

Testimony for Commercial Activities Panel

Indianapolis, August 8, 2002

**Dr. John L Meason
Director
Energetic Material Research and Testing Center
New Mexico Tech University**

Good afternoon, I am John Meason, currently Director of EMRTC, the Energetic Material Research and Testing Center, at New Mexico Tech University (NMT). Prior to that position however, I was the Director of the Applied Technology Test and Simulation Directorate located at the U. S. Army White Sands Missile Range. It was while I served in that capacity that I first learned about the Transitional Benefit Corporation (TBC) concept while attending an A-76 Institute Conference where Mr. Steve Sorett briefed the concept. For a number of reasons, I was intrigued and interested in pursuing the concept for my business unit. I have since then retired and moved to the NMT, however, I speak today as a former government employee who believes very strongly that the TBC offers the Government a viable alternative to the A-76 process. The TBC concept and methodology truly represents a public private partnership that can transcend the traditional Government –Contractor relationship.

First, let me give my understanding of the how the TBC methodology functions. The TBC promotes the transfer of government assets, such as real estate, equipment, intellectual property, and government personnel from the government to the private sector. The TBC method is a legal and business framework for transitioning ownership and management of selected government operations to private entities using a non-profit umbrella structure. The anticipated outcome of a TBC transaction is improved efficiency

that occurs through reduced costs of operation; redistributed workload; and maximized asset utilization. The TBC Method enables the new business unit, the former Government entity, to operate like the private sector and in turn, generate savings for the Government. The unique advantage however, is that the former government employees are able to retain and accrue their public employment benefits. As a Manager and a Government employee, I was intrigued by the notion that I could become a private sector employee, sell my services to other Government entities and the commercial market place, and still retain my Government benefits, i.e., my health, retirement, thrift savings and live insurance. The one perceived advantage of Government service is security. I believed there were other advantages as well, such as:

1. Financial savings accrue (at least, if not more than under an A-76) and at a more rapid rate. The Government does not incur the costs of an A-76 competition.
2. Jobs are saved (employees are offered jobs rather than the 2/3 who may survive under a “win” under A-76 or the loss of potentially all jobs in case of a “loss” under A-76).
3. Benefits are protected (pension and medical benefits remain in tact).
4. Readiness/Human capital is protected (the “surge” mechanism allows for Agency management agility as workload spikes can be addressed using the Transitional Benefit Employee (TBE) population.

Another equally important benefit is the Economic Development potential of TBC concept. The TBC Method provides for growth opportunities in the communities where transitioned government assets now reside. Government facilities that are potential candidates for closure (e.g. Department of Defense, Department of Energy, or others), as well as activities such as laboratories or other active operations that have viable commercial markets are ideally suited for the TBC. The TBC provides for savings to the government since the government no longer must maintain the assets and the people and it continues to have access to the TBE's on a contractual basis, as well as surge capability. The TBC method also creates economic growth by focusing on the government's mission while utilizing the TBE workforce to grow new business opportunities. Such was the case with the testing service my former laboratory provided to both government and commercial customers. However, as a government laboratory, my business unit could not leverage the advantages of the market place to reduce the costs of government operations to the maximum extent possible. As a TBC unit, the laboratory could operate more efficiently and reduce the costs to 'Government clients.

Another area where the TBC contributes to a more effective management technique is the focus on human capital and the reduction in anxiety, fear and concerns that jobs will be lost. It truly does provide a soft landing for government employees. Under the TBC, the government employees, or TBEs, are guaranteed a job (typically for one year) in the private sector organization (the non-profit TBC) and are also able to retain and continue to accrue government pension, health, and insurance benefits, benefits that are now paid for by the private sector at a reduction in cost to the government.

In summary, while I pursued the TBC as an option for the group while I was still with the Government, the policy and implementation of such a concept did not occur before I retired. I however, remain committed and believe that such a concept truly offers the Government a viable and perhaps in some ways a more attractive option to the A-76 process. For those activities that are truly exempt from the A76, i.e. non-recurring activities, direct privatization using the TBC promotes efficiency and a more effective management of the Government's business affairs and protects the Government employees as well.

Finally, although the TBC has not been tried and tested, I strongly suggest a pilot program to demonstrate the concept for selected activities. Such a pilot program would enable both the Government and the Non-Profit to develop desired outcomes and associated performance measures, collect data, document the processes and if successful, develop the model that can then be widely used within the Government. It does not mean that TBC will replace A-76~ but it could be the more attractive alternative depending on the nature of the work activity and the desired outcome. Focusing on outcome and agency/activity mission will in the long run provide a more business focus to making Government more efficient and effective.

I would like to thank you for the opportunity to speak today.