DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

August 22, 2002

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20515-6501

Dear Mr. President:

The purpose of this letter is to notify you of our decision to study certain functions performed by military and civilian personnel in the Department of the Navy for possible performance by private contractors.

As the Department seeks ways to improve efficiency and effectiveness, reduce the overall cost of operations and improve business processes, we are fully exploring opportunities for competition initiatives. In accordance with 10 U.S.C. Section 2461, the Secretary of Defense is to notify Congress of any decision to study commercial or industrial type functions performed by 50 or more civilian employees for possible outsourcing and to provide an estimate of the costs and length of each study. To provide you with a more comprehensive overview of our most recent competition initiatives, we are enclosing a list detailing functions both above and below 10 U.S.C. Section 2461 reporting threshold. These initiatives to study the performance of the commercial or industrial type functions by persons who are not civilian employees of the Department of Defense are not the result of constraints or limitations in terms of man years, end strengths, full-time equivalent positions or maximum number of employees. Please note that to ensure we obtain economies of scale, most of the smaller numbers of functions will be consolidated into larger regional or base-wide cost comparisons.

Where required, studies will be performed under the procedures set forth in Office of Management and Budget (OMB) Circular A-76. The military billets listed in the enclosure have been identified for substitution by civilian workers. The A-76 cost comparison in each case will determine whether the function will be contracted out or performed by civilian employees of the Department of the Navy. The Department's estimated cost to study each full-time equivalent position is $2,500 and this funding is contained in Navy Operations and Maintenance Budget Line Item 4A1M - Administration. The estimated study time for single function studies is 12-18 months and 24-36 months for multifunction studies.

Conversion to commercial contracts will occur only if the cost comparison process reveals that contracting is the most cost effective method of performing the function. We will notify you by separate correspondence if the competition results in a decision to convert to contract performance.

While this letter is fully responsive to the 10 U.S.C. Section 2461 notification requirements, kindly be advised that the Navy is studying alternate approaches to competitive outsourcing. Although it is critical that we obtain the benefits currently available through A-76, in the Department of the Navy's judgement, extensive changes need to be made to this process to achieve full benefits. Accordingly, the Department of the Navy will be working with other Service secretariats and the Office of the Secretary of Defense to provide future recommendations for change.

A similar letter has been sent to the Speaker of the House, and Chairmen Inouye, Levin, Lewis and Stump. If I can be of further assistance, please let me know.

Sincerely,

H T Johnson

H. T. Johnson

Enclosure

DON COMMERCIAL ACTIVITY STUDY CANDIDATES (NAVY)

FY2002 Third Announcement

Name	Location	ST	CD	CIV	MIL	Function Description
FLEET AVIATION TRAINING	LEMOORE	CA	20	1	0	Supply Operations
FLEET AVIATION TRAINING	LEMOORE	CA	20	1	0	Other Installation Services
FLEET AVIATION TRAINING	LEMOORE	CA	20	4	0	Training Devices and SimulatorSupport
FLEET AVIATION TRAINING	LEMOORE	CA	20	5	0	Other Training Functions
STRIKE FIGHTER WING	LEMOORE	CA	20	1	0	Aircraft
STRIKE FIGHTER WING	LEMOORE	CA	20	4	0	Financial and Payroll Services
STRIKE FIGHTER WING	LEMOORE	CA	20	23	0	Supply Operations
STRIKE FIGHTER WING	LEMOORE	CA	20	12	0	Selected Functions Administrative Support:
FIGHTER WEAPONS SCHOOL	LEMOORE	CA	20	0	1	Education and Training Administrative Support
FIGHTER WEAPONS SCHOOL	LEMOORE	CA	20	1	0	Selected Functions ADP&E Support:
AIRBORNE EARLY WARNING WING	SAN DIEGO	CA	23	11	0	Supply Operations
AIRBORNE EARLY WARNING WING	SAN DIEGO	CA	23	2	0	Selected Functions Administrative Support:
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	2	0	Food Preparation and Administration
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	2	0	Mess Attendants and Housekeeping Services
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	1	0	Training Devices and SimulatorSupport
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	4	0	Education and Training Management
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	5	0	Education and Training Management Support
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	4	0	Education and Training Administrative Support
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	20	1	Training Development and Support
AVIATION TRAINING GROUP	SAN DIEGO	CA	49	0	1	Selected Functions Administrative Support:
CONTROL SURVEILLANCE FACILITY	SAN DIEGO	CA	49	0	1	Air Traffic Control
CONTROL SURVEILLANCE FACILITY	SAN DIEGO	CA	49	0	1	Selected Functions Administrative Support:
FLEET IMAGING CENTER	SAN DIEGO	CA	49	2	0	Audiovisual and Visual Information Services
WEAPONS & TACTICS SCHOOL	SAN DIEGO	CA	49	2	0	Supply Operations
WEAPONS & TACTICS SCHOOL	SAN DIEGO	CA	49	2	0	Education and Training Administrative Support
AIRBORNE STRIKE WING	NORTH ISLAND	CA	49	1	0	Selected Functions Administrative Support:
SEA CONTROL WING	NORTH ISLAND	CA	49	67	0	Supply Operations
SEA CONTROL WING	NORTH ISLAND	CA	49	1	0	Selected Functions Administrative Support:
HELICOPTER TACTICAL WING	NORTH ISLAND	CA	49	1	0	Selected Functions Management Support:
HELICOPTER TACTICAL WING	NORTH ISLAND	CA	49	2	0	Selected Functions Administrative Support:
HELICOPTER ANTI-SUBMARINE WING	NORTH ISLAND	CA	49	1	0	Selected Functions Administrative Support:
NAVAL AIR FORCE	SAN DIEGO	CA	49	33	0	Selected Functions Administrative Support:
NAVAL AIR FORCE	SAN DIEGO	CA	49	1	0	Information Management (IM) Policy
FLEET IMAGING COMMAND	SAN DIEGO	CA	49	1	0	Supply Operations
FLEET IMAGING COMMAND	SAN DIEGO	CA	49	5	0	Audiovisual and Visual Information Services
MAINTENANCE ACTIVITY	SAN DIEGO	CA	51	28	0	Vessels

