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DOCUMENTED
BRIEFING



The Effects of A-76 Cost Comparisons on DoD Civilian Education and Training

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SUMMARY

The President's Management Agenda, introduced in 2001 (Executive Office of the President, 2001), calls for increased use of public-private competition as a strategy for efficiency improvement. The DoD plans to compete tens of thousands of positions currently held by federal workers in upcoming years, following procedures outlined in the Office of Management and Budget's Circular A-76 (Executive Office of the President, May 29, 2003). As the principal advocate for the quality and cost effectiveness of DoD civilian education and professional development activities, the DoD Office of the Chancellor for Education and Professional Development asked the RAND Corporation to help the office understand the ways in which A-76 cost comparisons affect DoD civilian education and training.

BACKGROUND

Circular A-76 applies when there is a formal competition between government employees and contractors. When a position (or, more likely, a group of positions) is selected for A-76 competition, a Performance Work Statement (PWS) is developed that specifies the services the government wishes to purchase, without specifying exactly how the services are to be provided. The completed PWS is then transmitted to both government employees and interested contractors. Government employees develop an in-house bid, called the Most Efficient Organization (MEO), which is then compared with the best contractor bid.

Our research approach combined different methodologies. We studied the A-76 literature, which is discussed in the Appendix. We examined the Commercial Activity Management Information System data set, which tracks past A-76 cost comparisons. We then interviewed participants in completed competitions, either in person or by phone or email.

We also identified personnel at installations who knew of completed competitions and their effects. We asked them about the process, its effects, and lessons learned for possible future competitions.

In this documented briefing, we examine the effects on civilian education and training of A-76 competitions across three domains, as depicted in Figure S.1: A-76s at DoD-operated educational institutions, education and training

A-76s (i.e., competitions that target education and training functions) at other installations, and general effects of any A-76 competition on demand for civilian training.

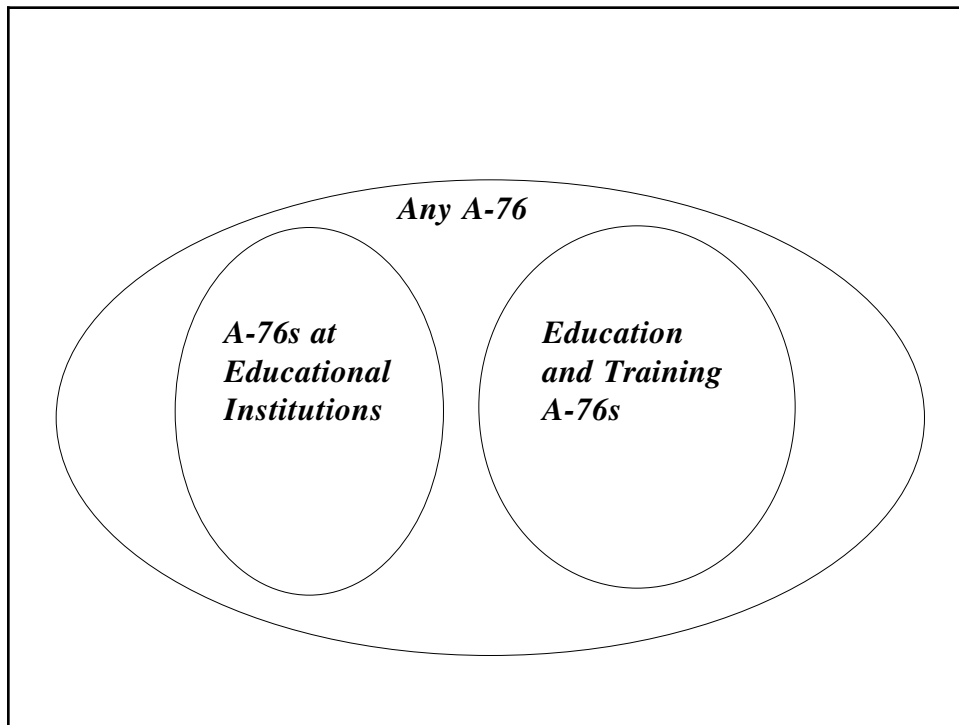


Figure S.1
Different Domains of A-76 Effects

A-76s AT EDUCATIONAL INSTITUTIONS

We first considered the effects of A-76 cost comparisons on DoD educational institutions. We investigated the effects of A-76 competitions on the Naval Postgraduate School, the Defense Language Institute at the Presidio of Monterey, and the Air Force Academy. All three institutions have a primary focus on military education; all three also have recent experience with A-76.

Broadly speaking, the three institutions' experiences have been consistent. A-76 competitions at all three institutions have targeted support functions (e.g., public works, personnel support, and logistics). Consistent with the findings of other research on A-76, these institutions' A-76 competitions seem to have generated savings. Fewer workers (either government employees or contractors) now provide the studied functions than was the case prior to the competitions. However, the A-76 competitions have also raised

concerns. The competitions have been lengthy and reportedly expensive with considerable damage to employee morale. The net effects of A-76 competitions on the institutions' education missions are not obvious.

EDUCATION AND TRAINING A-76s

A number of installations and commands that do not have education as their primary mission have nonetheless conducted A-76 competitions involving the education and training function. Many of these competitions have involved the administrative support of education and training (e.g., scheduling tests, maintaining records, and counseling personnel). They generally have not involved the actual provision of education and training. (A mix of DoD, other governmental, and private-sector entities provides education and training to DoD employees.) The competitions of this type that we reviewed involved disparate numbers of authorized positions. Some of the competitions were won by contractors, others by government employee MEOs. Most have saved money but have resulted in a reduction in customer service, we were told.

GENERAL EFFECTS OF A-76s ON CIVILIAN EDUCATION AND TRAINING

Our research yielded several general findings about the effects of A-76 competitions on civilian training demand. A-76s may cause a short-run increase in training demand as DoD employees displaced by competition shift into different positions. Also, civilians may be hired to replace military personnel in MEOs. On the other hand, long-run training demand may decrease. If a contractor wins, employee training is usually no longer the DoD's responsibility. Victorious MEOs, meanwhile, are typically smaller than what they replaced, implying fewer long-run employee training demands.

There also may be different DoD employee leadership training needs with increased contractor support. DoD leaders will need to be knowledgeable about how to interact with contractors. Further, the tradition of a DoD leader overseeing personnel in positions the leader once held may become less common. The development of DoD and other governmental leaders may need to change to meet future needs.