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COMPETITIVE SOURCING EFFORT WITHIN THE NATIONAL PARK SERVICE

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL PARKS

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

TO CONDUCT OVERSIGHT OF THE COMPETITIVE SOURCING EFFORT WITHIN THE NATIONAL PARK SERVICE

JULY 24, 2003

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COMPETITIVE SOURCING EFFORT WITHIN THE NATIONAL PARK SERVICE

THURSDAY, JULY 24, 2003

U.S. SENATE,
SUBCOMMITTEE ON NATIONAL PARKS,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 3 p.m. in room SD–366, Dirksen Senate Office Building, Hon. Craig Thomas presiding.

OPENING STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING

Senator THOMAS. Welcome. We'll break the rules and start on time. Anyway, welcome to the hearing. We're glad to have our representatives from the Park Service and the Office of Management and Budget as well as the others. I think today's hearing is one that is important and timely, I believe. We have been working, of course, at this matter of competitive services, and the administration has been working on that. It is not a new thing. It has been in the area for sometime, and yet I think in a lot of ways we're not really as clear about how it is handled, how it should be handled, what is really going on, and I think it has caused some concerns in places where we really didn't have the facts, so we wanted to have a hearing and to talk about those things.

I think we all recognize that the Park Service does have its own issues and its own operations and peculiarities, of course, as does every agency, so we have to find something that fits. I am personally a support of Federal Activities Reform Act. I think there is evidence in the industry, as well as other agencies, that there are times and places in which competitive outsourcing is a good thing to do. It saves us money and does the job.

On the other hand, I think we have to recognize the peculiarities and the uniqueness of the Park Service, so we are not here to promote or defame the issue, but rather to make it clear as to where we are and where we need to go and how we can make it useful for the park service as well as other agencies, so we appreciate very much your being here, Senator, if you have any comments.

[The prepared statement of Senator Thomas follows:]

PREPARED STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING

Good afternoon. I want to welcome the representatives from the National Park Service, the Office of Management and Budget, and other witnesses to today's Na-

tional Parks Subcommittee hearing. Our purpose is to hear testimony on the competitive sourcing effort that is currently underway in the National Park Service.

Today's hearing is both timely and important. The Administration released a revised version of circular A-76 just a little over a month ago and several news stories have been written since that time. Information or misinformation is moving faster than a runaway horse. The stories range from exempting Park Service positions from the A-76 process all together, to taking a close look at outsourcing archeology positions, to an article in a Colorado Springs newspaper praising the A-76 process. Just last week the House added language to the Interior appropriations bill to prevent competitive sourcing of archeology positions at two National Park Service centers.

It's time to settle down this runaway horse, catch our breath, take a close look at what has happened, and discuss where this process is actually headed.

We all know that the Park Service faces many challenges while making America's treasures available for millions of U.S. and foreign visitors each year. Limited funds are available for maintenance, security, safety, and a variety of other activities. We called this hearing today to discuss the use of competitive sourcing as a tool for improving fiscal and operational efficiency at a time when the Park Service is facing a tremendous funding shortfall for maintenance at almost every park. I would like to remind my colleagues on the Committee that in the past the Park Service has been instructed to reduce its number of commercial activities. Competitive sourcing is part of that effort.

As the sponsor of the Federal Activities Inventory Reform Act, I am all for improving effectiveness and efficiency in government. At the same time, I realize that we need to go about it the right way. We need to have a clear process with a reasonable time line and people need to be kept informed. It's also important that any competition involves a level playing field—private sector contractors and the government should be judged on the same requirements.

Again, let me thank all of the witnesses for coming today. I look forward to hearing the testimony and the opportunity to discuss an issue which I have spent a great deal of time working on and is a priority of this Administration.

STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Senator AKAKA. Yes. Thank you, Mr. Chairman for holding this very timely hearing. It happens that this is the second hearing today on competitive sourcing in the Federal Government. I also sit on the Committee on Government Affairs, and we conducted a similar hearing earlier this morning looking at Federal contracting on a Government-wide basis. Before I continue, I want to welcome Fran Mainella. It is so good to see you again. It's always good to see you, and I also want to welcome Ms. Styles. I have seen her this morning, and it is good to see you again, Ms. Styles, and she was very helpful this morning.

As I stated, Mr. Chairman, at the earlier hearing no one disputes the importance of a government that is both cost-effective and accountable. Like any other entity, Federal agencies need to have the appropriate management tools and personnel skills to meet their mission, and it is in that light that we should examine what works best, is best performed by government employees, and which could be better performed by the private sector.

I know you were instrumental, Mr. Chairman, in creating the FAIR Act, and I would like to compliment you on your hard work on that law. I agree that we must encourage cost-effective government programs and activities. I also agree that outsourcing, when used appropriately, can be a useful tool, but we just need to be careful in the manner in which it is undertaken.

I am not yet convinced that outsourcing is appropriate for the National Park Service. From what I have read and from what my office has heard from career Park Service employees, the

outsourcing proposal is taking a considerable amount of park managers' time, the cost of required studies coming at the expense of other operational needs, and I believe the program is having a significant negative effect on the morale of current National Park Service employees and may serve as a detrimental factor in recruiting future employees, but this is what we are hearing.

Most importantly, I am not convinced that this program, if fully implemented, would improve the mission of the park service to protect our national parks, historic sites and monuments, and other treasured places.

I am very pleased that the Park Service Director, Fran Mainella, is here and has done a good job in her position, and I always tell my friend that I look forward to talking with her about issues, and I still look forward to doing that and look forward to hearing from you and Ms. Styles.

Lastly, Mr. Chairman, and finally, I have a statement from the National Treasury Employees' Union Chapter 296, which represents the Washington Office of the National Park Service, and I ask that their testimony be included in the record.

Thank you very much, Mr. Chairman.

Senator THOMAS. Senator Bingaman.

Senator BINGAMAN. Mr. Chairman, I would be glad to hear from the witnesses before we go vote, if you would like to do that. Whatever you want to do. I will forego any opening statement.

Senator THOMAS. Why don't we get started. Our first panel, thank you for being here, Fran Mainella, Director of the National Park Service, and Angela Styles, Administrator for Federal Procurement Policy of the Office of Management and Budget.

STATEMENT OF FRAN MAINELLA, DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Ms. MAINELLA. Thank you, Mr. Chairman. I am so pleased to be here today. Senator Bingaman, thank you for coming, and also I know Senator Akaka had to step out the door, but we appreciate you being here.

It's also a great opportunity to be able to present the views of the Department of the Interior on the President's competitive sourcing initiative within the National Park Service. I'm also very appreciative because I think this hearing will give us an opportunity to clarify some issues that have related to competitive sourcing that may have been a bit confusing.

I think to begin with, though, I do want to emphasize that management excellence lies at the heart of fulfilling our mission for parks and serving our citizens. The Nation's parks are the heart and soul of America, with some of the most dedicated and committed employees in the Federal workforce. Competitive sourcing, as part of the President's Federal management agenda, helps us achieve management excellence. It helps us to navigate the future. It gives us a tool to test ourselves and ask, are we the best we can be.

Caring for the parks of the future generations requires that we study our management on a regular basis to ensure we're giving America, the American public the best value and making sure our resources are properly taken care of. By comparing how we cur-

rently do business with other options, competitive sourcing helps us find new ways to add value to how we serve the public. It's just one of those management tools being used to address today's needs.

Some past government reforms had focused on downsizing or actual outsourcing without regard to how it might affect all of our employees. By contrast, though, competitive sourcing, or, as I like to call it, competitive review, because it is actually a review of what we are doing, allows us to be certain to look at certain activities and organizational structures such as, should we reorganize for greater efficiency, might a different provider, a local government or a private business be able to be configured to help us in our service or better provide for that service.

One of the things that I wanted to clarify today—because there has been many media reports that say the National Park Service will outsource or privatize jobs, but competitive sourcing does not equal outsourcing or privatization. Let me help explain that a bit. Competitive sourcing is, we're looking at it as the process for competing services between the public and the private sector. It means our employees have a chance, as we go through the competitive review, it looks like we want to keep moving on, we can then do the RFP to actually have the private sector and our employees compete, and that is one way for us to look at that type of organization.

But on the outsourcing, on the other hand, you've already predetermined, that is, going to the private sector, and that is going to be not necessarily giving it to the Federal employee. Privatization, on the other side, is actually where a whole function or a whole entity is going into the private sector.

In addition, the media has presented as final decisions, certain MPS internal and draft memoranda which were prepared for just internal agency deliberations. It gave erroneous characterizations how that contributed to some further misunderstandings associated with competitive review.

I personally have gone out and visited with many of our parks that are going through the competitive sourcing, Natchez Trace, for example, and I was just so impressed when I got out there to see the enthusiasm of those employees, because they believe, just as I do, that they're the best they can be, and they were preparing and ready to be reviewed, but they were confident in themselves that they felt they would definitely win if it went to the RFP process.

So far, the Department of the Interior has experienced its employees winning about 40 percent of the competitive bids. We in the National Park Service feel anything that we do go to full bid on, we're going to do much better than that.

Right now, our workforce, we're at a peak season. Not only are we in fire season, as I'm about to go out to Glacier that has major fires underway right now, but it's also our biggest tourist season, with 1 million people a day visiting our national parks, and I hope many of you will be able to get out on your break and visit with many of us, but what happens is, we are a seamless system in the national parks, but actually we have been working for so long with the private sector, because we're like small cities.

We have to give to our private sector the ability to do trash removal and some of these other things that are very important to us. I don't know if everyone realizes, though, that if you went out

today in the parks you probably would run into about 48,000 people but only 20,000 of those people are our employees, because the other 28,000 are already partners, business partners like concessionaires, cooperating associations that are also nonprofits.

Also, in addition to the 48,000 you've got 125,000 volunteers that are out there working with us, not every day, of course, but we do average—we will average a little over 2,000 FTE's per day if we were to figure out on the volunteer efforts, and so really we have already been working in the private sector partnerships already to such a great extent.

In fact, right now we currently do outsource, and we have outsourced over $1 billion per year in what we do.

As you look at the FAIR Act, and I want to thank you, Mr. Chairman, for being able to come forth with that act, because it does give us a planning tool for us to move forward, it does provide us with an opportunity to look at and be able to check interested parties and see how they can be included, or might not be a part of our efforts, and of course our own positions in the Park Service, we have some that are commercial entities and some that are not. We had that evaluation done by 30 different employees working with us to evaluate that back in the year 2000.

One of the other areas I want to make clear is there are no ranger positions being included for consideration for competitive sourcing. I know that's been a confusion, in that no ranger positions being included.

Also, the National Park Service has been asked to look at about 1,708 positions between 2003 and 2004. Already, though, of that 1,708 we have achieved 859 direct conversions that were done when direct conversions were being allowed, and we've been given credit. OMB has worked with us to give us credit on those, so now we're only looking at, out of that 1,700, another 840-plus employees that we're looking at today.

The media coverage, though, has suggested that we're looking at 70 percent of our employees to be outsourced, and that's just not correct. We really, if you look at our employees, what we're looking at is about 15 percent of the 11,000 employees that are labeled commercial, and then less than 9 percent of our total workforce is being considered.

I know diversity has been an issue that has been voiced by many individuals, and one of the things that I've been able to find out as I've explored this further is that the jobs actually, whether it's our employees or not, will still stay in that community and will be able to reflect that diversity of that community there, so that diversity will still be obtained, plus the economic value will be able to stay in the community.

We are also very excited about one of the things that happened in Florida, having been my own home State. A minority contractor there has provided for workers for lifeguard and maintenance worker positions. The winning contractor hired all of our former temporary and seasonal employees who were interested in being rehired, and those employees report they are now working more hours for the contractor and making higher income.

In Harper's Ferry, in West Virginia, and also Denver, Colorado, contractors have been helping us with providing jobs for the se-

verely handicapped. Again, most of these were done through outsourcing opportunities, but again they have been a success story.

The funding is another confusion area. I want to make sure we're clear on the funding sources. The National Park Service has never spent over the $500,000 limit for reprogramming to address our competitive sourcing. Also, as we look to the reprogramming letter that we have just sent up for $1.1 million, there is no funds that are coming from accounts for maintenance backlog to do this study, and this includes—I know this is a lot of discussion about Mount Rainier. Mount Rainier is not being considered in the 2003 and 2004, and no maintenance backlog dollars are going to be used to do any of those assessments.

In conclusion, Mr. Chairman, the National Park Service fully supports the competitive sourcing initiative of the President's management agenda. We have the finest, most dedicated employees in the Federal workforce, and we are working with them to find innovative ways to accomplish this initiative. We are doing our best to ensure fairness and effectiveness and efficiency in this review process.

Mr. Chairman, thank you, and I'll be open for questions at the appropriate time. Thank you, sir.

[The prepared statement of Ms. Mainella follows:]

PREPARED STATEMENT OF FRAN MAINELLA, DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Mr. Chairman, thank you for the opportunity to appear before your Committee to present the views of the Department of the Interior (Department) on the President's competitive sourcing initiative within the National Park Service (Park Service).

Management excellence lies at the heart of fulfilling our mission and serving citizens. Competitive sourcing, as part of the President's Management Agenda, helps us achieve management excellence. It gives us a tool to test ourselves and ask: "Are we the best that we can be?"

Every organization in society needs to periodically ask if there is a better way to organize itself to accomplish its mission. By comparing how we currently do business with other options, competitive sourcing helps us find new ways to add value to how we serve the public. It is a tool all federal agencies are using to accomplish this self-examination. The goal of competitive sourcing is to ensure that we provide the public maximum quality services at the best possible value.