DON COMMERCIAL ACTIVITY STUDY CANDIDATES (NAVY)

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Name	Location	ST	CD	CIV	MIL	Function Description
MAINTENANCE ACTIVITY	SAN DIEGO	CA	51	1	0	Data Processing Services
Total California = 256				251	5	
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	4	0	Supply Operations
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	4	0	Centralized Administrative Support Services
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	2	0	Education and Training Administrative Support
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	4	0	Selected Functions Management:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	2	0	Selected Functions Management Support:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	9	0	Selected Functions Administrative Support:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	9	0	Budget and Financial Program Management:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	8	0	Community Activities and Manpower Program Management:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	7	0	Contracting:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	25	0	Selected Functions ADP&E Support:
TELECOMMUNICATIONS STATION	WASHINGTON	DC	1	4	0	All other acquisition functions
PUBLIC WORK CENTER	WASHINGTON	DC	1	14	0	Supply Operations
TECHNOLOGY CENTER	WASHINGTON	DC	1	2	0	ADP Administrative Support
TECHNOLOGY CENTER	WASHINGTON	DC	1	1	0	Systems Designand Programming Services
Total Washington, DC = 95				95	0	
DIVING TRAINING CENTER	PANAMA CITY	FL	1	0	18	Training Development and Support
TRAINING AIR WING	WHITING FIELD	FL	1	1	0	Flight Training
AVIATION SCHOOL	PENSACOLA	FL	1	0	4	Training Development and Support
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	1	0	Supply Operations
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	3	0	Other Nonmanufacturing Operations Administrative Support
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	1	0	ADP Administrative Support
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	1	0	Data Processing Services
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	4	0	Selected Functions Administrative Support:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	2	0	ADP Administrative Support
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	3	0	Data Processing Services
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	11	0	Selected Functions Administrative Support:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	2	0	Commanders and Support Staff:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	4	0	Budget and Financial Program Management:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	1	11	0	IT Architecture
NAVAL HOSPITAL	JACKSONVILLE	FL	3	1	0	Hospital Care
NAVAL HOSPITAL	JACKSONVILLE	FL	3	99	0	Medical Records
NAVAL HOSPITAL	JACKSONVILLE	FL	3	11	0	Other Health Services

