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Army plan to outsource soldiers' jobs will increase costs

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An Army plan to outsource the jobs of nearly 60,000 military personnel will not save any money, but is necessary to move soldiers into warfighting positions and support the service's transformation, according to Army officials.

The plan is part of the Army's larger ["Third Wave" initiative](#) that could let private companies compete for the jobs of more than 200,000 Army employees, including 155,000 civilians. But Army officials admit that outsourcing military jobs will create new costs, because the Army will not cut its fighting force. Outsourced soldiers will be transferred to other jobs within the Army, and civilian employees or contract workers will assume their previous jobs.

"If you convert a military position to contract and put that soldier in a warfighting unit, then you have to pay for that [new] contract," said John Anderson, assistant deputy assistant secretary of the Army for manpower and management, at an Oct. 10 Pentagon briefing with reporters.

The military services have long tried to shift military personnel out of "noncore" support jobs into front line military positions. But the effort can be extremely expensive. In a separate study, the Army found it would cost \$1.6 billion over five years to move 3,000 military personnel into front-line positions, according to Anderson.

To meet this cost, the Army plans to use savings from public-private job competitions involving civilian employees and will also simply try to eliminate activities that are no longer necessary. All Army commands are being asked to suggest activities that could be stopped—including activities performed by contractors—as part of the "Third Wave" project, according to Anderson.

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“The other source [for funding military conversions] will be actually divesting or stopping doing certain functions that we have contractors performing, civilian employees performing, and even there may be some functions that we find the military’s doing that we don’t have to have them continue doing,” he said.

This will allow for a fundamental review of what functions the Army should be doing, and what type of employees should perform them, Anderson added.

“The...school of thought underlying the [Third Wave] is that we exercise stewardship over all our resources—military, civilian, and contract—and we don’t ask for more without first making sure we are properly utilizing what we have,” he said.

Observers were struck by the Army’s approach. “What it really does is get to the absolute heart of what the essential role of government employees and military personnel is and how much the military ought to be responsible for its own support,” said Donald Kettl, a professor of public administration at the University of Wisconsin-Madison.

But Kettl warned that Army commands will be loath to stop performing activities they have traditionally done, and added that the service may have difficulty eliminating contracts as well. “The armed services are not likely to give up the things they’ve been doing for a long time, and contractors are often as difficult to get rid of. Many of them have tight political ties to those who are promoting change,” he said.

William Tuttle, a former commander of the Army Materiel Command, questioned whether the Army could afford to stop performing many of its activities. “I doubt there’s much you can stop doing,” he said.

Others disagreed. Bob Stone, who was "energizer-in-chief" with the Clinton administration's National Performance Review and is a former deputy secretary of Defense for installations, said there are ample activities in the Army that could be eliminated. "My old rule of thumb at the Pentagon and National Performance Review was like a third of the work that was done didn’t need to be done,” he said.

The Army does not track functions that have been eliminated, and officials at the Oct. 10 briefing could not say how many functions had been stopped in recent years. Anderson was able to cite several anecdotal cases, including one where the practice of using soldiers as school crossing

guards was ended.

Robert Agresta, director of strategic sourcing with CH2M Hill, Inc., a Virginia-based consulting firm, said Army Secretary Thomas White is more interested in privatizing major operations than eliminating obsolete activities. "Tom White is talking about a much more formal spin-off and restructuring of major entities such as Defense Financial Accounting Service," he said. "He envisions the metamorphosis of the function into something quite different."

White regularly mentions his goal of widespread privatization in speeches. "We are actively seeking to outsource or privatize all noncore functions," he told the U.S. Army Association in a Washington speech on Monday. In an initiative that overlaps with the Third Wave, White in late August directed Army officials to explore selling or privatizing the Army's repair depots, arsenals, and ammunition plants.



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