



DEPARTMENT OF THE ARMY
WASHINGTON DC 20310



JUL 8 2003

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
United States House of Representatives
2265 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am submitting the enclosed report on the management of the Army's civilian work force during the 12-month period ending February 1, 2003, in accordance with section 129, Title 10, United States Code, as amended.

This information has been provided to the Honorable Ike Skelton, Ranking Member of the House Armed Services Committee, and to the leadership of the Senate Armed Services Committee.

Respectfully,

R. L. Brownlee
Acting Secretary of the Army

Enclosure

CONGRESSIONAL REPORT

USE OF PROHIBITED CONSTRAINTS TO MANAGE DEPARTMENT OF DEFENSE PERSONNEL

Section 129, Title 10, United States Code

CERTIFICATION

The Secretary of the Army certifies that the Army civilian work force is not subject to any constraint or limitation in terms of the man years, end strength, full-time equivalent positions, or maximum number of employees, nor has it been during the preceding 12 months, except as required by law, or as directed by the Office of Management and Budget (OMB) or the Office of the Secretary of Defense (OSD). The Army uses administrative processes such as workload considerations and available funding to effectively manage its civilian work force. The approved levels are displayed in Tables of Distribution and Allowances. These techniques are not controls or constraints. Rather, they are tools designed to support more effective administration of the Army's civilian manpower program.

CIVILIAN WORK FORCE MANAGEMENT

Army's policy on the management of the civilian work force has continued to evolve over the years consistent with applicable law and regulation. We have changed the management philosophy of civilian manpower from end strength targets to full-time equivalents to funded work-years with full-time equivalent targets that are utilized as performance metrics. Our policy is to execute as closely as possible to the program and budget, increasing the linkage of manpower execution to workload and funding.

Upon budget approval, our commands and independent reporting activities are provided civilian authorizations and work year guidance. This guidance is viewed as a performance benchmark, with commands having the option during the year of execution to request increases to their work years and authorizations or to return work years and authorizations not required. During the year of execution, commands are monitored through personnel and financial reporting systems on the outcome of their performance.

The U.S. Congress, OMB, and OSD are not directly involved in the management of our civilian work force during the year of execution. They do, however, establish restrictions that limit the management latitude available to those involved in manpower management. These include floors and ceilings on

certain categories of manpower, such as management headquarters. The restrictions are imposed in the National Defense Authorization Acts. In addition, previous guidance issued by the U.S. Congress, OMB, and OSD have impacted the way the department has programmed and budgeted for the future civilian work force.

In prior years, Defense Planning Guidance (DPG) provided full-time equivalent estimates for the civilian work force that were based on expected outcomes of A-76 studies. Due to this guidance, there was a perception in the Department of Defense that civilian work years were controlled.

Therefore, in the Secretary of the Army's June 27, 2002 report to Congress, the Army could not certify that the civilian personnel of the Department of the Army are managed solely on the basis of and consistent with (1) the workload required to carry out the functions and activities of the department and (2) the funds made available to the department for each fiscal year.

The problem was resolved by the Business Initiatives Council (BIC), which was chartered to improve the efficiency of the Department of Defense business operations. A 2002 Army BIC initiative resulted in an endorsement by the Deputy Secretary of Defense on March 20, 2002 of the importance of complying with the provisions of section 129 and 129a of Title 10, United States Code. As a result of this BIC initiative, Defense Planning Guidance no longer contains full-time equivalent levels for the civilian work force.

ANALYTICAL TOOLS USED TO DETERMINE CIVILIAN WORK FORCE REQUIREMENTS

Studies by both the General Accounting Office and the U.S. Army Audit Agency identified shortcomings in the Army's inability to articulate manpower requirement needs based on required work. The Secretary of the Army reported this shortfall as a material weakness under the Federal Manager's Financial Integrity Act in the Fiscal Year 1997 Annual Assurance Statement to the Secretary of Defense. The Army has taken several initiatives over the past six years to correct the shortfall and resolve this material weakness.

Efforts were well under way to correct the material weakness, with the majority of the corrective sub-plans completed. However, in 2002, Army reevaluated the merits of its current plan for remedying the declared weakness in determining manpower requirements. There was a sensing among the senior HQDA leadership that missions were not being validated and there is no process in place that allows approval and prioritization of resources at HQDA level. Based on these factors, it was concluded that the existing corrective actions would not continue to play a substantive role in correcting the material weakness

in requirements determination and that the corrective plan should be refocused to place emphasis in other areas that will yield positive results.

The outcome of that review resulted in refocusing the corrective actions required. Key components include attention to revising the Army Contractor Manpower Reporting Application; improving the rigor of the Army's implementation of section 129a of Title 10, United States Code, and the Federal Activities Inventory Reform Act; centralizing and standardizing the documentation of the Army's Generating Force (its institutional and support structure); defining the linkages between the Operating (its combat, combat support and combat service support structure) and Generating Forces to improve both requirements and resourcing decisions in the Total Army Analysis (TAA) process; and developing doctrine to more accurately define and quantify the Generating Force structure.