

creation of the Dependence on Contractor Support in Contingency Operations Task Force, described above. Results of this study should facilitate congressional oversight of the appropriate use and role of contractors in providing support in areas that are critical to mission accomplishment, not only in contingency operations, but across all key operations.

In the section of this report relating to title VIII in the item of special interest entitled "Contingency Contracting Planning, Oversight, and Visibility", the committee requires the Secretary of Defense to address these issues in a report to the congressional defense committees.

Insourcing New and Contracted-out Functions

The committee commends the Secretary of Defense on his decision to scale back significantly the role of contractors in support services and bring appropriate contracted out functions back in-house. The committee notes that section 324 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) requires the Under Secretary of Defense for Personnel and Readiness to develop and implement guidance to provide managers within the Department of Defense (DOD) and the military services with the flexibility to consider using federal civilian employees for work that is new or currently being performed by contractors in certain circumstances. Guidance for implementing section 324 was issued on April 4, 2008. The committee expects this policy to be helpful to the Department as it reshapes the DOD workforce to ensure it has the proper skill sets and capabilities in that workforce, and undertakes plans to reduce the number of service support contractors and replace them with full-time DOD employees. The committee expects this policy to assist the Department in fulfilling the intent of the President's March 4, 2009 government contracting memo to ensure that "inherently governmental" functions and those closely associated with inherently governmental functions, as well as certain personal services contracts, are performed by government personnel and not by contractor personnel.

The committee stresses, however, that this insourcing initiative should not be driven by random goals or arbitrary budget reductions which may prove to be counterproductive. The use of a contractor inventory review and planning process as prescribed by section 807 of Public Law 110-181 establishes a rational basis for goals and reductions. Furthermore, the committee notes that insourcing should not be considered only in the context of contracting, but should be considered as part of an overall strategic plan that looks at the total workforce requirements (military, civilian employee, and contract) required to accomplish the Department's mission. The committee notes that insourcing initiatives should give appropriate consideration to impacts on contractor employees. The committee notes that a proper balance should be struck between encouraging all qualified candidates to apply for a newly created federal employee position and the appearance of undue pressure on contractor employees to convert to government employees. While the committee commends the Department on its ambitious insourcing initiative, the committee is concerned that neither the Department nor the military services have developed a comprehensive plan to implement the initiative. Therefore, the

committee directs the Secretary of Defense to provide the congressional defense committees an outline of its insourcing plan, including how it intends to address the impacts of insourcing on contractor employees and to comply with sections 324 and 807 of Public Law 110-181 in meeting its insourcing objectives, by October 1, 2009.

Lifecycle Operations, Maintenance, and Supply Mission Simulation

The committee is concerned about spare parts inventory and supply management by the services. The Government Accountability Office (GAO) has recommended in reports 09-199 and 09-103 that spare parts inventory and supply management should be strengthened, in part, by improving demand forecasting procedures and monitoring effectiveness of providing operational information to item managers. The committee is encouraged by the Army's efforts regarding the UH-60, OH-58, and T-700 engine programs, and the Marine Corps' efforts regarding the light armored vehicle, mine-resistant ambush protected vehicle, MV-22, and H-53 programs to adopt improved spares demand forecasting and lifecycle cost analysis methodologies.

The committee encourages the Department of Defense to adopt advanced predictive modeling and simulation methodology that incorporates asset demand-influencing factors to include time, usage, aging of parts, origin of critical parts, maintenance, and logistics support for all aviation and ground equipment programs. To address recommendations made in GAO Report 09-41, the committee further encourages the Department to extend advanced predictive modeling and simulation throughout the weapons system lifecycle, especially with regard to performance-based logistics support arrangements. The committee also encourages the Department to establish, through the military departments, pilot programs for appropriate aircraft and ground systems to demonstrate the benefits of demand forecasting models which include cost savings and avoidance, reduction in unscheduled maintenance, and increased efficiency in supply chain management and budget projections.

Repair Capability for Low-Observable Technology

The committee directs the Secretary of Defense to assess the capability, including facilities, personnel, and equipment, to carry out state-of-the-art maintenance, repair, and overhaul support to military weapons systems that employ low-observable technology, as required in section 2464 of title 10, United States Code. The Secretary is further directed to provide a report to the congressional defense committees by March 1, 2010, on the results of the assessment, including the efforts being made, in the context of section 2464, to provide organic workload for the maintenance, repair, and overhaul of systems that employ low-observable technology. In reviewing this important capability area, the committee recognizes the high quality of work and capabilities taking place in the public and private sectors. The committee directs the Secretary to give consideration to establishment of a Center of Industrial and Technical Excellence at Whiteman Air Force Base, Missouri, for the maintenance, repair, and overhaul of systems that employ low-observable technology.