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Name	Location	ST	CD	CIV	MIL	Function Description
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	2	0	Selected Functions Administrative Support:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	1	0	Budget and Financial Program Management:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	1	0	Information and Telecommunications Program Management:
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	3	0	Systems Design, Development, and Programming Services
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	45	0	Engineering and Maintenance of Applications Software
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	11	0	Other ADP Functions
TELECOMMUNICATIONS STATION	PENSACOLA	FL	6	18	0	Requirements Definition and Analysis
Total Florida = 258				**236**	**22**	
CONTROL SURVEILLANCE FACILITY	PEARL HARBOR	HI	1	1	0	Air Traffic Control Equipment and Facilities
FLEET AVIATION TRAINING	BARBERS POINT	HI	2	1	0	Other Installation Services
FLEET AVIATION TRAINING	BARBERS POINT	HI	2	1	0	Training Devices and SimulatorSupport
FLEET AVIATION TRAINING	BARBERS POINT	HI	2	1	0	Education and Training Administrative Support
FLEET AVIATION TRAINING	BARBERS POINT	HI	2	0	1	Training Development and Support
FLEET AVIATION TRAINING	BARBERS POINT	HI	2	2	0	Other Training Functions
PATROL WING	BARBERS POINT	HI	2	1	0	Supply Operations
PATROL WING	BARBERS POINT	HI	2	2	0	Selected Functions Management Support:
PATROL WING	BARBERS POINT	HI	2	2	0	Selected Functions Administrative Support:
PATROL WING	BARBERS POINT	HI	2	1	0	Safety (other than medical)
Total Hawaii = 13				**12**	**1**	
SERVICE SCHOOL COMMAND	GREAT LAKES	IL	10	3	0	Training Development and Support
RECRUIT TRAINING COMMAND	GREAT LAKES	IL	10	1	0	Education and Training Management
PUBLIC WORK CENTER	GREAT LAKES	IL	10	2	0	Other Nonmanufacturing Operations
Total Illinois = 6				**6**	**0**	
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	Installation Services Management Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	ADP Management Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	Selected Functions Administrative Support:
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	9	0	Budget and Financial Program Management:
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Other Nonmanufacturing Operations Administrative Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Storage and Warehousing
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Reference and Technical Libraries
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Internal Mail and Messenger Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	Management Studies

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Name	Location	ST	CD	CIV	MIL	Function Description
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	ADP Management Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	ADP Administrative Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Data Processing Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Selected Functions Management Support:
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Selected Functions Administrative Support:
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Personnel and Manpower Program Management:
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Maintenance of Real Property Management
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	ADP Administrative Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Data Processing Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	ADP Management Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	4	0	ADP Administrative Support
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Data Processing Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	32	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Requirements Definition and Analysis
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Storage and Warehousing
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Telecommunication Centers
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	3	0	Data Processing Services
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	2	0	Requirements Definition and Analysis
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Acquisition (Equipment and Weapons Systems):
TECHNOLOGY CENTER	NEW ORLEANS	LA	2	1	0	Systems Design, Development, and Programming Services
Total Louisiana = 92				**92**	**0**	
NAVAL MEDICAL CENTER	BETHESDA	MD	8	1	0	Health Services Administrative Support
NAVAL MEDICAL CENTER	BETHESDA	MD	8	14	0	Radiology Services
NAVAL MEDICAL CENTER	BETHESDA	MD	8	56	0	Medical Records
NAVAL MEDICAL CENTER	BETHESDA	MD	8	1	0	Preventive Medicine
NAVAL MEDICAL CENTER	BETHESDA	MD	8	44	0	Other Health Services
Total Maryland =116				**116**	**0**	
SHIPBUILDING & REPAIR	BATH	ME	1	5	0	Other Engineering and Technical Services
SHIPBUILDING & REPAIR	BATH	ME	1	1	0	Civilian Education and Training
SHIPBUILDING & REPAIR	BATH	ME	1	1	0	Selected Functions Management Support:
SHIPBUILDING & REPAIR	BATH	ME	1	3	0	Commanders and Support Staff:
Total Maine = 10				**10**	**0**	