Some past government reforms have focused specifically on downsizing or outsourcing, without regard for the overall effects of those choices on performance. By contrast, competitive sourcing is a review process. Through this competitive review, as I like to call it, we look at certain activities and organization structures and ask: 1) should we reorganize for greater efficiency; 2) might a different provider a local government or a private business, for example, be better configured to provide a service? This process assures that we maintain management vigilance. Even if competitive sourcing were not a Presidential initiative, it would be important for the Park Service to periodically check our efficiency and effectiveness by comparing ourselves to others who provide similar services.

OMB Circular A-76, revised May 29, 2003, provides a mechanism with which to test the results of public/private competitions for commercial services routinely provided by both the federal government and private industry. But the recent revision to the Circular does not tell the entire story about the care, efficiency, and transparency with which the Park Service is undertaking its competitive reviews.

The media has paid significant attention to the competitive sourcing issue. In their reporting, they presented as final decisions certain Park Service internal and draft memoranda, which were prepared for agency deliberations only. The erroneous characterization of these draft documents has contributed to some misunderstandings currently associated with the Park Service competitive sourcing initiative.

I would like to correct these misunderstandings for the Committee today. I have personally visited and interviewed employees from some of the parks being studied and want to reiterate that the National Park Service has the finest employees in the federal service who have the highest dedication to our mission. So far, the Department has experienced its employees winning about 40 percent of the bids. We believe that the Park Service will do better than that. We believe that through a competitive review process, we can win many of these competitions and, through that process, we will find ways to enhance our own effectiveness. Our employees know that we are behind them and support their efforts to succeed in providing outstanding service to the public. I have reinforced this message to the National Park Service workforce in several memoranda to employees.

The National Park Service manages 388 parks units, seven regional offices, a central office, and two service centers. Our parks offer a seamless operation of visitor services, resource and visitor protection. The Park Service, with its many locations, facilities, and infrastructure, is like a small city. Just like any small city, we have many business partners to help us prepare food, maintain our buildings, repair our vehicles, and do the many other activities associated with managing lots of buildings and infrastructure.

Though we have an average of 20,000 federal government employees, over 48,000 individuals participate in these services, helping maintain our facilities, and greeting and interacting with the public. In addition to our 20,000 federal employees, private-sector employees, contractors, volunteers and partners provide concession operations, design, and countless service contracts such as sanitation, trash pickup, lifeguards, professional and administrative services. In addition, several thousand construction workers engaged in all types of projects throughout the park system.

Most of the existing contracts are the result of outsourcing the process of contracting certain services without competing them between the private sector and Park Service employees. Over the years, the Park Service has outsourced many functions realizing that such services can be performed by contractors in support of the National Park Service mission. These contractors are readily available in the private sector to perform services that the Park Service has chosen not to accomplish in-house with the federal workforce. The Park Service currently outsources well over one billion dollars annually.

An important distinction needs to be made between these traditional outsourcing efforts and competitive sourcing.

Competitive sourcing is the process of competing services between the public and private sector, utilizing the fair, transparent processes outlined in OMB Circular A-76. Under this process, both the public and private sector have an opportunity to realign their organizations to provide the most cost-effective, efficient organization possible. The competition is conducted in accordance with the Federal Acquisition Regulation (FAR) and prescribed procedures outlined in Circular A-76. Either low price or best value (low price and most technically qualified) is established at the outset of a competition as the criterion for award. The current Park Service competitive sourcing plan, which allows for the competition of approximately 1,700 full-time equivalent (FTE) positions, is being accomplished under these competitive sourcing rules.

Outsourcing involves the process of announcing a competition between private sector contractors utilizing only Federal Acquisition Regulation. It does not include competing with established public sector (federal) providers. Federal employees do not have a chance to compete under outsourcing procedures or re-engineer their services to enhance their prospects of prevailing in a competitive sourcing review.

As described above, the Park Service currently contracts on average 28,000 jobs to private industry using outsourcing procedures under Federal Acquisition Regulation and competitions between concessionaires as outlined in 36 CFR, Part 51, Concession Contracts.

Privatization is a broader concept, encompassing transfers in the production of goods and services from the public sector to the private sector, and can include asset sales, long-term leases, and other public-private transactions. The Park Service has no intention of privatizing assets in this way.

The Park Service, like all civilian agencies, has been working on competitive sourcing issues in compliance with OMB Circular A-76 for many years. During the 1980's, the Park Service engaged in several A-76 competitions. From 1987 through 1997, the Park Service turned in an inventory of commercial positions, but did not actively engage in public/private competitions. The enactment by Congress in 1998 of the Federal Activities Inventory Reform (FAIR) Act signaled an increased emphasis on the A-76 program.

Through your diligence and leadership, Mr. Chairman, the FAIR Act turned from a bureaucratic exercise to a valuable planning tool for agencies to use. The FAIR

Act assists agencies in monitoring their inventories in a systematic way and identifies potential study areas. The FAIR Act requires all agencies to submit an annual inventory of commercial and inherently governmental FTE positions to OMB for release to Congress and the public. The Act provides a process wherein interested parties may challenge the inclusion or non-inclusion of positions on either side of the inventory to the agency. The Act also provides for an appeals process if the challenger is not satisfied with the agency response.

To comply with the FAIR Act, the Park Service conducted a survey of all positions utilizing the Federal Personnel Payroll System (FPPS) to establish a benchmark for inherently governmental and commercial activities.

Seeing the growing interest and emphasis on the initiative, the Park Service convened a panel of 30 subject matter experts in March 2000 to do an in-depth review of all 237 job series in the Park Service to determine which were inherently governmental and which were commercial. The 2002 inventory contains 11,525 FTEs on the commercial inventory and 8,220 FTEs on the inherently governmental inventory for a total of 19,745 FTEs. This represents all employees, including permanent and temporary, on the payroll as of September 30, 2002. This differs slightly from numbers cited in the budget, because the inventory is a snapshot at one particular time while the budget shows the number of FTEs funded over the entire year. It is important to note that all ranger positions (0025 job classification series) are included on the inherently governmental inventory. None are considered commercial and none have or will be competed.

Prior to the cutoff date of May 29, 2003, when the revised OMB Circular stipulated that no further direct conversions should occur, the Park Service successfully converted 859 positions to contract positions. All 859 positions were either vacant or involved new work where the positions contracted out were unencumbered. Not one permanent Park Service employee lost his or her job due to these direct conversions. In addition, the Park Service conducted all direct conversions and express studies without the use of consultants. Therefore, no appropriated dollars were spent on consultants to accomplish the 859 direct conversions over half of the goal established for Park Service competitions.

There has also been confusing media coverage concerning the number of Park Service positions or FTEs being studied under the competitive sourcing initiative. Some media coverage has suggested that the Park Service is subjecting as many as 70 percent of its employees to study under competitive sourcing. This is not correct. The Department has asked the Park Service to study approximately 1,700 FTEs by the end of FY 2004. This represents approximately 15 percent of the 11,525 commercial FTEs. We can only conclude that the 70 percent figure in some press reports came from an erroneous calculation of potential studies if the Park Service was to review all or a majority of the 11,525 FTEs identified on the commercial inventory.

The Park Service funded 20,505 FTEs in FY 2002. To clarify, one FTE amounts to 2,087 hours of work in a year, as opposed to a position which is generally encumbered by one individual and could be anywhere from a seasonal—who might work 2 or 3 months during the summer season (.25 FTE)—to a permanent full-time position, which would equate to 1.0 FTE. The Park Service employs approximately 26,000 funded positions, including year-round and seasonal jobs. In a given year, at the height of the summer season, that translates into approximately 19,000 FTEs.

One concern relating to competitive sourcing that has been raised by some observers is its potential impact on diversity. We are proud of our accomplishments in promoting equal employment opportunities for all Americans. We are equally proud to announce that we are working with the communities where competitive reviews are underway and are confident that the same diverse workforce living in those communities will continue to get those jobs. Whether a community provides a diverse pool of workers for the federal government or a similarly diverse workforce for the private sector, we take pride in the community retaining the jobs.

For example, in Florida, a minority contractor has provided workers for lifeguard and maintenance worker positions. In addition, the winning contractor hired all of our former temporary and seasonal employees who were interested in being rehired, and these employees report they are now working more hours for the contractor than they did previously with the Department (taking into account work performed both for the government and private sector clients), resulting in higher incomes. In Harpers Ferry, West Virginia, and Denver, Colorado, contractors associated with the Javits-Wagner O'Day Act (providing jobs for the severely handicapped and the blind) have been contracted to provide file and mail services. These contractors and service organizations deal directly with minority and small businesses to provide workers from the local communities that truly benefit from these contracts. In the majority of instances, local contractors have won the competitions for Park Service work.

The Park Service has also been criticized for spending many millions of dollars on competitive sourcing. Let me set the record straight. The Park Service has never spent over the $500,000 reprogramming threshold in any given fiscal year since the competitive sourcing initiative began. We do have a reprogramming request now pending before the appropriations committee to spend another $1.1 million on these studies in FY 2003.

It has been reported, for example, that the Park Service used monies designated for the maintenance backlog at Mount Rainier National Park to fund competitive sourcing studies. This is not true. No maintenance backlog funds have been or will be used on competitive sourcing at any location. Mount Rainier is not currently on the Park Service competitive sourcing plan for FYs 2003 and 2004.

In conclusion, the National Park Service fully supports the competitive sourcing initiative of the President's Management Agenda. The competitive review that this initiative fosters is an important tool used to ensure we are giving the American public the very best service for their tax dollars. We have the finest, most dedicated employees in the federal service, and we are working with them to find innovative ways to accomplish this initiative. We are doing our best to ensure fairness, effectiveness, and efficiency as we fulfill our grand mission of ensuring Americans can enjoy this Nation's outstanding historic, cultural, and natural heritage now and into the future.

Mr. Chairman, thank you for the opportunity to comment. This concludes my prepared statement and I will be happy to answer any questions you or other Committee members might have.

Senator THOMAS. Thank you very much. I guess we had better recess for just a few minutes, and we'll be right back.

[Recess.]

Senator THOMAS. Thank you very much. We'll come back to order. I might tell you that at 3:40 there is going to be a moment of silence on the floor to recognize the Capitol Police officers that were killed, so we will take a moment of silence here too at 3:40. Ms. Styles, why don't you go right ahead.

STATEMENT OF ANGELA B. STYLES, ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET

Ms. STYLES. Thank you, Mr. Chairman, Senator Akaka. I appreciate the opportunity to appear before you today to discuss the administration's competitive sourcing initiative. 2 years ago, we unveiled the President's management agenda, a bold strategy for improving the management and performance of the Federal Government. Opening commercial activities performed by the Government to the dynamics of competition is a major component of this agenda and the President's vision for a market-based government.

Since the 1950's, successive administrations have encouraged agencies to consider whether commercial activities performed by the Government could be provided by the private sector in a more cost-effective manner. Competition has been encouraged through memoranda, a circular, a government-wide handbook, and even an executive order. Like us, past administrations recognized that public and private competition improves service delivery and decreases cost to the taxpayer irrespective of which sector wins the competition.

In many ways, however, this administration's cost-cutting efforts can be distinguished from those of the past both in terms of the priority of the initiative and the tailored approach being taken to ensure the competition is applied in a reasoned and responsible manner for each agency, but I can tell you that the most challenging part of my job in this initiative is effective communication.

I spend the vast majority of my day explaining to people that competitive sourcing is about a commitment to management excellence. It is a commitment to ensuring that our citizens are receiving the highest quality service from their government without regard to whether that job is being done by dedicated Federal employees or the private sector. In spite of our extensive effort, this information and confusion abounds. We are constantly fighting a flurry of intentionally deceptive propaganda.

Contrary to the self-serving information, competitive sourcing is not about outsourcing, privatization, or reducing the Federal workforce. As Ms. Mainella pointed out very effectively in her testimony, competitive sourcing is a review process that asks two very important questions: one, should we reorganize for greater efficiency; and two, might a different provider, a local government, a nonprofit organization that employees disabled members of our society or a private business be better able to provide the service at a lower cost?

The competitive sourcing initiative asks people to make very hard management choices, choices that affect very real jobs and help our dedicated and loyal career civil servants, but the fact that private competition and our initiative require hard choices and a lot of hard work make it one that can and is effecting fundamental real and lasting changes to the way we manage the Federal Government.

Both the private and public sectors have conducted independent studies to document the effects of public-private competition. Each has reached the same conclusion. Subjecting in-house operation to competition consistently generates cost savings anywhere from 20 to 30 percent on average, regardless of whether the competition is won by a private contractor or the Government.

The Department of Defense alone projects savings of more than $6 billion from A-76 competitions completed from 2000 to 2003. DOD estimates that long run savings are about $85,000 per position over 5 years.

One of my favorite recent examples is a graphics function of the Department of Energy. Before the competition, Headquarter Graphics was a 13-person operation. Through the competitive process, the in-house government employees determined that they could do the exact same jobs with 6 people. In other words, the same graphics service could be delivered by half the number of people. By sharpening their pencils, benchmarking the private sector, and reorganizing the function, the Federal employees won the graphics function competition against the private sector head to head.

Though small in number, this competition exemplifies the benefits of the competitive sourcing initiative. From this small, 13-person competition, DOD is estimating $635,000 in savings every year. The employees won, but through competition and the competitive process were able to save $635,000 a year. I'm not sure how anyone can make a rational argument that we should not do everything in our power to replicate this type of result throughout the Federal Government.

While there is a certain level of comfort in maintaining the status quo, our taxpayers cannot afford, nor should they be asked to

support a system that operates at an unnecessarily high cost, because so many of our commercial activities are performed by agencies without the benefit of competition. For this reason, the administration has called upon our agencies to transform their business practices. We have provided the tools for meeting this objective in a responsible, reasoned, and fair manner.

