December 2, 2014

The Honorable Richard J. Durbin
Chairman, Senate Defense Appropriations Subcommittee
U.S. Senate
Washington, DC 20510

Dear Chairman Durbin:

On behalf of the American Federation of Government Employees, AFL-CIO, which represents 250,000 civilian employees in the Department of Defense (DoD), I appreciate your consideration of our request that you express your profound concern to the Department about its recent decision to forsake commitments to finally establish a reliable and comprehensive inventory of service contracts. It was good to see you earlier this month, and thanks for sharing your valuable insights.

The establishment of such an inventory is imperative if the Department is to ever be able to identify and control the hundreds of billions of dollars it spends on service contracts. The draft correspondence we submitted earlier for your consideration lists the statutory requirements imposed on the Department by law as well as the commitments senior officials have made to Congress with respect to the implementation of the inventory.

A recent report from the Government Accountability Office (GAO), should spur Congressional supporters of the DoD contracts inventory to even greater exertions. According to DEFENSE CONTRACTORS: Additional Actions Needed to Facilitate the Use of DoD's Inventory of Contracted Services (15-88):

1. Incomplete, inaccurate, and inconsistent reporting by components continues to undermine the reliability of inventories. Of particular concern is that components continue to underestimate the extent to which contractors are performing work that is inherently governmental and closely associated with inherently governmental functions, or is being performed pursuant to illegal personal services contracts.

2. The inventories are not actually being used "to inform strategic workforce planning, workforce mix, and budget decision-making processes, as statutorily required." If inventories are treated merely as half-hearted box-checking exercises, and not being used as important management tools, particularly when downsizing dictates significant economies, it is not surprising components can't be bothered to compile timely, reliable, and complete submissions.

3. At a time when leadership should focus on compelling faithful reporting and ensuring that the inventories actually inform sourcing and workforce management decisions, the Department
has instead called a nearly three-month time out to consider using an entirely new manpower reporting data system, a development which can't help but reduce the incentive of components to fulfill their inventory responsibilities.

As GAO noted, this time out "raises a question about whether DoD will continue to implement a DoD-wide inventory data collection system modeled after the Army's CMRA (Contract Manpower Reporting Application) system or attempt to develop a new system. Until such time as DoD components are able to collect the required data for their inventories, the utility of their inventory reviews for making workforce mix decisions will be hindered."

GAO, which was in "gotcha!" mode throughout its highly critical report, included no criticism of the manpower reporting data system that has been the basis of the Department's halting efforts to establish inventories over the last six years—the Enterprise Contractor Manpower Reporting Application (ECMRA). To say that the timeout decision in September by the Department to question its commitment to ECMRA was unexpected is an extraordinary understatement for anyone who had followed this matter. GAO would have produced a better report if it had reminded readers of the relevant history:

1. Pursuant to the FY10 National Defense Authorization Act, Congress directed the Department to make resources available to adopt a proven Army data collection methodology.[1]

2. This plan was subsequently endorsed by former Secretary Panetta in a letter to the chairman and ranking member of the House Armed Services Committee.[2]

3. In November 2012, the Under Secretaries for Personnel and Readiness and Acquisition, Technology, and Logistics jointly signed guidance to begin Department-wide use of and reporting into the enterprise-wide Contractor Manpower Reporting Application (ECMRA) – a system predicated on a proven Army business process.[3]

4. Just a few weeks ago, in a report to the Congress, the Comptroller underscored the importance of this enterprise-wide capability in the Department's future ability to make accurate budgetary projections and justifications for contracted services expenditures.[4]

I urge you to hold the Department to its commitments and insist that it continue to implement ECMRA; and, consistent with the GAO's recommendation, I urge you to direct the Department to issue "a plan of action, with timeframes and milestones, for rolling out and supporting a department-wide data collection system," and to ensure that this effort is adequately-resourced.

Thank you for your consideration. Please contact John Threlkeld (threlj@afge.org) if you have any questions.

Sincerely,

J. David Cox, Sr.
National President
[1] "The committee recommends that the Army methodology be used by the other military departments. Alternatively, should the military departments develop their own methodology, they should provide the same level of detail and completeness as that provided by the Army in order to ensure accurate comparisons of the inventories. The committee directs the Secretary of Defense to submit a report describing the methodology and data sources selected by the military departments to gather and analyze the information to complete the required annual inventory, an explanation, if the Army methodology is not used, of the rationale for developing a different method, and a timeframe for submission of a complete inventory by each of the military departments." House Report 111-166 to the FY10 National Defense Authorization Act (H.R. 2647).

[2] December 20, 2011, letter to Congress from Secretary of Defense Leon Panetta. "I am committed to making the Department's information technology and business enterprise systems available to support and enable the efforts of the rest of the Department to quickly implement the Army's 'Contract Manpower Reporting Application' tool this fiscal year while leveraging the Army’s processes, lessons learned, and best practices to comply with the law in the most cost effective and cost efficient manner."

[3] November 28, 2012, memorandum from Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall and Acting Under Secretary of Defense for Personnel and Readiness Jessica Wright. "Data will be reported using an Enterprise-wide Contractor Manpower Reporting Application (eCMRA)."

[4] September 16, 2014, submission from Comptroller to Congress on The Department of Defense Report on the Civilian Personnel Workforce and Contracted Services Reductions in the Fiscal Year 2015 Budget. "The Department continues to improve the projection of contracted services FTEs as required by section 235 of title 10, United States Code. The accuracy of the estimate of FTEs will improve as the Department implements an enterprise-wide approach to tracking contract expenditures and improves programming for contracted services. Components will gain a budget projection tool that connects completed reviews of their Inventories of Contract Services with improved reporting on each service contract obligation to support improved total force planning."