation Systems. The period of performance of the contract and number of option years must be identified. The Statement of Work must be provided as well as an accounting of the specific functional tasks proposed for in-sourcing. The proposed Position Descriptions of the government positions must be included for purposes of comparison with the functional tasks in the Statement of Work. Prior to submitting an in-sourcing request, the Requesting Organization must update the narrative that has been submitted to the PDC and provide a detailed description of how the functions have been performed by the contractor and how the government has overseen the work. This description will include an analysis of the application of the Service Contract Approval form required by AFARS Subpart 5107.503 to support the manpower mix criteria coding classifying the functions performed (e.g., inherently governmental, etc.). Ms. Eileen Ginsburg at (703) 693-2109 is the point of contact for the contractor inventory review.

Human Capital Planning. Identify when the contract performance will lapse. The timing of recruitment will be evaluated in coordination with CHRA and the Requesting Organization to assess when the contract performance will lapse, with a view to minimizing overlap or gaps in mission performance. An assessment will be made regarding the appropriate terms and conditions of employment (term or temporary; mobility agreement) based on the effect of those criteria on the ability to recruit and retain the skill set given the labor market and the nature of the requirement. A recruitment strategy will be devised to ensure a fully competitive and merit-based selection process. Mr. Patrick Stewart at (703) 695-5145 is the point of contact for human capital planning. Ms. Karen Walker at (703) 602-6713 is the point of contact for the Acquisition Workforce.

Business Case. A cost comparison of government versus contractor performance that complies with Directive-Type Memorandum (DTM) 09-007, "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support," must be performed when in-sourcing commercial functions (Code X). While a cost analysis is not required for non-commercial functions based on law and DoD policy, its inclusion by a Requesting Organization will likely enhance the case for in-sourcing. Ms. Marsha Popp at (703) 692-7406 is the point of contact for compliance with DTM 09-007.

Funding Profile Analysis. A Manpower Requirements Determination workload analysis by USAMAA and Contractor Inventory Review by the PDC **do not constitute**

approval of in-sourcing. Additionally, the PBAT, and the Planning, Programming and Budget Committee (PPBC) must perform an analysis of all available funding sources and include this in their recommendation. The funding analysis performed by the PBAT will require schedule 8 information showing an enduring funding source over the program years for the work to be in-sourced. The information should be at The Army Authorization Documentation System (TAADS) level of detail for U.S. Army Force Management Support Agency (USAFMSA) to validate and document if approved. The PBAT will issue written documentation containing the rationale for their recommendation. Mr. Ed Scott at (703) 693-3051 is the point of contact for the PBAT justification.