This concludes my prepared statement, but I am pleased to answer any questions you may have.

[The prepared statement of Ms. Styles follows:]

PREPARED STATEMENT OF ANGELA B. STYLES, ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET

Chairman Thomas, Vice Chairman Nickles, Senator Akaka, and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the Administration's Competitive Sourcing initiative. Two years ago, the Administration unveiled the President's Management Agenda (PMA), a bold strategy for improving the management and performance of the federal government. Opening commercial activities performed by the government to the dynamics of competition—i.e., competitive sourcing—is a major component of the PMA and the Administration's vision for a market-based government.

A number of Administrations have encouraged the use of competitive sourcing—through memoranda, a Circular, a government-wide handbook, and even an Executive Order. Like us, past Administrations recognized that public-private competition improves service delivery and decreases costs to taxpayers, irrespective of which sector wins the competition. Various studies have found savings of anywhere from 10-40%, on average, regardless of the sector that wins the competition. In fact, savings can be even higher. For example:

- Federal employees won a public-private competition in 1994 to perform base operations support at Goodfellow Air Force Base. The competition has resulted in an effective savings of 46%.
- Private sector performance of aircraft maintenance at McChord Air Force Base, work previously performed by the government, has resulted in an effective savings of 66% following a public-private competition in the early 1990s.

Despite these positive results, use of public-private competition has not taken hold outside of the Department of Defense. Our competitive sourcing initiative seeks to institutionalize public-private competition by providing an infrastructure and management blueprint for its considered application.

Today, the Office of Management and Budget (OMB) is providing a report to Congress describing the steps we have been and are taking to implement competitive sourcing. A copy of the report is attached to this statement.* I would like to summarize that report for you this afternoon. I think you will find that the report provides important insight regarding our reasoned and responsible approach for ensuring the fair and effective application of this important management tool.

I am pleased that Fran Mainella is here to discuss the Park Services' efforts to use competitive sourcing. I will focus my discussion on government-wide efforts and defer to Ms. Mainella to address the specific steps being taken at the Park Service.

THE STRATEGY FOR IMPLEMENTING COMPETITIVE SOURCING

The Administration's strategy for institutionalizing public-private competition has three features:

1. Agency-specific competition plans that are customized, based on considered research and sound analysis, to address the agency's mission and workforce mix;
2. A dedicated infrastructure within each agency to promote sound and accountable decision making; and
3. Improved processes for the fair and efficient conduct of public-private competition.

Let me briefly describe how each of these features of our strategy reinforces careful planning and well informed decision making.

Customized competition plans. The preparation of competition plans begins with the development of workforce inventories, as required by OMB guidance and the

* The report has been retained in subcommittee files.

Federal Activities Inventory Reform (FAIR) Act. Agencies first differentiate inherently governmental activities from commercial activities. Inherently governmental activities are immediately excluded from performance by the private sector. The focus is strictly on commercial functions, whether they be computer support or landscaping and lawn mowing. Functions that are intimately related to the public interest must be performed by public employees. Our revisions to Circular A-76, the document which sets forth the guidelines for conducting public-private competitions, make no real substantive change to long-standing principles addressing what functions are appropriately considered to be inherently governmental. We will continue to depend on our able workforce to execute these important responsibilities on behalf of our citizens. OMB estimates that approximately 47% of the workforce from agencies being tracked under the PMA are inherently governmental.

Once agencies have separated out inherently governmental activities, agencies then must differentiate commercial activities that are available for competition from those that are not. In deciding whether a commercial activity is inappropriate for potential performance by the private sector, agencies take various factors into consideration, such as the unavailability of private sector expertise, preservation of core competencies, or the need for confidentiality in support of senior level decision making. About 26 percent of the workforce is engaged in commercial activities available for competition. Individual agency determinations, however, vary from under 20 percent to over 60 percent: no two agencies are alike.

After an agency has identified commercial activities available for competition, it considers, in a disciplined way, which ones might benefit most from comparison with the private sector. Agencies are generally focusing use of public-private competition on commonly available, routine commercial services where there are likely to be numerous capable and highly competitive private sector contractors worthy of comparison to agency providers. They also consider factors such as workforce mix, attrition rates, capacity to conduct reviews, the percentage of service contracts, and the strength of the agency's contract management capabilities.

For our part, OMB has created scorecards to measure agency progress in implementing competition plans. We also have committed to meet with agencies on a quarterly basis to provide assistance in the use of competitive sourcing as a management tool.

OMB has moved away from mandated numerical goals and uniform baselines that were introduced at the beginning of the initiative to ensure a level of commitment that would institutionalize use of the tool within each agency. Instead, we have negotiated tailored baselines based on mission needs and conditions unique to the agency. As an additional step to reinforce our customized approach to competitive sourcing, OMB has revised the criteria that will be used to grade agency progress. The revised criteria, which are set forth in section III of our report, contain no government-wide numerical goals that would require an agency to compete a portion of the commercial activities performed by the government. However, the scorecard still includes the types of incentives that should facilitate the application of competitive sourcing in a sound manner.

Agency management infrastructure. OMB requires that agencies designate a Competitive Sourcing Official (CSO) to be accountable for competitive sourcing actions in the agency. The organizational placement of the CSO is left to each individual agency. OMB further requires that agencies centralize oversight responsibility to help facilitate a wide range of activities, including:

- the development of inventories of commercial and inherently governmental activities;
- the determination of whether commercial activities are suitable for competition;
- the scheduling and preliminary planning of competitions, including the coordination of resources to support the agency provider;
- the tracking of results; and
- information sharing within the agency so past experiences can inform future actions.

Improved processes for conducting public-private competitions. For a long time, the acquisition community has argued that the benefit derived from public-private competitions could be much greater if performance decisions were made within more reasonable timeframes, processes were more accommodating to agency needs, and greater attention was given to holding sources accountable for their performance. To address these and other shortcomings, OMB has revised Circular A-76 to provide a number of results-driven features.

Of particular importance, the revised processes concentrate on results—not the sector that provides the service—so that agencies and the taxpayer may reap the full benefit of competition. The processes are intended to place an equal degree of

pressure on each sector to devise the most effective means to provide needed services. Here are a few of the new features of A-76.

- Focus on selecting the best available source. Because OMB seeks to emphasize selection of the best service provider, as determined through competition, the revised Circular deletes a long-standing statement that the government should not compete with its citizens. Deletion of the "reliance" statement is not intended to denigrate the critical contribution the private sector plays in facilitating the effective operation of government. Without the private sector, the government would not be able to meet the many needs of our taxpayers. The deletion is simply meant to avoid a presumption that the government should not compete for work to meet its own needs. Current government incumbents should have the opportunity to demonstrate their ability to provide better value to the taxpayer.
- Better planning. The revised Circular emphasizes the importance of preliminary planning as a prerequisite for sound sourcing decisions. Before announcing the commencement of a competition, agencies must complete a series of actions including:

  determining the scope of activities and positions to be competed;

  conducting preliminary research to determine the appropriate grouping of activities as business units; and

  determining the baseline cost of the activity as performed by the incumbent service provider.
- Time limits for completing competitions. Timeframe standards have been incorporated into the revised Circular to instill greater confidence that agencies will follow through on their plans and to ensure the benefits of competition are realized. Under the revised Circular, a standard competition must generally be conducted within a 12-month period, beginning on the date the competition is publicly announced and ending on the date a performance decision is made. A "standard competition" is the general competitive process required by the revised Circular when an agency selects a provider based on formal offers or tenders submitted in response to an agency solicitation. An agency may extend the 12-month period by 6 months with notification to OMB. Streamlined competitions, which I will discuss in a moment, must generally be completed within a 90-day period.

Agencies will be required to publicly announce, through FedBizOpps, the beginning of competitions, performance decisions made at the end of a competition, and any cancellation of an announced competition. Announcements of competition and performance decisions also must be publicized locally.

I want to emphasize that the new competition timeframes are not intended to truncate planning. OMB deliberately structured the Circular so that timeframes, for either standard or streamlined competitions, will not begin to run until preliminary planning has been completed.

- Expanded opportunities to consider best value. Under the revised Circular, agencies have more leeway to take non-cost factors into account during source selection. For example, an agency may conduct a phased evaluation source selection process to consider alternative performance levels that sources may wish to propose. If non-cost factors are likely to play a significant role in the selection decision, an agency may, within certain parameters, conduct a tradeoff source selection process similar to that authorized by the Federal Acquisition Regulation. The Circular limits use of tradeoffs to: (1) information technology activities, (2) contracted commercial activities, (3) new requirements, (4) segregable expansions, or (5) activities approved by the CSO before public announcement, with notification to OMB.
- Elimination of "direct conversions." During the development of Circular revisions, some public commenters complained that the traditional authority to convert functions with l0 or fewer positions directly to private sector performance was encouraging agencies to ignore consideration of the agency provider, even where a more efficient, cost-effective government organization could offer the better alternative. The revised Circular eliminates direct conversions and instead provides a versatile streamlined competition process for agencies to efficiently capture the benefits of public-private competition for activities performed by 65 or fewer full-time-equivalent employees.

While providing added flexibility, the Circular also incorporates mechanisms to ensure that agencies act as responsible stewards. For example, agencies must publicly announce both the start of a streamlined competition and the performance decision made by the agency. The notice announcing the initiation of a competition must

include, among other things, the activity being competed, incumbent service providers, number of government personnel performing the activity, names of certain competition officials, and the projected end date of the competition. In addition, agencies must document cost calculations and comparisons on a standardized streamlined competition form. The official who documents the cost estimate for agency performance must be different from the one who documents the cost estimates for performance by either the private sector or a public reimbursable source. Finally, the agency must certify that the performance decision is cost-effective.

- Consideration of innovative alternative practices. OMB recognizes that the nature of service delivery is constantly changing and our processes must be able to meet taxpayer needs in this dynamic environment. We must always be on the lookout for better ways of carrying out federal missions. To encourage innovation and continual improvement, the revised Circular provides a process by which agencies, with OMB's prior written approval, may deviate from the processes prescribed in the Circular.

While we must be forward thinking, we must also ensure that deviations are used only when there is good reason to believe significant benefit may be offered and when alternative processes are transparent and impartial. OMB believes the new standard and streamlined competition processes should effectively accommodate agency needs for the vast majority of public-private competitions and will carefully review deviation requests to determine if they are justified.

- Establishment of firewalls. The revised Circular seeks to improve public trust in sourcing decisions by reinforcing mechanisms of transparency, fairness, and integrity. Among other things, the revised Circular establishes new rules to avoid the appearance of a conflict of interest. The revised Circular separates the team formed to write the performance work statement from the team formed to develop the most efficient organization (MEO)—i.e., the staffing plan that will form the foundation of the agency's tender. In addition, the MEO team, directly affected personnel and their representatives, and any individual with knowledge of the MEO or agency cost estimate in the agency tender will not be permitted to be advisors to, or members of, the source selection evaluation board.
- Post-competition accountability. During the revision process, we heard numerous complaints regarding weaknesses in post-competition oversight. Among other things, the old Circular required post-competition reviews only for 20 percent of the functions performed by the government following a cost comparison. As a result, even where competition has been used to transform a public provider into a high-value service provider, insufficient steps have been taken to ensure this potential translates into positive results.

Under the revised Circular, agencies will be expected to implement a quality assurance surveillance plan and track execution of competitions in a government management information system. Irrespective of whether the service provider is from the public or private sector, agencies will be expected to record the actual cost of performance and collect performance information that may be considered in future competitions.

OMB intends to work with the agencies to review costs and results achieved. This information will be used to evaluate the effectiveness of competitive sourcing at each agency and devise additional strategies to address agency-unique implementation issues. We will also work with the agencies to ensure they provide the Congress with the information it needs to ensure sufficient oversight of these activities and their associated costs.

Finally, with the assistance of the Federal Acquisition Council, agencies will share lessons learned and best practices for addressing common issues. Using past experiences to inform future decision making will further ensure that competitive sourcing is a fair and effective tool for improving the delivery of services to our citizens.

COMPETITIVE SOURCING AND THE FEDERAL WORKFORCE

Clearly, competitive sourcing poses a challenge for government personnel who perform commercial activities that are available for competition. These providers must critically examine their current processes and determine how they can improve the delivery of services. Answers may not come easily, but they are ones which our taxpayers are owed.

Historically, the government wins over 50% of public-private competitions. This high success rate should give employees confidence that they can and do compete effectively head-to-head with the private sector. As I described a moment ago, the revised Circular has a number of specific features to ensure that competition is ap-

plied in an even-handed manner. Equally important, the revised Circular recognizes the talents of the federal workforce, the conditions under which the workforce operates, and the importance of providing the workforce with adequate training and technical support during the competition process to ensure they are able to compete effectively. In particular, the revised Circular seeks to ensure that the agency provider has the available resources (e.g., skilled manpower, funding) necessary to develop a competitive agency tender.

As an example, the Department of Energy (DOE) recently competed the graphics function at DOE headquarters. Before the competition, this was a 13-person operation at DOE. Through the competitive process, the incumbent government provider determined that it could do the same job with 6 people. In other words, the same graphics service could be delivered by half the number of people. By sharpening their pencils, benchmarking the private sector, and reorganizing the function, the federal employees won the graphics function competition against the private sector. Importantly, however, through managed attrition, no involuntary separations are anticipated. Though small in number, this competition exemplifies the benefits of the competitive sourcing initiative. As a result of the competitive process, this organization determined how to become more efficient. The competition at DOE is a significant win for the taxpayer.

Even when the commercial sector is chosen to perform the activity, there generally are only a small number of involuntary separations of federal employees—8% according to one study; 3.4% according to another. The percentage of involuntary separations should remain small. Nearly 40% of all federal workers will be eligible to retire by 2005, creating many new job opportunities across government. The Administration's human capital initiative is already helping agencies better train and retain a capable workforce.

