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U.S. House of Representatives

Washington, DC 20515-6035

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ERIN C. CONATON, STAFF DIRECTOR

March 26, 2009

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

Dear Secretary Gates:

Since the Eisenhower Administration, it has been the policy of the government that it should not compete with its citizens. That policy is outlined in the Office of Management and Budget Circular A-76, which governs all public-private competitions to potentially outsource work to the private sector. Originally, the A-76 process was intended to be used as a tool to determine the most competitive and efficient source for performing "commercial" work – either in the public or private sector. However, it became almost a mandate in recent years for pushing more and more work into the private sector, even work that is closely associated with inherently governmental functions, in order to meet arbitrary competition goals.

The House Armed Services Committee has taken several steps to mitigate the undue burdens on the Department of Defense. In response to a congressional mandate, the Department of Defense Inspector General reviewed the military services' A-76 programs. In its interim report (April 22, 2008) the DOD Inspector General noted that:

- *The Army is undergoing many efforts that impact competitive sourcing planning, such as Base Realignment and closure, growing the Army, and the war.*
- *The Air Force feels "pressure in the budget to conduct" privatization studies.*

These findings were reaffirmed in the final report of December 15, 2008.

Furthermore, The Fiscal Year 2009 Omnibus Appropriations Act includes a one year government-wide moratorium (section 737) on beginning or announcing any A-76 studies.

Many of the Department's A-76 studies have dragged on far beyond the time limits authorized in the 2003 revised Circular A-76, as well as those imposed by statute. This creates an unfair strain on the federal employees whose jobs are being competed, as well as the contractors who have submitted bids for the work. In many cases, an individual service has requested a cancellation – either because the installation is seeking an alternative approach or because the original study was not appropriate – only to be denied by the Department.

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We are aware that the Deputy Undersecretary of Defense (Installations and Environment) in a letter to many members of Congress, reaffirmed the competitive sourcing policy that was set in place by the 2001 President's Management Agenda; this is the same official who advocated so strongly for competitive sourcing within the Department during the Bush Administration.

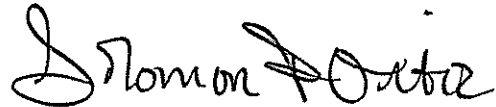
In light of the President's memo (dated March 4, 2009), as well as concerns raised by the military services, we urge you to immediately halt any pending A-76 studies as well as the initiation or announcement of any A-76 study, and to rescind the 2008 competitive sourcing policy memo. This will allow the Administration and Congress time to conduct a comprehensive review of the Department's A-76 program and to determine the best course for moving forward with a sound competitive sourcing policy.

We request a prompt response to this letter.

Sincerely,



IKE SKELTON
Chairman
House Armed Services Committee



SOLOMON P. ORTIZ
Chairman
Readiness Subcommittee