

**Commercial Activities Panel: Public Hearings in Washington, DC;
Indianapolis, Indiana; and San Antonio, Texas**

Key Points

Washington, DC – June 11: “Outsourcing Principles and Criteria”

- 1) Status quo not acceptable to anyone.
- 2) Need for strategic approach to sourcing.
- 3) Federal workers should perform core functions of government.
- 4) Need for most efficient organizations (MEO) throughout the government.
- 5) Government needs clear, transparent, and consistently applied sourcing criteria.
- 6) Avoid arbitrary FTE goals.
- 7) Objective should be to provide quality services at a reasonable cost.
- 8) Provide for fair and efficient competitions between public and private sectors.
- 9) Need for appropriate accountability in connection with sourcing decisions.

Indianapolis, Indiana--August 8: “Alternatives to A-76”

- 1) Crane’s reengineering process led to significant efficiencies as well as reduced workforce trauma.
- 2) Employees must be involved with any reform effort. Secrecy is counterproductive.
- 3) Committed leadership, effective implementation, and well planned workforce transition strategies are key to any reform effort.
- 4) Privatization-in place was effectively used at Indianapolis NAWC to avert a traditional BRAC.
- 5) The City of Indianapolis provided certain technical and financial assistance to help workers successfully compete for the work.
- 6) Certain technology upgrades in Monterey via a public-private partnership led to efficiencies and increased effectiveness.
- 7) Measuring performance is critical.

- 8) A-76 is only one of many efficiency tools available to federal managers. Other tools include:
 - a) Bid to goal, which helps units become efficient and thus avoid A-76.
 - b) Transitional Benefit Corporation is a concept to promote the transfer of government assets to the private sector and provide transition strategies for employees.
 - c) Under an ESOP, employees own a piece of the organization that employs them. This has occurred in a few federal organizations.

San Antonio, Texas--August 15: “A-76, What’s Working and What’s Not”

- 1) A-76 process is too long and too costly:
 - a) Cost of studies can greatly reduce government savings
 - b) Cost to industry in both dollars and uncertainty.
 - c) Demoralized workers quit. Successful contractors need these workers, too.
- 2) Larger A-76 studies can yield greater savings, but these studies become much more complex.
- 3) Lack of impetus for savings without competitions.
- 4) One-step bidding process should be used and MEO and contractors should:
 - a) compete together in one procurement action.
 - b) be evaluated against the same solicitation requirements using the same criteria.
- 5) Award should be based on best value.
- 6) Provide more training to MEO and A-76 officials.
- 7) MEOs should have legal status to protest and appeal awards, and obtain mandatory bid information.
- 8) Need clearer A-76 rules, consistently applied by a centralized management structure.
- 9) For bid and monitoring purposes, government costs should be collected and allocated consistent with industry (e.g., activity-based costing)
- 10) Need to eliminate even the appearance of conflicts of interest.
- 11) Need incentives for agencies and workers (e.g., share-in-savings).
- 12) Provide soft-landing provisions for workers.
- 13) Allow workers to form new public-sector organizations for bidding.