CONCLUSION

While there is a certain comfort level in maintaining the status quo, our taxpayers simply cannot afford—nor should they be asked to support—a system that operates at an unnecessarily high cost because many of its commercial activities are performed by agencies without the benefit of competition. For this reason, the Administration has called upon agencies to transform their business practices and embrace the benefits brought to bear by competition, innovation, and choice.

Competitive sourcing is not about arbitrary numbers. This initiative is about reasoned plans, accountable infrastructures, and balanced processes that facilitate the application of public-private competition where it benefits mission objectives and the needs of our citizens. We appreciate the Subcommittee's interest in our Competitive Sourcing initiative. We look forward to working with you and the other members of Congress as we strive to bring lasting improvements to the performance of government through the sensible application of competition.

This concludes my prepared statement. I would be pleased to answer any questions you may have.

Senator THOMAS. Thank you very much.

Ms. Mainella, in the Park Service do you have persons working who are not Federal employees at this time?

Ms. MAINELLA. We certainly do. As we mentioned earlier, there is actually 48,000 people out there that work that serve you as you come into the parks, and only 20,000 of them are Federal employees.

Of course, one of our big groups, of course, are volunteers, but also we have our concessionaires, we have our cooperating associations, so many others that work along with us, so the Park Service for a very long time has been involved in working with the private sector, and I think in a very successful way.

Senator THOMAS. We had a hearing a while back on maintenance backlog and I understand the Department of the Interior put together a workforce plan. Is that the case in the Park Service?

Ms. MAINELLA. Yes, sir. We are working on a workforce plan, and it will focus again, addressing actually one of the issues that I think affects all Federal Government. A lot of retirees developing, with those that are the baby boomers and others, and of course

that will be taken into consideration as we look through our competitive sourcing.

Senator THOMAS. Ms. Styles, what is the difference in what you're talking about now as to what people were thinking about 2 years ago in terms of outsourcing?

Ms. STYLES. I think we have learned a lot over the past 2 years with our initiative. I think we have tried today in a report that we issued to Congress and throughout this process to make sure that we are doing this in a reasoned, rational manner that helps agencies meet their missions, it helps improve service to the taxpayers, it isn't taking money away from important functions while we're trying to do this, and I think that our approach to this has been cautious and thoughtful and it's constantly evolving, it's constantly changing as we learn more about private competition and how it works at our departments and agencies.

Senator THOMAS. You mentioned the notion that in preparing for competition the Federal employees were able to do with about half the number what they had done before with twice that number. What happened to the others?

Ms. STYLES. There were actually no involuntary separations. They either retired before the end of the competition or they moved to other places within the Department of Energy.

Senator THOMAS. Are there examples of this kind of outsourcing in the private sector that you have examined or made available?

Ms. STYLES. Absolutely. We have looked at outsourcing and competitive sourcing in private sector companies. If you look even at the information technology industry you had a model of IBM that I think over a series of years really transformed in a model that Dell uses successfully now.

IBM did everything in-house with their own people, and over a period of time I think they've learned that to be competitive you really have to focus on what you are doing, have the people within your company focus on that, determine what is best to be done by another company or what needs to be done by your employees.

Your focus generally at an information technology company is the next generation of technology, not shrink-wrapping the software that you have right now with your own employees. The same concept applies in the Federal Government. We want to take what the private sector has done in becoming more efficient over the past few years. We want to take that model and apply it in the Federal Government in a rational manner that allows our employees to compete.

And I will add, a lot of private sector companies allow their employees to compete, too. They don't just make an outsourcing decision alone. They allow their employees oftentimes to compete for it as well, so we took that model and we tried to replicate that in the Federal Government, to the extent we can.

Senator THOMAS. Do you think there was an impression of higher numbers, as the conversation began about this as to how many jobs would be reviewed, and is practically the issue now?

Ms. STYLES. I think there was a lot of confusion about our percentages and our targets. People were very concerned that a single government-wide percentage and a strict deadline was arbitrary. I think we learned over time that that percentage and those dead-

lines weren't appropriate for every agency, and we didn't want those percentages any longer to be distracting from what we were really trying to achieve, which is, the adoption of public-private competition as accepted management practice at our departments and agencies.

We're making a lot of progress, but we felt that the numbers and percentages were becoming distracting. They were becoming a focus where they really shouldn't have been a focus, because there were more exceptions to the rule in terms of member agencies and when they were going to get to certain percentages in the time frame than there were agencies that were really going to meet that.

Senator THOMAS. Percentages in the Department of Defense might be different than the Department of the Interior.

Ms. STYLES. Absolutely. The percentages are very different at each Department and agency, and I think we made changes, we announced changes today to our management scorecard and how we evaluate departments and agencies that recognizes that each agency is different. Each competition plan for each agency needs to be different, and a single government-wide goal is not appropriate right now.

Senator THOMAS. Fran, following the competition, if there were dollars saved, as hopefully the outcome, what happens to those dollars?

Ms. MAINELLA. The dollars are to come back to the Park Service to again put into our resources, into our visitors' services, and I know we will be working with Angela and others to make sure that happens, but that is, it comes right back. Anything we save is supposed to come back to the Park Service.

Ms. STYLES. I would also note that is very different than the way this was implemented by previous administrations. When this was implemented before, the savings were assumed and taken out of those agencies' budgets. We're allowing those agencies to keep the savings they achieve and reallocate those resources where they believe they're most effective.

Senator THOMAS. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Senator BINGAMAN. Mr. Chairman, it's almost 3:40.

Senator THOMAS. We're not quite there yet.

Senator AKAKA. Thank you very much, Mr. Chairman.

My first questions are to Fran Mainella. Your testimony indicates that the National Park Service plans to conduct competitive sourcing studies on approximately 1,700 positions by the end of fiscal year 2004. I understand from the Park Service's own estimate that costs the Park Service about $3,000 per FTE to conduct the studies needed to determine if outsourcing is appropriate. If my math is right, that amounts to about $5 million in competitive sourcing studies just for this year.

As far as I know, there is not a line item in the appropriations bill for this purpose. My question is, can you tell me how much money the Park Service has spent on competitive source studies for 2002 and 2003, and where the money is coming from, but before you answer that, I know in your statement you had that you haven't spent more than $500,000 for that purpose, and so with

that, I'm asking how much money the Park Service has spent on competitive sourcing studies in 2002 and 2003, and where the money is coming from?

Senator THOMAS. Would you hold for just a moment, please?

Five years ago at this time, two Capitol police officers were killed in the line of duty, Jacob Chestnut and John Gibson. The entire Senate is observing a minute of silence in their memory, and so I wonder, please, if you would join me in a moment of silence.

[A moment of silence was observed.]

Senator THOMAS. Thank you so much. I guess we're all particularly sensitive to the sacrifices people are making now, so you can go right ahead.

Ms. MAINELLA. Thank you, sir.

Senator Akaka, as I think I mentioned in my comments, and you may have stepped out at that point, but we, instead of looking—we're looking at 1,708 positions, but because of the cooperation with OMB we have received 859 positions credit for what we had done prior to, in our years for direct conversion, and so at this point we're really looking at about 849, something of that nature, to be reviewed.

Not all of them also will be actual full studies. Some of them that we're doing are going to be what they call the streamlined program, which is for 65 employees or less. We're doing that, which is also much less expensive to do. Some of the areas, though, we will continue do full studies.

The answer to the question on money, we have to this date spent under the $500,000. We have spent in, though, a reprogramming letter requesting $1.1 additional, which means that for doing all the studies in 2002 and 2003 we'd be looking at $1.6 million having been spent, and again we're looking for the reprogramming letter addresses, that we'd be using LAPS dollars, because we're in a fiscal year, and as you know the dollars came late, so we do think we have some dollars left that will help us address those, anything we do, sourcing or streamlining, but again, we're stressing the review part and not all will go out to a final proposal.

Senator AKAKA. A part of that question is, where is the money coming from, and you had that in your testimony also.

Ms. MAINELLA. Yes, sir.

Senator AKAKA. You stated there is some concern with the effect competitive sourcing may have on workforce diversity. I have seen a memo prepared under your name that notes that almost 90 percent of the Park Service jobs being studied here in the Washington area may affect the diversity of the services workforce, with similar results in other large cities. Can you tell us and assure us that your concerns relating to diversity have now been fully addressed?

Ms. MAINELLA. Thank you, sir. First of all, that memo was an internal opportunity for us to have discussions inside the Department of the Interior on the area to make sure—and again, we're trying to be the best we can be and during the review process you ask certain questions and you want to make sure—and again, we're trying to be the best we can be. In doing the review process you ask certain questions, and you want to make sure we are considering all aspects.

What I indicated, I think, in some of my comments has been that the diversity issue is very important. We work very hard, again we have the best employees and we continue to want to increase our diversity, but if somehow our employees go all the way and are not the winner of the competitive sourcing, the jobs, though, come from that same diverse workforce from which those employees are living, so that diversity should stay in place even if it's coming from the private sector.

Also, I gave that story about in Florida where we had a minority contractor who actually brought on our employees. It was an outsourcing experience with lifeguarding, which we do contract out, and not only did our employees stay employed through the private sector, they actually were able to achieve a full-time position, which we were only offering part-time, and also achieve better salaries than what we were able to do.

Senator AKAKA. Our concern, and yours also, is the effect competitive sourcing may have on the employees, and I just want to ask, what are your expectations about the morale, about recruitment in regard to competitive sourcing?

Ms. MAINELLA. Thank you, Senator. Again, one of the reasons I appreciate this hearing is, part of the issues, there may be some morale concerns here because there's been a lot of misinformation. Again, every article it seems like you see jobs are going to be outsourced or privatized, when actually you're doing a competitive review, and again it doesn't mean that the private sector would ever achieve those positions.

So I have been able to get this communication—I've tried inside our own Park Service sending memos out to our employees trying to clarify that, but it does help having this hearing to be able to further emphasize that I think a lot of the concerns employees may have are due to confusion of what is actually happening here.

Senator THOMAS. Senator Bingaman.

Senator BINGAMAN. Thank you very much. Let me just be clear that I understand how we're paying for these competitive sourcing studies. They're being paid for out of the operating funds of the various units, isn't that right?

Ms. MAINELLA. It is operating—or, as we said, lapse fees, as I said, I don't think we're going beyond that. I look to anyone who can clarify that for me, but at this point it is just what dollars are going to be left at the end of the year to help pay for this.

Senator BINGAMAN. Yes, but there's no additional money being asked for?

Ms. MAINELLA. No. Well, I did put in $1.1 million reprogramming request, but it comes from those LAPS fees.

Senator BINGAMAN. They're funds that would otherwise be used for the general operation of the Park Service.

Ms. MAINELLA. General operations or other programs that we have, yes, sir.

Senator BINGAMAN. We've had a lot of concern expressed by former Park Service personnel, and one of those, the former Associate Director Jerry Rogers, who you're probably acquainted with, who lives out in my State, he wrote a very good article, I thought, in the *Santa Fe New Mexican*, which is our largest newspaper in

Santa Fe, and I would just like to read a couple of sentences here and get your reaction.

He says, administrators have taken a grossly simplistic approach to the acts, speaking here about this Federal Activities Inventory Reform Act, I guess, to the act's encouragement to outsource jobs that are not inherently governmental.

If a job title such as archaeologist can be found in the commercial world it has been put up for grabs. Private firms contract with Federal agencies to do archaeology, drug companies employ biologists, and some historians write and publish their own work, so three professions, these three professions that are central to the National Park Service mission have been placed at risk.

I guess the question is—he goes on to say, in Through the Looking Glass logic, the Government has concluded that high level people with little understanding of natural and cultural resources are inherently governmental, while specialists needed to preserve the resources and provide preservation leadership are not.

I guess what seems to me to be right is that there are people who make a career decision to devote themselves to the expertise that is needed by the National Park Service in archaeology, in biology, in some particular area, and they hire on to do that, and now they're being told, you know, your jobs are going to be competed.

That causes a morale problem, I think understandably so, because they did not—I think many of them thought they were making some career sacrifices and deciding to stay with the Government and pursue their career that way, and now they're told down the road, we're going to compete these jobs and you may be out on the street trying to build a career in the private sector, so how do you respond to people like that?

Ms. MAINELLA. Well, Jerry's a wonderful man, and we've worked closely with him. He's contributed so much to the Park Service, but also, again if you remember what you read a minute ago, Jerry talked about our outsourcing versus competitive review, which is what we're trying to be doing, or reviewing these positions.

Archaeologists are wonderful assets to us in the Park Service, but as we were asked to through the President's management agenda, to look at different areas, I take right here in the Capital region, for example, our region right here, approximately 70 percent of the positions that the projects that are archaeological are already done through an outsourcing contract, because many times it was with our own employees.

We're not looking at the archaeologists that are in the parks. We were looking at the archaeologists that are in the centers that also do a lot of projects in different areas.

Senator BINGAMAN. But you're saying 70 percent of the archaeological work being done for the Park Service in the capital region is already being done by outsourced, and you're looking at the remaining 30 percent to see if that should be outsourced?

Ms. MAINELLA. Well, actually it's 70 percent of this Washington area. You remember, we've got three other centers that do also, and you kind of take each center doing about 25 percent of the whole Park Service archaeological projects, 70 percent of the capital region's 25 percent is being done.

Senator BINGAMAN. Well, I guess what I'm questioning is the whole notion that because there are private archaeologists who can be hired, therefore that is an area in which we do not need to maintain a government—that is not an inherent government responsibility, and therefore we should look to the private sector first to accomplish that. I just have real questions about that whole basic concept, but that is the basis upon which we're doing this review, right?

