



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
MANPOWER AND RESERVE AFFAIRS
111 ARMY PENTAGON
WASHINGTON DC 20310-0111



January 17, 2001

REPLY TO
ATTENTION OF

Exemption Number 2001-0003

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(CIVILIAN PERSONNEL POLICY)

SUBJECT: Civilian Personnel Exemption

References:

a. Memorandum, SAMR, 14 August 2000, subject: Interim Guidance for Fiscal Year 2000 Inventory of Commercial Activities and Inherently Governmental Activities (Inventory).

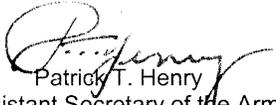
b. Memorandum, SAMR-CP, 26 December 2000, subject: Request for Temporary Exemption From Federal Activities Inventory Reform (FAIR) Review for Regionalized Civilian Personnel Services.

Except for GS-11 and higher within occupational series 233 performing the labor relations function and presumed to be inherently Governmental, I have determined that the civilian personnel function performed in the Civilian Personnel Operations Centers and the Civilian Personnel Advisory Centers is a non-inherently Governmental function that should be exempted from private sector performance on the basis of risk to national security until January 2003. Civilian employees performing this function will be reported in the Federal Activities Inventory Reform (FAIR) Act Inventory under Office of Management and Budget (OMB) Reason Code A. OMB Reason Code A is designed to identify specific non-inherently Governmental (commercial) activities that should not be subjected to privatization, outsourcing or competition for purposes of the FAIR Act. The criteria for identifying the exemption are described in the enclosure.

As referenced in your memorandum, under section 1105 of the fiscal year 2001 National Defense Authorization Act, Public Law 106-398, DoD is required to assess various options for increasing the effectiveness and efficiency of delivery of civilian personnel services and provide its assessment in a report to Congress by January 1, 2002. Regionalization and modernization efforts have resulted in pervasive changes to the personnel system, many of which are still underway. You note that employees and managers affected by the recent and ongoing changes must be allowed sufficient time to learn to perform effectively and efficiently in the new environment and make fact-based determinations as to which aspects of the changes have improved customer service and which have diminished it.

A Senate proposal would have established a pilot program to assess the feasibility of public-private competition for regionalized civilian personnel services starting as early as October 2000. The Statement of Administration Policy (SAP) in opposition to this proposal advised Congress that the timing is not correct for such a pilot program because DoD is beginning deployment of its modern Defense Civilian Personnel Data System, which will establish the information systems required to support regionalized civilian personnel services. As noted in the SAP, requiring a feasibility study now would divert critical resources and seriously endanger the successful deployment of this system and degrade support to military commanders in the field.

Upon expiration of the exemption in January 2003, any competitive sourcing studies for regionalized civilian personnel services under OMB Circular A-76 should be controlled at Headquarters, Department of the Army. This exemption does not preclude testing the concept for a public-private competition or reengineering the function. Retention of the exemption requires solid progress in reengineering the function and preparing for a public-private competition of the function at the expiration of the exemption.


Patrick T. Henry
Assistant Secretary of the Army
(Manpower and Reserve Affairs)

Enclosure

Temporary Exemption for Civilian Personnel

MDEPs, VCPR and QCPO