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Name	Location	ST	CD	CIV	MIL	Function Description
AIMU FALLON AIMD	FALLON	NV	2	1	0	Financial and Payroll Services
AIMU FALLON AIMD	FALLON	NV	2	12	0	Supply Operations
Total Nevada = 13				**13**	**0**	
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	0	2	Housing Administrative Services (Berthing BOQ/BEQ.)
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	0	2	Clinics and Dispensaries
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	3	1	Supply Operations
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	2	0	Selected Functions Management Support:
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	5	0	Selected Functions ADP&E Support:
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	4	2	Selected Functions Administrative Support:
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	1	0	Maintenance and Logistics Program Management:
STRATEGIC COMMUNICATIONS WING	OKLAHOMA CITY	OK	4	1	0	Safety (other than medical)
Total Oklahoma = 23				**16**	**7**	
ENGINEERING STATION	PHILADELPHIA	PA	1	4	0	RDT&E Management Support
ENGINEERING STATION	PHILADELPHIA	PA	1	1	0	RDT&E Administrative Support
ENGINEERING STATION	PHILADELPHIA	PA	1	4	0	Maintenance and Logistics Program Management:
ENGINEERING STATION	PHILADELPHIA	PA	1	2	0	RDT&E Management
Total Pennsylvania = 11				**11**	**0**	
NAVAL HOSPITAL	BEAUFORT	SC	2	25	0	Medical Records
NAVAL HOSPITAL	CHARLESTON	SC	6	10	0	Hospital Care
NAVAL HOSPITAL	CHARLESTON	SC	6	2	0	Pathology Services
NAVAL HOSPITAL	CHARLESTON	SC	6	4	0	Radiology Services
NAVAL HOSPITAL	CHARLESTON	SC	6	1	0	Orthopedic Services
NAVAL HOSPITAL	CHARLESTON	SC	6	19	0	Medical Records
NAVAL HOSPITAL	CHARLESTON	SC	6	1	0	Preventive Medicine
NAVAL HOSPITAL	CHARLESTON	SC	6	1	0	Medical Occupational Health/Safety
Total South Carolina = 63				**63**	**0**	
TRAINING AIR WING	KINGSVILLE	TX	1	1	0	Flight Training
TRAINING AIR WING	CORPUS CHRISTI	TX	1	1	2	Flight Training
Total Texas = 4				**2**	**2**	
COMBAT TRAINING CENTER	VIRGINIA BEACH	VA	2	0	12	Training Development and Support

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Name	Location	ST	CD	CIV	MIL	Function Description
TELECOMMUNICATIONS STATION	NORFOLK	VA	2	2	0	Supply Operations
TELECOMMUNICATIONS STATION	NORFOLK	VA	2	0	0	ADP Administrative Support
TELECOMMUNICATIONS STATION	NORFOLK	VA	2	1	0	ADP Administrative Support
TELECOMMUNICATIONS STATION	NORFOLK	VA	3	3	0	Other Nonmanufacturing Operations Administrative Support
NAVAL MEDICAL CENTER	PORTSMOUTH	VA	4	20	0	Hospital Care
NAVAL MEDICAL CENTER	PORTSMOUTH	VA	4	15	0	Radiology Services
NAVAL MEDICAL CENTER	PORTSMOUTH	VA	4	107	0	Medical Records
NAVAL MEDICAL CENTER	PORTSMOUTH	VA	4	4	0	Drug Rehabilitation
NAVAL MEDICAL CENTER	PORTSMOUTH	VA	4	40	0	Other Health Services
TELECOMMUNICATIONS STATION	NORFOLK	VA	4	8	0	Education and Training Administrative Support
TELECOMMUNICATIONS STATION	NORFOLK	VA	4	4	0	Budget and Financial Program Management:
TELECOMMUNICATIONS STATION	NORFOLK	VA	4	8	0	Data Processing Services
TELECOMMUNICATIONS STATION	NORFOLK	VA	4	24	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	ARLINGTON	VA	8	1	0	ADP Management Support
TECHNOLOGY CENTER	ARLINGTON	VA	8	1	0	Systems Design, Development, and Programming Services
TECHNOLOGY CENTER	ARLINGTON	VA	8	1	0	Systems Design, Development, and Programming Services
Total Virginia = 251				**239**	**12**	
NAVAL SUBMARINE BASE	SILVERDALE	WA	1	1	0	Safety (other than medical)
FLEET AVIATION TRAINING	WHIDBEY ISLAND	WA	2	1	0	Supply Operations
FLEET AVIATION TRAINING	WHIDBEY ISLAND	WA	2	6	0	Training Devices and SimulatorSupport
FLEET AVIATION TRAINING	WHIDBEY ISLAND	WA	2	1	0	Education and Training Administrative Support
FLEET AVIATION TRAINING	WHIDBEY ISLAND	WA	2	6	0	Other Training Functions
PATROL WING	WHIDBEY ISLAND	WA	2	2	0	Selected Functions Administrative Support:
ELECTRONIC COMBAT WING	WHIDBEY ISLAND	WA	2	1	0	Selected Functions ADP&E Support:
ELECTRONIC COMBAT WING	WHIDBEY ISLAND	WA	2	1	0	Selected Functions Administrative Support:
NAVAL STATION BREMERTON	BREMERTON	WA	6	1	0	Social Services Administrative Support
Total Washington = 20				**20**	**0**	
				CIV	**MIL**	
GRAND TOTAL = 1231				**1182**	**49**	