Ms. STYLES. Can I add a little bit about the archaeologists in the Park Service? When people talk about archaeologists, I think you're thinking particularly after a *Washington Post* story that came out last week you were thinking of archaeologists that are in our parks and that are on site.

These are archaeologists in a building in downtown Lincoln, Nebraska who actually went to their web site yesterday and looked at, they're managing a data base, they are using, running a library with 2,800 documents, they are acquiring and maintaining global positioning equipment, they are writing newsletters. This is not an inherently governmental archaeological function.

Senator BINGAMAN. No, but it is a function that requires building up expertise over a period of time, presumably, I mean, if you're going to do the function well, and I would think that for purposes of maintaining morale within the Park Service as well as stability of the services provided, and quality of the expertise developed, there is some value in having a core of people that aren't having to compete every couple of years to see whether or not they're doing this or bagging groceries down on the corner.

Ms. STYLES. They will have an opportunity to compete, and it is not to rid ourselves of all of the archaeologists. I think in order to manage the archaeological contract you do need people that understand that, but that doesn't mean that you necessarily are providing the taxpayer the best value at the lowest cost if you have archaeologists running a data base or running global positioning equipment.

Senator BINGAMAN. Well, I can see how as part of your job as an archaeologist you might have to buy some global positioning equipment or run a data base, but I would think that there is also a lot of expertise that you develop in the course of a career as an archaeologist that I would like to see people be able to maintain and develop and not think, okay, I may be in a career move here, I'd better look over my shoulder and plan to be doing something else in a couple of years.

My time is up, Mr. Chairman.

Senator THOMAS. Well, we've taken quite a bit of time. Are there more questions for this panel?

Senator AKAKA. Yes. I have one more question of Ms. Styles. As you know, many National Park Service employees often perform a number of different tasks in addition to the primary job description. For example, the maintenance employee may help fight fires or provide emergency and rescue services and help with basic interpretation needs for park visitors. The responsibilities are often done as needed.

Contractors on the other hand are responsible for performing specific job functions according to the terms of the contract with

the Government. How will the Park Service become more effective by replacing Federal employees who can perform a number of different functions with contractors who perform a specific task?

Ms. STYLES. I think you're assuming you would be replacing those employees. We can write, in terms of the contract, anything we want to. If you want to see if the private sector has the capacity to do both maintenance work and fight fires, you can put out the solicitation that way.

But what I think is most important about this, before you ever go forward with the competition, is that we're asking the Park Service is this really the most efficient way to be organized? Is this the most efficient way within the Government? Is this effective, having people doing these different functions?

I mean, there are real and important fundamental, necessary management questions that frankly I don't think we've ever asked, and it's so important that the first step in this process is to ask that question, is this the right way to be organized, is this the way the private sector would organize, how can we be more efficient within the Park Service or any of our other agencies?

Senator AKAKA. Assuming the competitive sourcing initiative saves money, what assurance does the Park Service have that it will realize those savings, rather than have its operational budget adjusted accordingly in the next budget request? What kind of accounting or data base will be used to track such savings over time?

Ms. STYLES. We're in the process of putting together a government-wide data base for tracking those. We've asked agencies in our A-11 guidance for the 2005 budget to very specifically identify the money that will be spent here. I think we're trying to make every effort to make sure that everyone understands what the costs are and that they understand what the savings are and that we provide all of that information to you.

Senator AKAKA. Thank you.

Senator THOMAS. Senator Bingaman.

Senator BINGAMAN. Let me just ask a couple more questions, Mr. Chairman.

I have a memo here dated May 7 from the chief of the Budget Office for the Pacific West region to the superintendents in the Pacific West region, and it says, as a number of parks are aware, our region recently received a $4,617,000 assessment to the regional repair rehab program to fund law enforcement costs for anti-terrorism activities and for competitive sourcing studies, so there are funds being used for competitive sourcing studies which are coming out of the regional repair rehab program. Is that right, or is he wrong?

Ms. MAINELLA. No, Mr. Chairman, it's not correct. What had happened is, the region doing, trying to get ahead and work along with us, because we thought we were going to be in Code Orange all year, combined with the fact that we were anticipating—we were still functioning off of 1,708 positions versus having the credit for the 859 direct conversions, there was consideration at one point just to have our regions start to think, where would they get the funding for that in order to address that if it was in those conditions, and I think they were anticipating that they might have to use those funds.

We are not using those funds, so we're not moving forward in that at all. That was a staff person who was trying to do good work that was trying to position a case somehow we were in those positions. As you know we have not been in Code Orange for the whole year, and that we also have been able to get the credit for the 859 positions, so that has made a major difference in our ability to only use LAPS funds instead of having to go into any other kind of funding.

Senator BINGAMAN. Let me just ask also about this Mount Rainier National Park. I think you said in your testimony there is not going to be any outsourcing there.

Ms. MAINELLA. We're not considering it in 2003-04. I can't say it will never be, but in 2003 and 2004 it's not in the plan.

Senator BINGAMAN. Congressman Dix gave a statement on the House floor where he said the reason—he essentially took credit for having persuaded you to exclude Mount Rainier from the outsourcing study. Is that the way it came about?

Ms. MAINELLA. I love Congressman Dix.

Senator BINGAMAN. If that is so, then I need to come see you about a couple of places in New Mexico, if that's the way the system is working.

[Laughter.]

Ms. MAINELLA. No, sir. Actually, what made the difference, I go back to the fact that originally we were functioning off of 1,708 positions, and at that point we still were using those, but we had not received permission from OMB to receive credit for the 859 direct conversions.

As a result, once we got that credit, when the regions—Mount Rainier was in consideration, as were many other parks in the very beginning. Because of the fact that it would be so broad, we would have to pick up another 859 positions. When we were able to get the direct conversions we were then able to go back and narrow down that list, and the regions, or each of our regions were asked to go back and revisit that list.

Mount Rainier was taken off that list as a result of the fact that many of those positions are in a little more remote territory. We do kind of try to, as we look at our competitive sourcing reviews, we are trying to look at where there are good opportunities to maybe find a private sector partner to look at that might actually work with us on one of these projects, so Mount Rainier came off the list.

And again, as much as I love Congressman Dix, it was due to the fact that it's a more remote location, and the fact that we received the 859 direct conversion values, so it came off.

Senator BINGAMAN. So he cannot legitimately claim credit for persuading you?

Ms. MAINELLA. Congress can take credit for anything they would like to.

Senator BINGAMAN. So if he runs a 30-second spot in his next campaign, here I saved these jobs——

Senator THOMAS. This doesn't apply to New Mexico, Senator.

[Laughter.]

Senator BINGAMAN. I'm afraid the exclusion of Mount Rainier doesn't apply to New Mexico.

Let me just ask one other question and then I will desist, or just make a comment, Mr. Chairman. We have a lot of people in my State who are current employees and former employees of the Park Service who are very proud of the public service that they have rendered, and committed their entire careers to being in the park service, and to a person they are strongly opposed to this outsourcing initiative, and they believe this will do irreparable damage to the Park Service and to its ability to continue with this proud tradition of people who have committed themselves and their full careers to this important work.

How do you respond to that? How do we avoid turning the Park Service into a sort of a revolving door where we sign a contract with this firm for a couple of years to do a project, we sign a contract with this firm to do something for a few years, and you eventually don't have that same tradition and that same pride in the career Civil Service that I think is very valuable?

Ms. MAINELLA. Again, as you probably heard me say earlier, we have the best employees. I am so proud of our employees, and that is why I also believe that our employees, as they go through the competitive review, again not outsourcing but a competitive review, where they can tell the story about what they do, as I tell them, this is the time not to be humble. Make sure everyone knows what you do in your positions, and be able to have that reviewed and analyzed so that if we decide to go forth with an RFP to have the private sector also look at it, then at least we're looking at a fair comparison.

Our point, though, is again, no rangers are being considered. The key people that have interaction on a regular basis with the public will be, again, continuing. We do not anticipate putting those folks up for any kind of consideration. Keep in mind, even those that are listed that are commercial categories we can choose not to go forward with that, and again you heard Angela talk about the fact that we'll be working on a case by case basis with each agency to make sure that we're looking at what positions really could be considered and go forth from there, but I would never want to lose that pride, and I never want to have that kind of impact on our employees, as you've indicated.

Senator BINGAMAN. Thank you, Mr. Chairman.

Senator THOMAS. You know, it is interesting, as we observe this you go out and talk to people generally and you say, hey, we're trying to find a way to make government more efficient, to be able to use tax dollars better. Everyone would say, hey, great, but somehow when this comes along, and you said in one of your statements that the competitive sourcing will focus on positions where the projected retirements, high attrition positions that are difficult to recruit and retain, and furthermore there's going to be not more than 8 or 9 percent of the total, I think we get the idea that you're talking about everybody in the Department. Is that right?

Ms. MAINELLA. Again, why I appreciate this hearing is to try to get the correct information out there, because there's been so much misinformation, I think like Angela talked about communications, so much of what you hear and what you see written to you as congressional leadership is, they say we're going to outsource these things, and we're not. That isn't the direction we're heading. We

are looking at review, and I would think we always ought to be reviewing what we do.

I've been in management a long time from State parks to others, and we review and address those issues on a regular basis, and I think our employees, once they understand that, feel a lot better about it. Sure, there's still anxiety, but when they understand the decision to outsource, remember, that's where you've actually decided to go out to the private sector. That isn't what we're doing here. We instead are reviewing, and then deciding if we're going to allow the private sector even to bid, in addition to our own employees.

Senator THOMAS. Well, thank both of you. I know it's a difficult area, and we appreciate very much your being here.

Ms. MAINELLA. Thank you so much.

Senator THOMAS. On the next panel, we're going to have Mr. Sam Kleinman, vice president for resource analysis, Alexandria, Virginia, Geoffrey Segal, director of privatization and Government reform policy, Arlington, Virginia, Bill Wade, former Superintendent of Shenandoah National Park, Tucson, and Mr. Scot McElveen, board member for special concerns, Association of National Park Rangers, Harpers Ferry.

Gentlemen, if you will, please. We thank you for being here. Obviously, this is an interesting topic and there are different points of view on it. Your full statements will be put in the record, so if you could keep your comments to about 5 minutes we would appreciate it. Why don't we just start—let's see, we'll just start and go right down the line.

STATEMENT OF SAM KLEINMAN, VICE PRESIDENT FOR RESOURCE ANALYSIS, CENTER FOR NAVAL ANALYSIS CORPORATION

Mr. KLEINMAN. Good afternoon, Mr. Chairman, Senator Akaka. Thank you for inviting me to speak to you today. I am Sam Kleinman from the CNA Corporation. We're a private nonprofit research organization here in Alexandria. We've studied public-private competitions for over a decade, and I'm going to briefly present our findings on the Defense Department's competitions under the A-76 circular.

The Defense Department is the biggest user of the program and is the greatest source of lessons learned over the last 25 years. The rationale for the program is very clear. Some argue to outsource all work that is not inherently governmental, others argue that we should keep all current government work in-house. The A-76 program is a compromise between those positions. For those jobs that are not inherently governmental, it allows for either solution.

Potential providers of services to the Government, both public and private, are given the opportunity to demonstrate that for a specific service they provide the best value. A-76 is properly seen as a competition program and not an outsourcing program and, in fact, in the Department of Defense, roughly half of the winners were in-house teams.

Does the competition save money? The evidence is overwhelming and compelling. The public-private competitions have saved money for the Government. In the 1980's, there were over 2,000 competi-

tions in DOD and they saved approximately 30 percent. Since 1995 there have been several hundred, and they've saved on average 40 percent.

The competitions save money whether they're won in-house or whether they're won by a private firm. We see that restrictions, restricting competitions to small businesses who are often concerned about these issues, about competing, that restricting them does not cut into the savings. Most of the DOD competitions were set aside for small businesses, and we found that those set-asides were producing bigger savings and had more bidders from the private sector than the unrestricted competitions, and in fact many of the small businesses were actually winning the unrestricted ones also. For the concerns about long-term savings, detailed follow-up studies, private winners show that savings persist years later.

We also looked at some Army and Air Force competitions where they recompeted it 3 to 5 years later and found that they got even more savings beyond the original 30 to 40 percent.

Does performance suffer? We find that performance has not been degraded. We have surveyed customers, managers, and contract officers, and in their view performance may dip slightly in the first year during a transition, and that often happens whether a private firm or a government firm wins, but after that we often find that they come back to pre-competition levels and they often exceed those levels.

In one particular study we looked in in depth, aircraft maintenance by contractors, we found that they were able to keep the aircraft up at higher levels than previously so they get more aircraft into the air, even as the aircraft were aging.

There is a cost to these competitions, as noted. The data isn't good, in that most times they don't keep data on that, but it does appear to be about 5 to 10 percent of the annual cost of the original activities, and that includes performance work statements and developing what they call the MEO's.

For the average saving, it's 30 percent, and that means that the agency recoups that investment in 4 months, so whatever you give up this year you've got three times more next year.

We should agree that facing competition is a difficult process for current employees, especially since they haven't done this before. The data is not complete either, but the evidence is that long-term effects are not as dramatic as many feared. Very few are separated involuntarily. Many transfer to other Government positions, or take advantage of early retirement. Others join the private firms that will do the work. Employees have the right of first refusal with the contractor, when the private firms are often eager to hire the workers.

Does this carry over to the Interior, National Park Service? I think the evidence is fairly consistent across organizations and functions within DOD. You will find they have competed both the operations and maintenance facilities, utilities, roads, vehicles, equipment. DOD has competed administrative functions, and these functions have been competed individually and jointly with other functions.

