

**Statement and Questions from Congressman Silvestre Reyes  
Commercial Activities Panel Public Hearing  
San Antonio, TX  
August 15, 2001**

The subject of A-76 concerns me enough that I wanted to be a part of today's Commercial Activities Panel hearing by submitting testimony. Fort Bliss, in my district, is just one of countless military installations that have been subject to the Office of Management and Budget's Circular A-76 study process. Their case is like many of these studies, that aim to increase efficiencies by reducing the government workforce or outsourcing their job functions to the private sector. Since arriving in Congress, I have been raising the issue of A-76 reform. Over the past five years, I have also participated in hearings, both on Capitol Hill and the field. I have sent numerous letters to Defense Secretaries, Service Chiefs and the Army's Training and Doctrine Command (TRADOC). More recently, some of my colleagues and I sent a letter and questions to GAO and OMB on the subject of A-76. Although we have not received answers to many of the questions, I know that this panel is working to address some of these questions, and we look forward to your responses.

I want to make it clear that I am not against potential savings, and I am not against healthy competition, but I am concerned that, when these studies result in a contract award outside of DoD, there is a loss of institutional knowledge, dedicated employees, and the inherent protection of national interests that exists when all of the employees are government workers. It appears that the Army - and the rest of DoD for that matter - are taking all kinds of cuts out of the civilian workforce. The cuts have a variety of names, but it seems that DoD does not know on any given day which name to apply to whatever cuts they are making. Unfortunately, in anticipation of future savings, DoD is putting the cart before the horse. Budgets are slashed and employees are eased out of their jobs as soon as the A-76 study begins. We simply want to ensure that people are not laid off now, especially when, further down the road, there is a possibility that DoD will realize that they need these government personnel. We have seen this. This could lead to privatization by default. Further, no one yet has been able to quantify savings from these studies or prove sustained savings over a five to ten year period. Earlier this year, in an informal hearing

chaired by my colleague, Mr. Weldon, DoD admitted that they did not have a figure for cost savings under the A-76 process, but offered an estimation of what they believed was saved. When asked, each of the services either had no figure or a number higher than what DoD estimated as total savings! No one could determine if long term savings existed.

Questionable in this whole A-76 process is the manner in which TRADOC has lost a much higher percentage of competitions resulting from A-76 studies than the rest of DoD. In fact, while the majority of these competitions result in the government winning competitions over the private sector, within TRADOC, the results are the opposite. In the most recent group of A-76 studies conducted at TRADOC installations, approximately 70 percent of the competitions resulted in the work being outsourced. Further, in addition to the pressure to consider outsourcing many of its functions, TRADOC has also faced significant reductions in personnel and funding levels in recent years. Questions exist regarding the impact of these factors on the command's ability to operate efficiently and effectively and provide vital support and training to the warfighter.

As I said before, I represent a district with a TRADOC post, Fort Bliss, and I have had more difficulty in dealing with the Army on this issue than in any other issue in the past.

Unfortunately, Fort Bliss lost a competition following an A-76 study, and in the next six months, as many as 355 government employees stand to lose their jobs. I truly believe that there were unethical circumstances surrounding this study. The Director of Public Works and Logistics, an Army Colonel, was in that position when the study was initiated. He was responsible for developing the government's Most Efficient Organization or MEO. This MEO cut only four civilian personnel, which was totally unrealistic in a study that aims to reduce the workforce by 20 percent. That same Colonel retired soon after and took a position with the contractor that ultimately won the competition resulting from that A-76 study. The government had no authority to appeal the decision. However, some of the other contractors who did not win the contract award were able to appeal to GAO. What is more distressing is that this was just one of several A-76 studies being conducted at Fort Bliss.

My concerns over the A-76 process are not just a result of hearsay from constituents and other law makers. I have personal knowledge of the downside to A-76. Before I ran for Congress, I served in the U.S. Border Patrol for 26 and a half years. During my tenure as a Sector Chief, our maintenance function was outsourced as a result of participation in an A-76 pilot program. Over the course of six months, many costs in the maintenance shop began to creep up, even after the initial pricing was established. A shining example was the cost of an oil change. The government employees had been doing oil changes for around \$4.80, but, within this six month time frame, it increased to almost \$20.00! This was just one of several areas where the cost of privatizing was prohibitive. We also encountered problems that affected our round-the-clock operations. For example, these contractors were not available nights and weekends without at least 24 hours notice. This seriously impacted our mission. Luckily, this was a trial. As such, I had been able to keep my government civilian workforce by putting them in other jobs. So we never laid off our maintenance workers, so they were able to resume normal operations at the conclusion of the study. But, today, when outsourcing fails, often there are no government workers to come back and take over those outsourced job functions.

I am committed to remaining persistent until the A-76 program is either revised or eliminated.