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Army to weed out unnecessary contractors

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Army commanders have been told to list the contractors who serve them, rank them by usefulness and name the ones who can be let go.

The order is contained in a Sept. 2 memo from Army Undersecretary Joseph Westphal that also gives 14 other tasks meant to boost Army efficiency.

Distributed to regional commands and functional organizations such as Training and Doctrine Command, the memo also lists the savings that various commands are expected to produce from 2012 to 2016.

It's part of the service's effort to meet Defense Secretary Robert Gates' order to "reduce duplication, overhead, excess, and instill a culture of savings and restraint," Westphal wrote in the memo.

Gates provided more details of his plan to save \$100 billion over five years on Tuesday. The undersecretary has been tapped by Army Secretary John McHugh to lead the service's efficiency drive.

"As the Army's lead, I want to ensure we work in a coordinated and collaborative manner to identify and record viable efficiencies effectively, while reinvesting those savings against the Army's most urgent future needs," Westphal wrote in the memo.

One step, Westphal wrote, is asking commanders to list the contractors who "augment" their organizations' staffs.

"For these purposes, contractors augmenting staff includes, but is not limited to, work that is inherently governmental, closely associated with inherently governmental, or involves unauthorized personal services," the memo reads.

Commands will rank the contractors in order of importance.

"Also insure you identify contractors you recommended for divestiture," Westphal says. "If a requirement performed by a contractor is enduring or savings can be achieved, they may be identified for consideration for insourcing consistent with the law."

Westphal wants the lists completed by Oct. 4.

Savings Goals

Westphal's memo details how much each command must find in savings and includes initial guidance for adjusting the 2012-16 program objective memorandum (POM).

It appears that Army training may take the biggest hit. The office of Army Operations, Plans and Policies (G-3/5/7) is directed to review training requirements with the goal of saving \$440 million in 2014, \$1.9 billion in 2015 and \$1.9 billion in 2016.

The Army's Office of Business Transformation has to identify candidates for business process efficiencies with a goal of \$25 million in 2012, \$50 million in 2013, \$100 million in 2014, \$200 million in 2015 and \$300 million in 2016.

The Army's acquisition office has to identify efficiency initiatives, with the goal of saving \$25 million in 2012, \$50 million in 2013, \$100 million in 2014, \$500 million in 2015 and \$1 billion in 2016.

The assistant secretary of the Army for installations and environment must identify efficiencies with the goal of \$160 million in 2014, \$390 million in 2015 and \$620 million in 2016. The installation capability portfolio review will be the forum for developing and coordinating these savings, the memo says.

The Army's chief information officer (G-6) must find efficiency in information technology management with the goal of \$50 million in 2012, \$75 million in 2013, \$190 million in 2014, \$220 million in 2015 and \$270 million in 2016.

The chief information officer "must include enterprise e-mail and data center consolidations with the savings goals," the memo says. Specific programs and locations must be listed.

As part of the work-force capability portfolio review, the G-3/5/7 will look at headquarters' organizational structure with a goal of identifying manpower efficiencies within Army headquarters with a goal of \$200 million in 2014, \$650 million in 2015 and \$870 million in 2016.

The G-3/5/7 is also directed to assess the effects of the defense secretary's directed headquarters reductions and realignments "to identify Army efficiencies in subordinate or functionally aligned Army Service Component Headquarters with an efficiency goal of \$60 million in 2015 and \$80 million in 2016."

The assistant secretary of the Army for financial management and comptroller is directed to develop a 10 percent reduction in contracts executed in object class 25.1 and 25.2 for consideration for approval by the Army secretary. These will not include intelligence programs, federally funded research and development centers or reductions already identified in other efficiencies.

"These reductions will be used to meet or exceed Secretary of Defense efficiency goals," according to Westphal.

He directs the Army comptroller to develop a draft policy that addresses increases to the acquisition work force, a move aimed at improving contract management: "The policy will address procedures for approving necessary increases to the acquisition work force to comply with Secretary of Defense guidance and other Mission Critical Occupations as required by statute."

Westphal also directs freezing and revalidating all oversight reports currently required by the Department of the Army. Westphal wants to review which reports are actually worth keeping. The deadline for this is Oct. 12.

He also wants the cost of preparing such reports and advisory studies tracked and published on the front of each report. The office of the G-8 is to begin this immediately, the memo says.

The administrative assistant to the secretary of the Army is directed to review all outside boards and commissions for the purpose of eliminating those no longer needed and focusing the efforts on those that continue to be relevant, with a goal of reducing overall funding by 25 percent in 2011, the memo says.

Westphal has directed Mary Sally Matiella, assistant secretary of the Army for financial management and comptroller, or ASA (FM&C), to develop and publish a framework that provides efficiency task leads and consolidates responses.

"Once completed, ASA (FM&C) will provide, through me, the Army's identified and integrated efficiencies for the Secretary of the Army's approval and adjustment to our FY12-16 POM and

beyond," Westphal says.

Westphal says the Army must work to meet these short-term goals, but also continue its longer term efforts, like the capability portfolio reviews, that provide "in-depth analysis and details" that go beyond the next spending plan.

Those sent the memo must submit two-page statements detailing the operational impact of implementing the guidance.

"Some of these initiatives require immediate action," Westphal writes.

Westphal highlights two short-term milestones: a Sept. 22 Large Group meeting and an Oct. 29 resource management decision submission to the Pentagon's Capability Assessment and Program Evaluation office.

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