Together, these functions I just mentioned appear to represent over half the positions listed by the National Park Service in their

inventory. It would be hard to argue that they shouldn't at least be evaluated through the process. Our results show the value of competition. This is about leveraging our entire national workforce, public and private, in support of public objectives. This is about looking at all alternatives and not limiting our choices in performing public missions.

Again, I appreciate the opportunity to participate in the debate today in this important issue. I'll be glad to provide any other detailed analysis to your staff or to the Department. Again, thank you.

[The prepared statement of Mr. Kleinman follows:]

PREPARED STATEMENT OF SAM KLEINMAN, VICE PRESIDENT FOR RESOURCE ANALYSIS, CENTER FOR NAVAL ANALYSIS CORPORATION

Good afternoon, Mr. Chairman. I thank you for inviting me to speak before the subcommittee. My name is Sam Kleinman and I am a Vice President at The CNA Corporation, a nonprofit research and analysis organization in Alexandria. We have studied public-private competitions for over a decade. I will briefly present our findings on the Defense Department's competitions under circular A-76. The Defense Department, as the biggest user of the program, is the greatest source of lessons learned from the A-76 program. It has conducted public-private competitions for many of the functions that the Department of the Interior is considering for its competitions.

WHAT IS THE RATIONALE FOR AN A-76 PROGRAM?

Some argue that we should outsource all work that is not inherently governmental; others argue that we should keep current government work in-house. The A-76 program is a compromise between those two positions. For those jobs that are not inherently governmental, it allows for either solution.

It represents a policy in which all potential providers of services to the government, whether they are public or private providers, are given the opportunity to demonstrate that, for a specific service, they provide the best value. The A-76 program provides a mechanism to compare the current services with alternative approaches and teams, both public and private.

Given its structure and procedures, A-76 is properly seen as a competition program and not an outsourcing program. In fact, in the Department of Defense, roughly half of the winners have been in-house government teams.

DO THE COMPETITIONS SAVE MONEY?

The evidence is overwhelming that public-private competitions have saved money. In the 1980s, over 2,000 competitions saved an average of 30%; since 1995, several hundred competitions have saved, on average, 40%. In total, DoD has competed over 100,000 positions in 2,300 competitions. We see savings whether an in-house team or a private firm wins the competition.

These findings have not been limited to the Defense Department. We saw 30% savings at the GSA in the 1980s. Others have found savings in state and local competitions ranging from 20% to 60% and savings of 20% in a comparable program in Great Britain.

We also know what contributes to more savings and what seems to be unrelated to savings. The type of service competed seems unrelated to the size of savings: almost all reduce costs. Competitions for large activities produce a higher percentage of savings than competitions for smaller activities. Competitions that attract many bidders produce greater savings than competitions that attract only a few bidders.

We see that restricting competitions to small businesses does not reduce the savings. Sixty-eight percent of the DoD competitions, accounting for 40% of the positions competed, were restricted to under-represented groups in businesses. Most were small-business set-asides. For larger competitions, with over 100 positions, 23% were restricted. We looked at these restricted competitions and compared them with those that were unrestricted. The set-asides produced greater savings and attracted more bidders. We also found that 15% of the unrestricted competitions were won by small businesses.

These are real long-term savings. Detailed follow-up studies of private winners show that savings persist years later. We also looked at some Army and Air Force competitions. When they were recompeted 3 to 5 years later, we found further sav-

ings beyond the initial 30%. We looked at how private firms performed under aircraft maintenance contracts. We saw fewer maintenance hours per flying hour, and this persisted 10 years after the initial competition. In all the cases, these are not one-time savings to the government.

DOES PERFORMANCE SUFFER?

Performance has not been degraded. We have surveyed customers, managers, and contracting officers to get their input. In their view, performance may dip slightly during the first year of performance, whether the winner is a private firm or the government's newly structured workforce. However, performance quickly improves to the pre-competition level and, with private winners, frequently exceeds the pre-competition level in later years. In our analysis of aircraft maintained by contractors, we found more aircraft available for flights, even as the aircraft were aging.

ARE COMPETITIONS COSTLY TO PERFORM?

The data are limited on the costs to run these competitions. Where we have the data, it looks like it cost 5% to 10% of an activity's annual cost to run a competition. That includes creating a performance work statement, developing the government team's Most Efficient Organization, and completing the solicitation. But, with the average savings of 30%, the agency recoups that investment within 4 months.

Some of those costs reflect legacy problems with how we manage federal support activities. For example, the costs include the time and resources needed to determine what the organization really spends to do its job. With a good accounting system, determining this shouldn't cost a lot—but in many public activities it does. Also, the agency has to develop a performance work statement around performance criteria and performance standards. Again, it appears that there aren't performance criteria and standards for work performed in-house at many activities. The fact that an activity cannot easily identify its costs and performance requirements is not an argument against evaluating alternative management structures.

HOW DO WE PROTECT PUBLIC WORKERS?

Facing competition is a difficult process for current government employees. The data on employees are not as complete as we'd like, but the evidence suggests that the long-term economic effects on most employees are not as dramatic as many feared. Very few are separated involuntarily. Many transfer to other government positions or take advantage of opportunities for early retirement. Others join the private firm that will do the work. Employees have a right of first refusal with the contractor when contracting out the activity. Private-sector firms are eager to take advantage of the skills that these employees possess and are required to provide wages and benefits that are comparable to government levels. In practice, contractors want to hire more of the affected workers than they can.

ARE THERE PROBLEMS MANAGING THE COMPETITIONS?

Without doubt, these public-private competitions have had problems. Some examples follow:

- The competition process is too long. Average time is over 2 years. This can be very disruptive, in part because permanent workers leave and are either not replaced or are replaced with temporary workers. Services degrade before the winner is selected.
- There is poor follow-on monitoring, particularly of in-house winners.
- Statements of work are often too restrictive and limit the competitors' ability to make significant improvements or innovations
- The government does not adequately plan for transition.

CAN WE FIX THESE PROBLEMS?

The problems are not inherent to the program. They can be addressed with a reasonable set of practices. Here are a few suggestions:

- Headquarters should fund the competitions. Don't require local units to pay for the competitions out of their operations budgets.
- Use a centralized management team to help conduct the competitions. This could be very effective if the team works with the local personnel. This allows competitions to be conducted by people with experience in A-76 while incorporating the expertise associated with a specific activity.
- Let the organizations keep some of the savings. Put the money back into the programs. For example, the Department of the Interior can use the savings

from this program to reduce the maintenance backlogs within the National Park Service (NPS).

- Develop a cost and performance tracking system early. This should be part of the contract or, for in-house winners, part of a Memorandum of Understanding.
- Separation pay should be improved. Offer generous separation packages to affected workers and relaxed rules on reentry into the federal workforce. A core staff should receive special compensation for seeing the activity through a transition.

DO THESE FINDINGS CARRY OVER TO INTERIOR AND NPS?

These findings are fairly consistent across organizations and support functions. Within DoD, you will find they have competed both the operations and maintenance of facilities, grounds, utilities, roads, vehicles, and equipment. DoD also competed administrative functions. These functions have been competed both individually and jointly with other functions. Together these functions appear to represent over half of the positions listed in the National Park Service inventory. It is hard to argue that they shouldn't at least be evaluated through a competitive process.

Our results demonstrate, more than anything else, the value of competition, and this is what the government has gained from the A-76 program.

I don't know if public workers will demonstrate that they are the best value to the department for all the current in-house work, as some say. Odds are they will prove themselves right in many instances. I do know that the process forces a comparison of alternatives. It will lead to the public workers identifying better ways to do their job and lead to private firms also offering better ways to do the job. The department will be in the position of choosing the best of these alternatives, using a process that forces a comparison with common performance standards and standardized costs.

This is about leveraging our entire national workforce, public and private, in support of public objectives. This is about looking at all alternatives and not limiting our choices in performing public missions. We should do these competitions because they are part of good government.

Again, I appreciate this opportunity to participate in the debate on this important issue. We will be glad to provide any of the detailed analysis to your staff or to the department. Thank you.

Senator THOMAS. Thank you very much.

Mr. Segal.

STATEMENT OF GEOFFREY SEGAL, DIRECTOR OF PRIVATIZATION AND GOVERNMENT REFORM POLICY, THE REASON FOUNDATION

Mr. SEGAL. Mr. Chairman, Senator Akaka, thank you again for inviting me today. It's a pleasure to be in front of you today. I am with the Reason Foundation. We're also a nonprofit research organization. We will be celebrating our 35th year anniversary in November, and we have been studying competitive sourcing, privatization, and government reform that entire time. I would like to provide a little perspective specifically to the national parks on what competitive sourcing means and could potentially mean to national parks.

We just heard Mr. Kleinman say that 30 percent savings can be achieved and should be expected, but let's just assume that that margin is off, or that estimate is off by a margin of 50 percent, and that parks, NPS would only achieve 15 percent savings. There are currently 2,200, or 1,700 positions of a commercial nature within national parks as deemed by the FAIR Act, and we did hear Director Mainella suggest to us that not all of those positions will be put up to competition.

In fact, they're only looking at 850, but I suggest to you if we only look at 20 percent of those positions NPS could achieve savings well over $6 million, in fact $6.6 million, according to my cal-

culations, assuming that NPS spends approximately $100,000 per position, which is NPS spending on a per-FTE basis. These savings seem small. However, this again only is relative to NPS, and if you incorporate the Department of the Interior and efforts Federal Government-wide, savings are much higher.

Looking at this figure, though, $6.6 million, these translate into the treatment of over 40,000 additional acres of public lands deemed in danger of catastrophic wildfire, the same wild fires that we see at Glacier, in New Mexico, in Arizona and other national parks. We could also reprogram this money towards additional maintenance, or towards the additional cleaning of wetlands or degraded national parks, or possibly, and this is just an alternative, allow for free or reduced admission prices to some of our most popular national parks, Yellowstone Yosemite, Glacier, the Everglades, or perhaps the Statute of Liberty.

If this committee wants to assume that direct Federal provision is the most efficient, they must fully understand what the tradeoff is and the cost associated with it. In this case, it is the opportunity for the national parks to better achieve its agency's mission and goals. Those are: one, to enhance and ensure environmental protection can be achieved through the provision of additional resources dedicated to wetland and degraded land cleanup; two, the public enjoyment of recreational facilities, again achieving this through additional work on the maintenance backlog; and three, public safety through the wildland fire program.

And again, this is saying we may be wrong with the 30 percent. Let's just assume 15 percent, but it clearly is better for the American taxpayer. The taxpayer and park visitors deserve the best service possible. Competitive sourcing gives national parks an opportunity to improve its efficiency, tackle its massive maintenance backlog, and focus its resources and energy on core functions, enhancing environmental protection, ensuring the availability and enjoyment of recreational facilities, and providing for public safety. Ultimately, competitive sourcing or competitive review can improve the quality and efficiency of our National Park System, in many regards the crown jewel of America.

While there are associated up-front costs, and we heard Director Mainella discuss them, the demonstrated savings are significant, and competitions pay for themselves many times over. With that said, we also heard from Director Mainella that competitive sourcing and outsourcing in general is not new to national parks. I'll provide additional evidence that in 1998 NPS was actually ordered to contract with private architectural and engineering firms for 90 percent of its design work and required that all construction oversight be handled by private firms.

Additionally, House Report 105-163 directed the NPS to, quote, continue to increase its contracting of commercial activities with the goal of divesting itself of such activities by the end of fiscal year 1999. Furthermore, the report states, when services or products of equal quality and cost are available from the private sector, NPS should use the private sector.

Competitive sourcing is an opportunity for NPS to look at its workforce, how to transition people, how to move people, how to make sure that they have the right mix of people, skills, and assets

for the workforce they need today and the workforce they need in the future.

Finally, NPS can learn a lot from its parent organization, the Department of Interior. They have developed a very systematic and effective competitive sourcing plan. There is a lot that can be learned from there, and what Interior has done can address many concerns that members of this committee and others would have.

That is the end of my prepared testimony. I would be happy to answer questions.

[The prepared statement of Mr. Segal follows:]

PREPARED STATEMENT OF GEOFFREY SEGAL, DIRECTOR OF PRIVATIZATION AND GOVERNMENT REFORM POLICY, THE REASON FOUNDATION

Recently, the management of the National Parks Service (NPS) has been under a microscope. A series of financial lapses and a multi-billion dollar backlog of maintenance and other work signal weak standards and general mismanagement. For example, "in 1997, the NPS inspector general reported that officials at Yosemite used taxpayer money to build 19 staff homes for $584,000 each and in 2001, the General Accounting Office (GAO) acknowledged recent NPS efforts to overcome this troubled legacy but concluded that efforts had fallen short in several significant areas."[1]

Additionally, park users themselves have noticed the poor condition of many of our national parks. In a recent Q&A with Interior Secretary Gale Norton[2] two separate questions were posed regarding the condition national parks or the facilities that service the parks were in.

> *Washington, D.C.*: The last time I visited several well-known national parks in the west, the roads were in very poor shape with potholes, no shoulders for bicyclists, hard to read signs and inadequate places to pull over to see park features. Is fixing the roads in the parks part of the backlog your report talks about?
>
> *New York, N.Y.*: Our national parks are in a bad state, with backlogs and dilapidated facilities.

These reports and observations cannot go unnoticed. Our national parks are the hallmark of what makes America a great nation. For too long, however, they have suffered from mismanagement as maintenance and much-needed upgrades and additions have gone unfinished. The President's Management Agenda (PMA) is a set of initiatives designed to improve the management of federal agencies by adopting performance-based criteria for decision-making and action. Competition or competitive sourcing is a major component of the PMA, which simply means a systematic effort to have commercial activities in the federal government periodically go through a process of competition.

