



SECRETARY OF THE ARMY
WASHINGTON

08 JUN 2005

The Honorable Duncan Hunter
Chairman
Committee on Armed Services
United States House of Representatives
Washington, DC 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, 2005, 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.



Francis J. Harvey

Enclosure
As stated

CONGRESSIONAL REPORT

USE OF PROHIBITED CONSTRAINTS TO MANAGE DEPARTMENT OF
DEFENSE PERSONNEL

Section 129, Title 10, United States Code

REPORTING REQUIREMENT

The reporting requirement in section 129 of Title 10, United States Code, states the following:

**SEC. 129. PROHIBITION OF CERTAIN CIVILIAN PERSONNEL
MANAGEMENT CONSTRAINTS**

(a) The civilian personnel of the Department of Defense shall be managed each fiscal year 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 such fiscal year. The management of such personnel in any fiscal year shall not be subject to any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees. The Secretary of Defense and the Secretaries of the military departments may not be required to make a reduction in the number of full-time equivalent positions in the Department of Defense unless such reduction is necessary due to a reduction in funds available to the Department or is required under a law that is enacted after February 10, 1996, and that refers specifically to this subsection.

(b) The number of, and the amount of funds available to be paid to, indirectly funded Government employees of the Department of Defense may not be--

(1) subject to any constraint or limitation on the number of such personnel who may be employed on the last day of a fiscal year;

(2) managed on the basis of any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees; or

(3) controlled under any policy of the Secretary of a military department for control of civilian manpower resources.

(c) In this section, the term "indirectly funded Government employees" means civilian employees of the Department of Defense--

(1) who are employed by industrial-type activities, the Major Range and Test Facility Base, or commercial-type activities described in section 2208 of this title; and

(2) whose salaries and benefits are funded from sources other than appropriated funds.

(d) With respect to each budget activity within an appropriation for a fiscal year for operations and maintenance, the Secretary of Defense shall ensure that there are employed during that fiscal year employees in the number and with the combination of skills and qualifications that are necessary to carry out the functions within that budget activity for which funds are provided for that fiscal year.

(e) Subsections (a), (b), and (c) apply to the Major Range and Test Facility Base (MRTFB) at the installation level. With respect to the MRTFB structure, the term "funds made available" includes both direct appropriated funds and funds provided by MRTFB customers.

(f) (1) Not later than February 1 of each year, the Secretary of each military department and the head of each Defense Agency shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on the management of the civilian workforce under the jurisdiction of that official.

(2) Each report of an official under paragraph (1) shall contain the following:

(A) The official's certification (i) that the civilian workforce under the jurisdiction of the official is not subject to any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees, and (ii) that, during the 12 months preceding the date on which the report is due, such workforce has not been subject to any such constraint or limitation.

(B) A description of how the civilian workforce is managed.

(C) A detailed description of the analytical tools used to determine civilian workforce requirements during the 12-month period referred to in subparagraph (A).

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 subject to any such restraint or limitation during the 12 months preceding the date on which this report is due.

CIVILIAN WORK FORCE MANAGEMENT

Congress requires the Army to project the number of full time equivalent civilians in the budget, and will cut Army's budget to the degree the Army under-executes its projections. In addition, Congress establishes floors and ceilings on

certain categories of manpower, such as management headquarters and military technicians. Because these non-workload based limitations from Congress are not generated within the Army, they do not constrain Army ability to certify compliance with 10 USC Section 129.

Program Budget Decision 753, dated December 23, 2004, instructed the Army to find \$2.5 billion worth of savings within our top line. In order to achieve these topline savings, the Army has started a comprehensive Business Transformation Initiative that applies to all organizations. This transformational effort centers on reengineering the major business processes used by these organizations. As a result of this reengineering, there will be a corresponding reduction in workload and the number of both civilian and military personnel will be reduced accordingly through normal attrition to match the resultant workload. Once this workload reduction is achieved, military positions will be converted to civilian positions on a one to one basis, if appropriate.

ANALYTICAL TOOLS USED TO DETERMINE CIVILIAN WORK FORCE REQUIREMENTS

On 3 December 2004, the Assistant Secretary of the Army (Manpower and Reserve Affairs) approved a new standard study methodology that will be implemented Army-wide and sets the foundation for a corporate approach to manpower requirements determination in the Generating Force. The new Army methodology is based on a standardized approach that makes use of strategic analytical tools such as modeling and developing workload-based templates. The Army is also institutionalizing a formal approval process by which Major Army Commands (MACOM) will have their requirements determination models and individual studies approved at the Department-level. We have begun this new analytical approach in order to develop an analytical tool that can be applied to strategic issues and help Senior Leadership better understand the manpower and resource impact of alternatives and decisions. This effort better links workload analysis at the organizational level with the strategic direction of Army Leadership. Further, integration of this process into Structure and Manpower Allocation System (SAMAS) will better link workload to requirements to budget.

The U. S. Army Manpower Analysis Agency (USAMAA), a field operating agency of the Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) (OASA(M&RA)), provides the expertise and oversight of the analytical tools used to determine Generating Force manpower requirements. Our new standardized study methodology, with consistent application, will assist OASA (M&RA) in the execution of their policy oversight responsibility. HQDA will develop and/or approve and validate the requirements determination models and templates used by MACOMs and will recalibrate these tools if necessary.

The Army has initiated this new methodology by conducting initial assessment of several manpower models in the Army Materiel Command and

Training and Doctrine Command. This analysis is done to ensure proper algorithms have been established equating workload, tasks and functions with manpower requirements, and that the models reflect current organizational design characteristics and new technology introduced into our work centers that provide efficiencies.

The revision of these processes will form the basis for determining manpower requirements while employing a check and balance mechanism to ensure accuracy and standardization. These requirements will be validated at the Department level and will be used to build the Army's Generating Force (its institutional and support structure) as part of the Total Army Analysis (TAA) process. The Army continues to identify and refine the linkages between the Operating Forces (combat, combat support and combat service support structure) and Generating Forces to justify and quantify both requirements and resourcing decisions in the TAA process.