



DEPUTY SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1010

JUN 15 2009

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR
LEGISLATIVE AFFAIRS
ASSISTANT SECRETARY OF DEFENSE FOR NETWORKS
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ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC
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GENERAL COUNSEL OF THE DEPARTMENT OF
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR
INTELLIGENCE OVERSIGHT

SUBJECT: Office of the Secretary of Defense (OSD) In-Sourcing of Contracted
Services

Recently, Resource Management Decision (RMD) 802 was issued that established budgetary goals and savings, by DoD Component, for in-sourcing contracted services. The RMD goals initiate the Secretary's direction to reduce the proportion of contractor funding for the non-military DoD workforce, reduce costs, and reinvigorate in-house talent. Departmental strategy and guidance for achieving the goals is in development and due out shortly.

OSD, as a DoD Component, will participate in this effort and will begin work on an OSD Component in-sourcing plan to guide us in the achievement of the OSD goal which reduces the proportion of contractor funding, assumes a 40 percent savings, and provides 250 fulltime equivalents to accomplish the in-sourced workload in Fiscal Year 2010. The lead for the OSD effort is the Acting Director, Administration and Management. His staff will be working with your staffs and Departmental technical experts to develop a plan that will enable a systematic and effective approach for identifying, analyzing, costing, and in-sourcing selected services contracts, as appropriate.

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As we work to implement the RMD goal in Fiscal Year 2010, we will also need to develop a comprehensive and integrated strategy for OSD total force manpower resource management that will be responsive to the Secretary's priorities and statutorily-directed requirements, acknowledge fiscal realities, and comply with departmental policy. I have asked the Acting DA&M to develop OSD guidance in this regard as well. In the meantime, our priority focus, from a manpower resource perspective, will be on the imperatives of achieving the RMD 802 in-sourcing initiative. Your support and patience, as we go forward, will help ensure our successful outcome.

A handwritten signature in black ink, appearing to read "W. H. Byrne". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.