The competitive sourcing initiative forces agencies to put their fingers on their own pulse. It provides a framework by which agencies examine whether they have the right skill sets, technologies and organization structure to provide Americans the best possible service—service that is effective and efficient. Through the initiative, agencies review certain tasks and activities, evaluating whether they can re-engineer the work to improve service quality. Contrasting the status quo and the re-engineered option with what a private firm, or, potentially, even what a state or local government might charge to perform the same work. The bottom line is that these evaluations are used to determine and provide the best value to citizens.

Competitive sourcing has two oft-overlooked related benefits. First, it allows agencies to refocus on core functions and mission-critical activities. Secondly, it helps them address their human capital management. Essentially, it enables federal managers to rethink the structure of their workforce.

The federal government human capital management challenges have been well documented—while not as severe as originally thought, the problem continues to persist. Competitive sourcing provides a unique opportunity to agencies in managing the structure of the workforce. Put simply, incorporating competitive sourcing into the broader context of human capital challenges creates linkages and improves flexibility. Agencies could move existing staff between agencies or within the agency to

[1] Ronald D. Utt, "House Appropriators Undermine the President's Competitive Contracting Program," Heritage Foundation, Executive Memorandum No. 890, July 7, 2003.

[2] Webcast on WashingtonPost.com

activities considered core or mission-critical as needed. Competitive sourcing is a means of tapping new sources of human capital to meet current service needs. Indeed, competitive sourcing is fundamentally about accessing new pools of talent.

Essentially competitive sourcing is a tool that redeploys human capital. A common misconception about competitive sourcing is that it leads to layoffs and to loss of pay and benefits for workers. But a long line of research shows that in fact the majority of employees are hired by contractors or shift to other jobs in government while only 5-7 percent are laid off.[3] In fact, competition leads one portion of existing human capital to join with the new human capital the contractor brings to the table, and either or both may be utilized in new ways to meet the goals of the government agency. Private contractors are more able to cross-train and develop workers to meet human capital needs.[4] At the same time, the government agency can redeploy many workers who did not switch employment to the private contractor and can retrain and reposition them to meet other human capital challenges. Agencies already do have tools that have assisted them with human capital issues in the past, and these remain promising tools for the future—especially with moving resources and personnel around. The Office of Personnel Management mandates that agencies prepare both a Career Transition Assistance Plan (CTAP) and Interagency Career Transition Assistance Plan (ICTAP) when a reduction in force (RIF) is expected or when an activity is being competitively sourced. These programs give managers an additional tool to fill needs and strategically focus on service delivery.

Competitive sourcing creates three opportunities for meeting human capital challenges: a) it is a means of bringing in private sector human capital to meet government service needs, b) if competitive sourcing displaces some government workers, they can be redeployed and retrained to meet yet other human capital challenges, and c) it changes the way existing human capital is utilized.

With this said, competitive sourcing is not new to NPS. In fact, in 1998 NPS was ordered to contract with private architectural-engineering firms for 90 percent of its design work and required that all construction oversight be handled by private firms. Additionally, House report 105-163 directed the NPS "to continue to increase its contracting of commercial activities, with a goal of divesting itself of such activities by the end of fiscal year 1999." Furthermore, the report stated that "when services or products of equal quality and cost are available from the private sector, the [NPS] should use the private sector."

Additionally, the NPS parent department has used competitive sourcing very systematically and effectively. NPS can learn and use this approach. For example, from the start, Interior worked with the unions and has kept costs down. Furthermore, transition strategies were identified for affected employees. And while more than 1,800 positions have been competed, not a single employee was left without a job. In fact, the employee bid has won more times than the private bidder. Additionally, in an effort to mitigate impact in one area, competitions have been balanced; competitions have been targeted in different locations and different pay grades.

So what does all this mean? How can NPS benefit from implementing a competitive sourcing plan? There is overwhelming evidence that competitive sourcing saves significant money.[5] While studies show that the average savings are 30 percent—assuming that this is off by a margin of 50 percent and that savings are truly only 15 percent—of 16,000 NPS employees only 2,200 positions have been identified as commercial in nature. Competing only 20 percent of those would result in savings of $6.6 million in the first year alone (assuming that NPS spends $100,000 on the average position, which is total NPS spending on a per FTE basis). These savings may seem small, but this represents only NPS competitive sourcing efforts. The sav-

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[3] Robin Johnson, *Privatization and Layoffs: The Real Story*, Reason Public Policy Institute E-brief 112, (Los Angeles: Reason Foundation, 2001), http://www.Mpi.org/ebriefl12.html. Moreover, research by the GAO shows that as many employees saw increases in pay and benefits as saw cuts in pay and benefits after going to work for contractors General Accounting Office, *DoD Competitive Sourcing: Effects of A-76 Studies on Federal Employees' Employment, Pay, and Benefits Vary*, GAO 01-388 (Washington, D.C.: GAO, 2001).

[4] Research shows that privatization tends to lead to more investment in education and human capital development in workers. See Mike Wright, Robert E. Hoskisson, Igor Filatotchev, and Trevor Buck, "Revitalizing Privatized Russian Enterprises" *Academy of Management Executive*, v.12, No. 2, 1998, pp. 74-85, and Yuming Fu and Stuart Gabriel, "Location, Market Segmentation, and Returns to Human Capital: The Privatization of China's Labor Markets," Paper presented at the Annual Meetings of the American Real Estate and Urban Economics Association, Boston, January 2000.

[5] The General Accounting Office and the Center for Naval Analysis have found significant savings from competitive sourcing. Savings average 30 percent.

ings are much, much higher if you incorporate the entire Department of Interior competitive sourcing plan.

With that said though, these savings translate into the treatment of over 40,000 additional acres of public lands deemed in danger of catastrophic wildfire; or $6.6 million dollars of additional maintenance, reducing the backlog plaguing our national parks; or allowing for more funds to be transferred into cleaning additional acres of wetlands or degraded lands in our nation's parks; or best yet, allowing for free admission to popular national parks like Yellowstone, Yosemite, Glacier, the Everglades, or the Statue of Liberty.

If this committee wants to assume that direct federal provision is the most efficient, it must fully understand what the tradeoff is, and the costs associated with it. In this case, competitive sourcing provides the opportunity for NPS to better achieve its agency's mission and goals:

1. Enhance and ensure environmental protection (wetland and degraded land cleanup);
2. Public enjoyment of recreational facilities (maintenance of facilities); and
3. Public safety (wildland fire program)

Again, even if we're wrong about the 30 percent and savings are only 15 percent, this is better for the American taxpayer.

Some opponents of competitive sourcing insist that our national parks are special, and that they should be shielded from competition. However, several states and provinces in Canada have long used competitive sourcing and the private sector to provide services in their respective park systems. In fact, according to the Council of State Governments, parks departments that were surveyed "were more likely than other [executive] agencies to expand [competitive sourcing] in the past five years."[6] Reasons for seeking competitive sourcing were reduced costs, additional personnel and greater expertise. Respondents also expect the trend to continue for the next five years, with almost three quarters of the respondents stating that they expect to use competitive sourcing "more frequently in the coming years, and most others will maintain current levels."[7]

Of those agencies that had competed services, "a large portion of parks agencies are saving more than 15 percent of their budgets through competitive sourcing."[8] This evidence further justifies the claims of at least 15 percent savings from competitive sourcing. Many services that would be competed by NPS were also competed by the states. Those services include: construction, maintenance and janitorial services, operation of individual parks, custodial services, security services, vehicle maintenance, recreational programs and services.

While several states and many cities in the United States have successfully used competitive sourcing and privatization at state and local parks, some of the most interesting examples are efforts of Canadian provincial park systems. Note that Canada's park systems have faced budget pressures even more severe than those plaguing park systems in the United States.

Alaska

Beginning in the 1990s Alaska State Parks began contracting out the operation of a small number of campgrounds.[9] Currently the department contracts out seven small and isolated parks. Because of their isolation, the parks were costly (relative to revenues) for the department to maintain. Contract lengths are short, running from one to five years. In return for meeting maintenance standards, operators keep the camping fees and have their commercial use permit fee waived. Indicative of the department's satisfaction with contracting out, Alaska Parks is currently proceeding with a plan to contract out the operation of a "top-flight" park, Eagle River.

Newfoundland

The experience of Newfoundland is significant because of the magnitude of its competitive sourcing efforts. In 1997, faced with a $1.8 million[10] cut in its small budget of $3.2 million, Newfoundland's Parks and Natural Areas Division competi-

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[6] Keon Chi and Cindy Jasper, *Private Practices: A Review of Privatization in State Government* (Lexington, Ky.,: Council of State Governments, 1998) p. 40-1.

[7] Ibid.

[8] Ibid.

[9] The information that follows is from Pete Panarese, Chief of Operations, Alaska State Parks, phone conversation with Jeff Hanson, Washington Policy Center, September 7, 1999.

[10] This and all subsequent dollar figures reported in the context of provincial park systems are in Canadian Dollars.

tively sourced 21 of its 34 provincial parks.[11] The 21 parks were rural, primitive parks, with low usage. All parks remain public land (Crown Land); some agreements are leases of duration of up to 50 years, while others are short-term "licenses to occupy." Significantly, during their first season, 13 operators at the privatized parks made capital improvements, thus using profit incentives instead of tax dollars to mobilize resources to upgrade park facilities.[12] Under private management, the parks no longer need public financing. In fact, the parks are modest revenue producers despite the capital improvements. Bottom line is that they now better serve the public, at no cost to taxpayers.

British Columbia

In 1988, B.C. Parks began using private sector contractors to operate its parks; by 1992, the department contracted out 100 percent of park maintenance and operations. In FY 1998, visitor satisfaction was high: 81 percent of visitors rated park facilities and services as excellent or above average. The department has also realized substantial savings, estimated at 20 percent on average.[13]

Alberta

In 1997, Alberta decided to expand its already extensive use of private sector operators of its park and recreational facilities. During earlier budget reductions, the agency used competitive sourcing to withstand cuts, while at the same time actually increasing the size of its recreation and protected areas network. Utilizing a new management strategy that is eerily similar to the NPS core goals (preservation, heritage appreciation, outdoor recreation and tourism), despite seeing its budget reduced by $11 million over a four year period and another $6 million two years later, the department added 34 undeveloped sites to the network over a 25-month period beginning in March 1995. This was primarily achieved through the use of competitive sourcing.

The department enlisted private operators in those program areas where they are firmly established. Doing so helps free department resources from routine operational and maintenance duties, allowing them to focus more on planning and managing protected landscapes and resources inventory, delivering heritage appreciation and environmental education, managing contracts and partnerships, and coordinating volunteer efforts.[14]

Despite the benefits of competitive sourcing there remains skepticism and objections to the initiatives. Some of the more common objections include:

NPS is inherently governmental, and should be shielded from competition.

Ultimately, NPS will determine what activities within the agency are commercial in nature, what could be competed, and what actually will be competed. It will determine this based upon the FAIR act and an analysis of its workforce without compromising the core mission of agency. Prohibiting NPS from studying its workforce and determining where efficiencies can be achieved will only hamstring the agency from achieving its goals.

Competitive sourcing also enables the agency to better focus on its mission. The agency can and should focus resources on mission-critical activities and utilize contractors where possible, especially in services like lifeguarding, janitorial, maintenance, computer technicians, and ticket takers.

NPS diversity will suffer.

For starters, competitions can be targeted at locations that don't have diversity issues. Two other issues come to mind too; first, contractors that win competitions will rely on local labor markets to fill positions. Thus, diversity goals will likely be met regardless of who is providing the service. Secondly, NPS can use competitive sourcing to further its diversity goals by identifying competitions and contractors that will advance its policy. Additionally, diversity concerns assume that the contractors will violate civil rights laws or that minority workers cannot compete with whites and must be sheltered by an undemanding civil service code.

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[11] Government of Newfoundland and Labrador, Department of Tourism, Culture and Recreation, "Doing Things Differently," departmental submission for 1998 Institute of Public Administration of Canada (IPAC) Award for Innovative Management.

[12] Sandra Kelly, Minister of Tourism, Culture and Recreation, Government of Newfoundland and Labrador, "Update on Parks Privatization Initiative," news release, 18 December 1997. Available at http://www.gov.nf.ca/releases/1997/tcr/1218nO5.htm.

[13] Jeff Hanson, "Privatization Opportunities for Washington State Parks," Washington Policy Center, 2000, http://www.wips.org/ConOutPrivatization/PBHansonCOStateParksPrivatize.html

[14] Alberta Environmental Protection, Natural Resources Service, "Completing the Puzzle: Building a Recreation and Protected Areas Network. for the Next Century," executive summary, May 1997. Available at http://www.gov.ab.ca/env/parks/strategy/summary.html. p.14-15. See Jeff Hanson, "Privatization Opportunities for Washington State Parks," Washington Policy Center, 2000, http://www.wips.org/ConOutPrivatization/PBHansonCOStateParksPrivatize.html

No cost savings will be achieved.

The Department of Defense (DOD) has the greatest amount of experience in competitive sourcing of all U.S. agencies. Between 1978 and 1994 over 3,500 competitions were initiated by DOD involving 145,000 personnel. The competitions resulted in an estimated annual savings of $1.46 billion (FY 1996 dollars).[15] Had the DOD competed the entire inventory of competeable positions, over 13,000 functions employing over 380,000 personnel, competitions would have generated $7.58 billion in annual savings.[16]

The data show an average savings of 31 percent of the baseline cost,[17] and that a majority of competitions remained in-house. However, it also shows that DOD strategically used resources in the most effective and productive manner by subjecting positions to competition. DOD was able to focus more on core functions after resources were freed up from outsourcing. Even if forecasts of savings are wrong by a margin of 50 percent (i.e., savings only equal 15 percent) those are still significant savings. As taxpayers, we should not automatically assume that federal employees are as efficient as they could be. Without even the threat of competition, agencies can grow stale and inefficient, as evidenced just last year.

