

United States Senate

WASHINGTON, DC 20510

August 5, 2010

The Honorable Michael Donley
Secretary of the Air Force
1670 Air Force Pentagon
Washington, DC 20330-1670

Dear Mr. Donley:

We are writing regarding the efforts of the Air Force to convert defense contractor employees to federal civilian employees. We understand that this in-sourcing effort is occurring at all levels of the Air Force to include installations in Oklahoma.

At Vance Air Force Base (AFB), the Air Force plans to hire civilian employees to serve as training instructors for undergraduate pilot training, a job which has been accomplished by contract personnel since 1991. We are concerned that the Air Force's decision to in-source the positions at Vance AFB may have been based on inaccurate or incomplete cost analysis.

In response to a Freedom of Information Act request, the Air Force provided the attached "In-sourcing Prescreening Case Summary" document regarding contract #FA3002-07-D-0020 which provides training instructors for undergraduate pilot training at a number of Air Force bases. This cost analysis summary states that the cost of converting contractor to civilian positions for flight simulator training instructors at several installations across the Air Force's Air Education and Training Command (including Vance AFB) could result in a savings of \$480,419.79 over five years, which would represent a 0.22% savings over the cost to utilize contractors. This cost analysis summary also states that the rationale for implementing this in-sourcing decision was for "Lower Government Performance Cost" and not for one of the other justifications given by Deputy Secretary of Defense Lynn in his implementation guidance issued on May 28, 2009.

According to Lear Siegler Services, the current firm that administers the contract, the cost comparison that the Air Force used for the cost of the contract employees to perform this mission was calculated from the total cost of providing training instructors and other related services at five bases: Columbus AFB, Laughlin AFB, Vance AFB, Randolph AFB, and Sheppard AFB. However, the cost comparison that the Air Force used for the cost of federal civilian employees to perform this mission included only four bases: all the bases listed above except for Sheppard Air Force Base.

This finding is based on two separate letters from the Air Force that are attached. In the letter dated March 3, 2010 where the Air Force responds to a Freedom of Information Act

request. This letter states that costs were calculated from the staffing needs to execute contract #FA3002-07-D-0020 "at Columbus, Laughlin, Randolph, and Vance AFBs." Sheppard AFB is not listed in this letter dated March 3, 2010.

In a second letter dated April 12, 2010 to Representative Ciro Rodriguez, the Air Force commented on further questions regarding contract #FA3002-07-D-0020. Responding to a constituent who asked "asked if Sheppard AFB simulator training was included in this in-sourcing business case," the Air Force responded that "Due to its unique international training mission, Sheppard AFB simulator training was evaluated as a separate in-sourcing initiative."

From these letters, it appears that the Air Force's in-sourcing decision on this contract was based on cost analysis that was either inaccurate or incomplete. According to Lear Siegler Services, the cost to administer the Sheppard AFB portion of contract #FA3002-07-D-0020 is approximately \$6 million per year. If the cost to administer the Sheppard AFB portion of the contract were excluded from the cost of the contractors and compared to the cost by the federal government to administer this contract at four bases listed instead of all five bases, the Air Force would potentially pay as much as \$30 million more over five years for federal civilians to perform this mission versus contractors.

I would ask that you and your staff immediately examine this issue to determine if an inaccurate or incomplete cost analysis was conducted and determine whether the justification to in-source contract #FA3002-07-D-0020 still exists.

In order to better understand how the Air Force came to this in-sourcing decision regarding contract #FA3002-07-D-0020, please provide us the following information:

1. A copy of the cost-benefit analysis (with supporting documentation) which shows the jobs scheduled for conversion from contract to civilian employees.
2. How this contractor to conversion will result in savings for the Air Force and taxpayers.
3. Whether Sheppard Air Force Base is included in both the federal civilian cost and the contractor cost in the cost analysis.
4. An explanation and description of the cost analysis used which shows all bases involved in the cost estimation for the federal government and for the contractor for each. This should include any deviation from any aspect of contract #FA3002-07-D-0020 as currently administered.
5. The last five years of contract performance reports from the current contract at Vance AFB for flight simulator training instructors as well as the amount of any bonuses paid for the performance of this contract in the last five years.
6. All assumptions made with regard to the total long-term costs and benefits of converting flight simulator training from contractors to federal civilian positions.

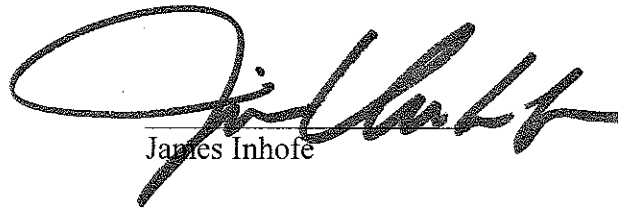
7. A summary of contract costs for flight simulator training at Columbus AFB, Laughlin AFB, Vance AFB, Randolph AFB, and Sheppard AFB for each year since 1991

I appreciate your attention to this request for information. Given that the Air Force plans to conduct this conversion beginning on October 1, we would appreciate a rapid response to this inquiry.

Sincerely,



Tom Coburn



James Inhofe



Frank Lucas

Enclosures:

1. In-sourcing Prescreening Case Summary CTR# FA3002-07-D-0020
2. March 3, 2010 Letter from Mr. Raymond Coburn, Air Force, to Mr. Timothy Mosich
3. April 12, 2010 Letter from Colonel James Clapsaddle, Air Force to Representative Ciro Rodriguez