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- [Technology](#)
- [Pay & Benefits](#)
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- [USO/GSSO](#)
- [Procurement](#)
- [ASAC](#)
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- [A-76 & Outsourcing](#)
- [GPR & Finance](#)
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Daily Briefing

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Army secretary approves massive outsourcing plan

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Army Secretary Thomas White has approved a plan that could require that more than 200,000 Army jobs be put up for competition with private firms, but a key congressman Wednesday warned the service to consult with Congress before outsourcing any jobs.

In an [Oct. 4 memorandum](#), White signed off on a plan to let private firms compete for all “noncore” positions in the Army, which includes 154,910 civilian workers—more than half of the Army’s civilian workforce—and 58,727 military personnel. The initiative, which Army leaders refer to as “The Third Wave,” will be “bigger and faster” than previous Army outsourcing efforts, according to White. It is designed to help the service concentrate on its “core competencies” and aid in the war on terrorism, he added.

“The Army must focus its energies and talents on our core competencies—functions we perform better than anyone else—and seek to obtain other needed products or services from the private sector where it makes sense,” he wrote. “Moreover, the Army must quickly free up resources for the global war on terrorism, and do so in a way that avoids disruption to our core operations.”

But Rep. Solomon Ortiz, D-Texas, the ranking member on the Readiness Subcommittee of the House Armed Services Committee, warned the Army to vet the initiative with Congress before proceeding and expressed “serious concerns” with the plan. “I just hope they don’t start contracting out this stuff without letting Congress know what they’re doing, because Congress will come down very hard on them,” he said.

“We are in the process of notifying Congress,” an Army

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official responded. "Congress became aware of the Third Wave in advance of our normal process of congressional notification and public announcement."

Commands are to start work on plans to compete all "noncore" functions this month, according to Army documents obtained by *Government Executive*. White will approve all outsourcing plans by March 2003.

Army commands can use a variety of techniques to meet the outsourcing target, including the public-private competition process outlined in Office of Management and Budget Circular A-76 and a variety of alternatives to A-76, some of which would not allow Army employees to compete for their jobs. Defense's Business Initiative Council has been developing the alternatives, which include creating quasi-governmental corporations and "city-base partnerships," such as the partnership at Brooks Air Force Base, Texas.

Most of the A-76 alternatives will require special legislation from Congress and approval from the Office of Management and Budget, according to Army documents. Unions representing federal employees oppose the alternatives, and the new approaches did not win the endorsement of the Commercial Activities Panel, a congressionally chartered group that recommended ways to fix the A-76 process earlier this year. The panel concluded that Defense employees should have a chance to compete for their jobs, according to Comptroller General David Walker, the panel's chair.

"The Commercial Activities Panel made it very clear that with regard to the Defense Department, to the extent you are dealing with activities that are currently performed by federal employees, except in *de minimis* situations those activities should be subject to some type of competition," said Walker. *De minimis* situations refer to outsourcing projects involving 10 or fewer federal jobs.

The White memorandum closely tracks an earlier [draft memorandum](#), but the official document contains some differences. For example, the earlier memorandum did not mention the war on terrorism as a motive for the project, instead citing the need to focus on core competencies and meet OMB job competition targets.

At a Thursday briefing with reporters, Army officials said the earlier memorandum was simply incomplete and did not reflect the official position of the department since it was not signed. "It's not the secretary's position until it's signed," said John Anderson, assistant deputy assistant secretary of the

Army for manpower and management.

The president of the largest federal employee union was unconvinced. "Just as 'patriotism is the last refuge of a scoundrel,' invoking the 'war on terrorism' seems to be the first refuge of a privatizer," said Bobby Harnage, president of the American Federation of Government Employees, which opposes the Army plan.

Army commands have until Oct. 29 to request exemptions to the requirement that they compete all noncore jobs. Army headquarters will consider exemptions for noncore functions if commands can show that shifting them to the private sector would disrupt core missions. The service will also hear internal challenges to its classification of core and noncore jobs. "Do not assume that the designation of a function as noncore is 'carved in stone,'" Army officials said in documents sent with White's memo.



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