

ADDENDUM
TO
EXECUTIVE SUMMARY
Steve Halloway, AFGE Local 779

COMMERCIAL ACTIVITIES PANEL HEARINGS
SAN ANTONIO, TEXAS
AUGUST 15th, 2001

It was indeed a privilege to present my bargaining unit concerns regarding the inequity of the current outsourcing and privatization practices employed by my agency, the Department of the Air Force. The most recent example is the Pick a Base initiative within the Air Education and Training Command (AETC) to compete service oriented functions at five AETC bases. At Sheppard Air Force Base in Wichita Falls, Texas, almost 50 percent of our present workload is already contracted out. Some claim there are savings of 30 to 40 percent realized through competition. I beg to differ. One example would be the transportation function here at Sheppard. This one operation now costs seven times what it did 10 years ago when performed by federal employees. It would seem no one cares about cost once a bid is awarded. It just becomes part of how our government does its business. Has any entity looked at what these contracted functions now cost? This is not fair to federal employees nor the American taxpaying citizenry. We are trading dedicated, loyal, flexible federal employees for minimum wage contractor employees who will probably never feel like a stakeholder in the fruits of their labor.

The following expands on points presented to the panel on behalf of my bargaining unit:

Contractors, as a matter of rule, challenge the agency bid. Repeatedly. The agency does not enjoy that privilege. It is not considered an interested party. We are always on the defensive, but are not allowed to truly go on the offensive and confront the contractor bid. Some say this is because the "in-house" workforce enjoys some sort of advantage by being the incumbent. Long ago this may have been valid, but now with many former senior agency employees in the ranks of contractors, our business is very well known.

Twice in the midst of bid preparation, agency rule changes made our Most Efficient Organization (MEO) Team back up, regroup and overcome these obstacles. These included Federal Acquisition Rules and internal Air Force Instructions. Many times our team put in very, very long hours and weekends to counter these "reinvent the wheel" hurdles. On each occasion, we not only had to react to the changes, we had to "relearn" how we were expected to formulate our bid package. This cost precious time that we should have been able to dedicate to our purpose of constructing, from the ground up, a truly cost effective organization. In the end, in spite of these barriers, we did finally

succeed, only to have our package put “on ice” because of the problems the two previous installations (Maxwell and Lackland AFB’s) experienced with their bid and contractor challenges. The tentative bid award announcement for Sheppard’s study was supposed to be mid-June, but due to Congressional inquiries and internal DoD oversight, the bid award is still up in the air and my bargaining unit continues to not know whether they will have a job tomorrow. We have lost many valuable employees in the meantime and will no doubt lose more as long as the uncertainty continues.

Present day contracting is becoming more and more outcome-based. That is, the agency is not concerned with the i’s being dotted and t’s being crossed so long as the output satisfies the performance requirements. The same is not true when the MEO is successful. It is not afforded this luxury. MEO’s are periodically audited and their operations scrutinized by internal agency inspection. MEO’s must react in order to continue to hold their contract or renew its options. While it is understood that an MEO cannot be granted true and complete autonomy, it should be given much more freedom to operate on a level like that of a contractor.

As senior Air Force leadership put the Pick-a-Base plan together, options were available that could have been exercised to reorganize rather than compete the functions proposed for study. My bargaining unit believes that if given the opportunity, it could have evolved itself into an organization that would have been just as cost-effective. Through retraining and restructuring, the same end by different means could have been achieved without the time and expense of competition. Denied this opportunity, my bargaining unit feels their government has turned its back on them and the contributions they could have made.

Direct conversions are merely a clever means to circumvent competition. Federal employees are again denied the opportunity to demonstrate their potential for efficiency. They never even get a chance. All too often, without the competition, agency decisionmakers react to the wrong stimulus and the employees and taxpayers lose yet again. Because of the nature of DoD and the military services that comprise it, there is inconsistency in decisions and a lack of accountability exists. These decisionmakers are assigned for a somewhat short tenure and rotate in and out of positions frequently. When bad decisions are made and that decisionmaker leaves, it seems the accountability goes out the door too. The in-place workforce knows better than anyone where improvements can be made and how efficiencies can be realized. Short term, rotational management will never equal the depth of knowledge a seasoned workforce possesses.

Another area that doesn’t seem to factor into outsourcing decisions are the costs associated with competition. It’s almost as if no one cares about the dollars expended and organizational impact experienced in a two to three year study. It has been said there are “hard dollars” and “soft dollars” considered in the cost of a study. That may be, however, not enough emphasis is given to the soft dollars that take in employee salaries, infrastructure and existing equipment and supplies. It is as if soft dollars don’t count. Again, I beg to differ. As an example, I am a technical training instructor. My paid

position is teaching. When I am not there to do so, the agency has a choice of either taking my absence “out of hide” (which is usually the case) or temporarily hiring another employee in my place. In this instance, that employee would have to become as competent as the position warrants, which takes a substantial period of time. All the employees who made up Team Sheppard’s MEO were taken out of hide and their already shorthanded organizations suffered. These soft dollars are an unfactored expense in outsourcing. Much of the equipment and infrastructure needs for our MEO were “scrounged” or also taken out of hide and the owning workcenters had to do without them for the period of the study. When taken into full account, multiplied by the numbers of studies, the hard and soft dollars do add up and the cost becomes staggering. This is probably an appropriate place to mention the expense of outsourcing as a deterrent for future “in-sourcing”. More times than not, much of the equipment and supplies needed to conduct a function are either disposed of or purchased by the contractor. To re-compete at a future point means this equipment will have to be purchased again which contributes to “entrenchment” of a contractor workforce and an agency reluctance to re-compete. So what is the solution? Costs associated with outsourcing and privatization must be tracked to ensure they continue to pass a “sanity check” and projected savings must be realized before giving the green light to future studies. An even better answer would be a moratorium of sufficient duration to allow Congressional analysis of the validity of current outsourcing and privatization processes and whether savings are actualized.

Finally, agencies need to face the music. Agencies are not businesses. We do not and should not seek a “bottom line”. We utilize a workforce of flexible, dedicated American citizens who serve their county’s government through their labor as well as those former military who continue to serve their nation as government employees. These are the kinds of employees who make up my bargaining unit. I know three things. I know the capabilities and qualities of my bargaining unit and that if given the opportunity, they could improve the way we function here at Sheppard in perpetuity. I also know that by ignoring the worth of my bargaining unit, my Air Force and DoD are missing all the best deals for efficient operations as they practice wholesale outsourcing and privatization. And last, I know current trends of outsourcing and privatization do not serve the best interests of the American taxpaying citizenry. If these practices continue, our citizens will face a “phantom” government contractor workforce that is accountable to no one other than the bottom line and that the cost of government will not be reduced, but will expand into a budgetary nightmare.

Respectfully Submitted,

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