

*Congressmen Cite Various Studies That Demonstrate Outsourcing Costs More Money & Discriminates Against Women and Minorities*

Washington, DC - Congressman Maurice Hinchey (D-NY) and Congressman John Hall (D-NY) this week urged Defense Secretary Robert Gates to cancel a study commissioned during the Bush administration that was designed to examine ways to eliminate jobs at West Point that have long been held by government workers and outsource them to private companies. The congressmen, who are both members of the West Point Board of Visitors, noted that there have been several previous studies done that show such privatization efforts, known as the Office of Management and Budget (OMB) A-76 privatization review, actually cost the federal government more money and discriminate against women and minorities.

In a letter sent to Gates yesterday, the two House members also noted that Congress recently approved the Omnibus Appropriations Act of 2009, which prevented any new A-76 studies from being conducted. Given that the A-76 process was implemented by the Bush administration, has been found to be ineffective and discriminatory, and since Congress recently made clear that it opposes such privatization reviews, the House members asked Gates to cancel the A-76 study at West Point. The results of that study are expected next week.

The full text of Hinchey and Hall's letter to Gates concerning the A-76 review of West Point follows:

March 18, 2009

The Honorable Robert M. Gates  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Gates:

We urge you to cancel the OMB Circular A-76 privatization review of public works at the United States Army Garrison, West Point.

The A-76 program was shut down by Congress in the Omnibus Appropriations Act that the president signed into law earlier this month because of longstanding concerns. Two Government Accountability Office (GAO) reports issued last year detail how poor guidance from the Office of Management and Budget (OMB) had resulted in systematically overstated savings and understated costs as well as a disproportionately adverse impact on older, female and African-American civil servants. As GAO noted, even after eight years, A-76 proponents are still unable to “reliably assess whether competitive sourcing truly provides the best deal for the taxpayer.”

Moreover, the A-76 program raises concerns about compliance with the law. The Defense Appropriations bill for fiscal year 2009 limits multifunction OMB Circular A-76 privatization reviews, like the one of public works at West Point, to no longer than 30 months. The West Point A-76 privatization review was formally announced in September 2006, 30 months ago. However, an A-76 privatization review starts not at formal announcement -- but when preliminary planning begins, when money is first spent on hiring consultants and reassigning civil servants from their usual jobs. Indeed, this preliminary planning is actually required by the OMB Circular A-76. We understand that preliminary planning for the West Point public works privatization review actually began over seven years ago in 2002 and included at least five full-time civil servants.

We are also concerned about compliance with the provision in the fiscal year 2008 Defense Authorization bill, which forbids the Department of Defense from carrying out competitive sourcing-related direction from OMB. Less than two months after enactment, West Point tried to utilize the prohibition by petitioning the Army for relief from carrying out the public works privatization review. In its March 19, 2008 letter, the installation discussed a detailed plan for internal reengineering of its public works functions that would be “less disruptive” than the A-76 privatization review, but yet “yield efficiency and real savings,” and thus be “a win-win for West Point and the West Point community.” Nevertheless, this petition was rejected. Even OMB during the previous administration acknowledged that the A-76 process should not be considered the exclusive process for generating efficiencies when officials in July 2008 renamed competitive sourcing, calling it “commercial management,” and emphasized business process reengineering instead of contracting out.

This privatization review is already well past the 30 month limitation imposed in law, which means that the actual costs likely exceed any savings. In addition, West Point is prepared to

achieve a satisfactory resolution that benefits taxpayers and the West Point community. We in Congress have already recognized the failure of OMB Circular A-76 privatization reviews by eliminating them. Today, we strongly urge you to cancel the West Point public works OMB Circular A-76 privatization review.

Sincerely,

Maurice Hinchey & John Hall