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Daily Briefing

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October 4, 2002

Hundreds of thousands of Army employees could face outsourcing

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In what would be the biggest privatization project ever attempted by a federal agency, the Army is planning to let private companies compete for the jobs of 213,637 of its personnel—including 154,910 civilians.

The initiative would dwarf previous rounds of outsourcing in the Army and would involve employees who up to now have been off-limits to privatization. It would sweep up accountants, attorneys, computer technicians and all Army employees performing work designated as “noncore.”

More than 58,000 military personnel would also face job competitions under the initiative, but any soldiers who lose in the competitions would be transferred to meet other requirements within the Army. The Army has no plans to cut its fighting force, and the initiative could allow the Army to use more soldiers as warfighters, according to Pentagon sources. “We want to get military personnel into military functions,” said one official. Officially, the Army would not comment on the initiative, which it termed “pre-decisional.”

The initiative, outlined in a [draft memorandum](#) from Army Secretary Thomas White and other Army documents obtained by *GovExec.com*, reflects a strong belief in public-private competition as a method for transforming the Army. It envisions an Army where employees perform their core mission of warfighting and support functions are left to the private sector. “The Army must focus its energies and talents on functions we perform better than anyone else as core competencies, and seek to obtain other needed products or services from the private sector where it makes sense,” White stated in his memo.

Additionally, the initiative would help the service meet

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targets for public-private competition set by the White House.

In size and scope, the Army project would be unprecedented. Since 1996, the entire Defense Department has competed about 220,000 jobs. The White House has set a governmentwide job competition target of 127,500 jobs by October 2003. The Army plan, by contrast, would subject well over 200,000 employees to public-private competition over a timeframe that has not been determined.

“That is a huge program,” said Dale Warden, chief operating officer with Warden Associates, a Springfield, Va.-based company that helps agencies conduct job competition studies.

The initiative, which Army documents refer to as “The Third Wave” to distinguish it from two previous outsourcing efforts, is the outcome of a months-long effort to identify “core” and “noncore” jobs within the service. The other military services are conducting similar reviews in conjunction with the Business Initiatives Council, a Defense reform council established by Defense Secretary Donald Rumsfeld. White’s letter directs Army commands to submit plans for competing all “noncore functions” within the Army by Dec. 20.

“Your plan will include 100 percent of spaces eligible for private sector performance (i.e. noncore) unless an exemption is approved by the Assistant Secretary of the Army for Manpower and Reserve Affairs,” White’s memo states. The initiative will encompass more employees than previous rounds of outsourcing within the Army, which focused solely on base operations, according to the memo.

To meet the 100 percent target, Army commands could use the public-private competition process governed by Circular A-76, outright privatization, and a variety of “alternatives to A-76,” according to the letter. Most of the alternatives, which include setting up “transitional benefit corporations”—in which outsourced employees would temporarily keep federal benefits—and establishing partnerships between cities and military bases, would require authorization from Congress, according to Army documents.

Federal employee unions immediately condemned the Army plan and vowed to lobby members of Congress to stop it. “Rather than save money, this Army privatization scheme is all about moving money—to politically well-connected contractors,” said Bobby Harnage, president of the American Federation of Government Employees. “AFGE will work with Republican and Democratic lawmakers alike to defeat

the Army's efforts to secure the necessary congressional authorization for this wholesale privatization.”

Harnage also challenged Angela Styles, administrator of federal procurement policy and the lead Bush official on competitive sourcing, to repudiate the Army plan. But Styles refused. “It’s quite an exaggeration to say it’s a privatization effort,” she said. “I compliment the Army and Defense Department for taking a very hard look at how they manage and what’s core and noncore.”

Styles had no reservations about the size of the Army plan. “It certainly is up to the departments and agencies to determine how they want to do it,” she said.

Stan Soloway, president of the Professional Services Council, an association of federal contractors, also praised the initiative. “White seems to be saying they’re going to get serious about this and do it in a very strategic way,” he said.

But the Army could be overwhelmed by the work entailed in holding so many public-private job competitions, said Warden, whose company is helping 12 federal departments hold A-76 competitions right now. “I’m concerned about their ability to actually do all these studies,” he said. “The Army has never built up the organic capacity to pull this stuff off, and quite honestly the commercial industry is saturated with all the [A-76] work at civilian agencies.”

"Noncore" Army employees

Function	Military	Civilian
Acquisition, Logistics and Technology	18,412	36,649
Civil Works	195	24,251
Financial Management and Comptroller	1,880	3,647
Installations and Environment	1,386	27,407
Manpower and Reserve Affairs	32,680	50,717
General Counsel	373	639
Chief Information Officer	3,060	9,807
TAG	297	1,072
CPA	444	721

Source: Army documents



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