In 2002, OMB decided to use competition in response to poor performance by the Government Printing Office and offered the job of printing the fiscal 2004 federal budget to competitive bidding. Simply indicating that the agency would be required to compete, i.e., OMB no longer assumed that they were as efficient as they could be, the GPO turned in a bid that was almost 24 percent lower than its price from the previous year. That was $100,000 a year that GPO could have saved taxpayers any time it chose, but it never chose to do so until it was forced to compete.

There will be negative impact on rural communities.

There are real concerns that competitions will lead to work being taken out of local communities, especially rural ones. However, the projects NPS will be competing are mostly small competitions where the work cannot be transferred away from the locations. Put simply, maintenance activities cannot be removed from the locations. Additionally, large companies like Bechtel will not be competing for these jobs. If the in-house team does not win the competition, the winners are actually likely to come from the local communities serving the location. Thus, economic activity will increase, not decrease. Additionally, private companies pay taxes while government doesn't, creating additional economic activity for local rural communities.

The American taxpayer and park visitors deserve the best services possible. Competitive sourcing gives NPS an opportunity to improve its efficiency, tackle its massive maintenance backlog, and focus its resources and energy on its core functions. Ultimately, competitive sourcing can improve the quality and efficiency of our national park system—in many regards the crown jewel of America. While there are associated up-front costs, the demonstrated savings are significant and competitions pay for themselves many times over.

Competitive sourcing gives NPS a valuable opportunity to focus on the agency's mission and goals of enhancing environmental protection, ensuring the availability and enjoyment of recreational facilities, and providing for public safety. Again, the goal should be about improving the service that is provided to the American taxpayer, both in terms of quality of service, but also in terms of cost. Can we assume that federal employees are the most efficient and effective given the backlog of maintenance work and past mismanagement issues? We must fully understand what the tradeoff and resulting costs are in stifling the NPS competitive sourcing initiative. In this case, it is mandating inefficient management and lesser quality parks for the American taxpayer.

Senator THOMAS. Mr. Wade.

STATEMENT OF J.W. (BILL) WADE, ON BEHALF OF THE CAMPAIGN TO PROTECT AMERICA'S LANDS AND A COALITION OF CONCERNED NPS RETIREES

Mr. WADE. Thank you, Mr. Chairman, Senator Akaka. I appreciate being here today. My name is Bill Wade. I retired in 1997 after over 30 years with the National Park Service, and following

[15] Christopher M. Synder, Robert P. Trost, and R. Derek Trunkey, "Reducing Government Spending with Privatization Competitions: A Study of the Department of Defense Experience," George Washington University Working Paper, 2000.

[16] Ibid.

[17] Ibid.

just over 9 years of superintendent of Shenandoah National Park. I'm representing the Campaign to Protect America's lands and also approximately 100 retired National Park Service employees, many of whom or most of whom are senior managers. We are among those people that Senator Bingaman just talked about, folks that are deeply troubled about what is happening to the agency to which we devoted our careers.

Policy and political assaults are undermining the ability of the National Park Service to carry out its intended mission on behalf of the American people. We've heard a number of people and the witnesses already before us speak of the competitive sourcing initiative as focusing on cost, on competition, and we don't hear much about effectiveness, value, and benefit.

We question the wisdom of competitive sourcing if it ignores the fact that Federal agencies are different from one another. It may be arrogant to suggest that the National Park Service is different from a number of other agencies, but I think most people would agree that it is.

We question the wisdom of it if it ignores less destructive ways to achieve organizational effectiveness, and if it means that money supersedes visitor experiences, resource protection, conservation values, and undermines the reasons for parks, all in the interest of competition and privatizing activities to carry out sometimes arbitrary numerical targets.

One of the things that we're concerned about is that many, if not most of the positions in the National Park Service are multidisciplinary nature. I think this was mentioned by one of you earlier. As Superintendent of Shenandoah National Park, for instance, I had roughly 200 employees. About half of those people were maintenance employees. Of that half of the maintenance employees, about 30 percent of them were qualified and certified to fight wildland fire, and did so frequently.

I had interpreters, resource management, and administrative employees similarly qualified and engaged, and many of those same folks were routinely involved in search and rescue operations. The same was true to have a skeleton structural fire response capability for places like Big Meadows Lodge and Skyland.

Maintenance and interpretive employees were often the first to arrive at motor vehicle accidents, and because they were frequently trained in emergency medical techniques, they regularly treated victims, and they assisted with traffic control.

Because of their numbers and their availability and their knowledge of the park, maintenance employees typically answered visitor questions and interpreted park features more than any other category of employees. My friend Deb Liggett, who is now the Superintendent of Lake Park National Park and was a district interpreter in Everglades National Park when Hurricane Andrew hit, after several days of preparing the park, here is what she had to say about the day that the hurricane was predicted to hit land. She said, our goal was to release the employees by noon so they could go home and take care of their families. This worked pretty well for the majority of our employees, and we had most of them out of the park by 1 p.m. The early release worked except for some par-

ticularly pig-headed, stubborn maintenance folks who simply would not quit. They just wouldn't quit.

I defy anyone to tell me how the commitment, dedication, expertise, and multidisciplinary capability that I just described could ever be replicated by contracting out. For years, the National Park Service has had nationally and internationally renowned experts in a number of fields. Where do these experts come from? Senator Bingaman mentioned they come through the ranks. They start somewhere. They develop their expertise as they advance upward.

What happens if competitive sourcing reduces this level of expertise? Many positions in science and resource management that are targeted for competitive sourcing serve as the eyes and ears of park managers and their efforts to carry out the mission. Can we rely on contractors, who are unlikely to have either the levels of expertise or mission commitment, to provide such critical information to decisionmaking?

The National Park Service, Director Mainella mentioned, has over 1 million hours of volunteer effort each year. What is the likelihood that volunteers are going to continue to help if they see their efforts contributing to profit in the private sector?

So as we see it, the cost of competitive sourcing proposed by the administration go far, far beyond just the expenses of the studies and the contract administration. The costs are unlikely to be recoverable, and far more damaging to the organization's ability to effectively meet its mission mandate and maintain the public's respect and support.

In summary, right now in the NPS because of the threat of competitive sourcing and other things, other assaults on the integrity and mission of the National Park Service, morale is the lowest that any of us have seen in up to 50 years. What is at risk is reducing a once proud, highly productive workforce in an agency with immense public respect and admiration into a run-of-the-mill government bureaucracy.

Is that what the citizens of America want? I think not. We would urge you of the subcommittee to influence the use of this competitive sourcing and look at other ways to reach more effectiveness, value, and benefit, and not just focus on cost, efficiency, and competition.

Thank you, and I'll be prepared to answer any questions the subcommittee might have.

[The prepared statement of Mr. Wade follows:]

PREPARED STATEMENT OF J.W. (BILL) WADE, ON BEHALF OF THE CAMPAIGN TO PROTECT AMERICA'S LANDS AND A COALITION OF CONCERNED NPS RETIREES

Chairman Thomas and Members of the National Parks Subcommittee: I appreciate the opportunity to appear before the Subcommittee and to provide this statement for the record.

My name is Bill Wade, and I was a second-generation National Park Service (NPS) employee, retiring in 1997 after over 30 years with the agency. I retired following just over nine years as Superintendent of Shenandoah National Park. One might accurately say that my life was devoted to the mission of the NPS.

I am representing the Campaign to Protect America's Lands and also approximately 100 retired National Park Service employees many of whom were senior managers including one former Director, two former Deputy Directors, seven former Regional Directors, 23 other former Washington and Regional senior managers and 35 former Superintendents. Many of us received Distinguished Service and Meri-

torious Service Awards for our commitment and stewardship of our great National Parks

We, the former NPS employees I represent and I, are deeply troubled about what is happening to the agency to which we devoted our careers. Never before have we seen so many simultaneous assaults on the purposes for which the National Park System exists. Such assaults are undermining the role of the National Park Service professionals who steward our great natural and cultural legacy and such assaults are contributing to the failure of the National Park Service to carry out its intended mission on behalf of the American public.

The consequences of a number of policies, proposed legislative changes and actions being taken or proposed by the current Administration are contributing dangerously to the failure of the NPS to carry out its intended mission on behalf of the American public. Moreover, we believe that the combined effects of these efforts could be in violation of the P.L. 91-38 which amended the Act of 1916 establishing the National Park Service. This Act states: "that the National Park System . . . has grown to include superlative national, historic, and recreation areas . . .; that these areas, though distinct in character, are related through the inter-related purposes and resources into one national park system as cumulative expressions of a single national heritage. . . ." The Congress further emphasized the importance of preserving and protecting the resources contained within the units of the national park system in the Redwoods Act of 1978 (P.L. 95-250) when it declared: ". . . authorization of activities shall be construed and the protection, management, administration . . . shall be conducted in light of the high public value and integrity of the National Park System and shall not be exercised in derogation of the values and purposes for which these various areas have been established, except as many have been or shall be directly and specifically provided by Congress." This rule of law is not being followed under this Administration's policies.

One such assault on the integrity of the National Park Service and System is the "competitive sourcing" initiative, about which we are here today to discuss.

The President's Management Agenda, FY2002 provides insight to the mind-set guiding this initiative. In the competitive sourcing section, we see statements such as:

- Nearly half of all federal employees perform tasks that are readily available in the commercial marketplace—tasks like data collection, administrative support, and payroll services. Historically, the government has realized cost savings in a range of 20 to 50 percent when federal and private sector service providers compete to perform these functions. Unfortunately, competition between public and private sources remains an unfulfilled management promise. By rarely subjecting commercial tasks performed by the government to competition, agencies have insulated themselves from the pressures that produce quality service at reasonable cost.
- Competition promotes innovation, efficiency, and greater effectiveness. For many activities, citizens do not care whether the private or public sector provides the service or administers the program. The process of competition provides an imperative for the public sector to focus on continuous improvement and removing roadblocks to greater efficiency.
- By focusing on desired results and outcomes, the objective becomes identifying the most efficient means to accomplish the task.

This agenda centers on cost, efficiency and competition. Nowhere do we see any reference to value and benefit.

The pitfalls of a process driven largely by the single dimension of efficiency are many. Dr. Bruce Hutton of the University of Denver has been consulting on organizational effectiveness for the Intermountain Region of the NPS. He describes the dangers:

> "Because efficiency is such a prominent construct in the competitive sourcing initiative, some time should be spent placing it in an appropriate context. Efficiency can be defined as the choice of alternatives that produces the largest result for a given application of resources. The potential problem for NPS is not in the definition per se, but rather how it is most often operationalized. It has been shown many times over that efficiency does not translate to the greatest benefit for the cost. It usually means the greatest measurable benefit for the greatest measurable cost. Management obsessed with efficiency is one obsessed with measurement. The results can be disastrous. Because economic benefits are typically more easily measured then social benefits, efficiency may drive the organization toward a kind of economic morality and social immorality.
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> "James Hillman writes that 'Two insanely dangerous consequences result from raising efficiency to the level of an independent principle. First, it favors

short term thinking—no looking ahead or down the line; and it produces insensitive feeling—no looking around at the life values being lived so efficiently. Second, means become ends; that is doing something because the full justification of doing is the doing, regardless of what you do.' He argues that specialization strips decisions of their ethical context, and undoes breadth of vision and any sense of balance. It is anti-humanistic.

"Efficiency emerges, in practice not as a neutral concept but as one associated with a specific system of values—economic values. It is argued that too much emphasis on organizational efficiency will eventually destroy organizational effectiveness. Putting systems ahead of people gradually destroy the quality of human capital to contribute anything to the organization but rote function. Efficiency is recognized as a legitimate value for the park system, along with the mission driven values of protection and sharing, plus community as representative of the variety of relevant stakeholders associated with parks (e.g., gateway communities, society, Native Americans, etc.)."

We have seen what can happen when organizations, such as Enron and Arthur Anderson, engage in short run efficiency behaviors with disastrous consequences for community. This lack of balance of values destroyed the companies' credibility and ultimately their ability to even function.

We question the wisdom of competitive sourcing if it means money supercedes visitor experiences, resource protection, conservation values, and undermines the reasons for parks, all in the interest of competition and privatizing activities to meet arbitrary numerical targets.

We are fearful that the competitive sourcing initiative, if it is applied to the National Park Service as it is currently constructed, will have similar consequences.

The current effort to implement the competitive sourcing initiative ignores two important considerations that I want to expand on:

- First, it ignores the fact that the federal agencies are different from one another. Typically, the expectation is that competitive sourcing must be implemented the same way in the NPS as it is in the Department of Defense and in the Internal Revenue Service. Someone once said that, "nothing is as unequal as the equal treatment of unequals." Dr. Hutton states: "The most effective NPS, and individual parks, must balance the value of efficiency with the other key values of protection, sharing, and community." He goes on to assert, "After all, our forefathers did not create our democracy and the governance process based on efficiency. Markets are certainly meant to be efficient, but they are not meant to be fair or to treat all stakeholders equally. Government, on the other hand, was not designed with efficiency as its primary characteristic. Nor were national parks created with efficiency in mind as the critical component. The role of government and the parks is different, and it was meant to be. The governance structure that was designed to play out democracy in this country was designed to be effective in protecting and balancing those values citizens hold most dear."
- Second, in its attempt to cut costs and reduce the federal workforce, the competitive sourcing initiative ignores other less destructive ways to achieve organizational effectiveness. It focuses on short-term cost reduction while ignoring the long term consequences and the greater question of how best to define and maximize value and benefit.

THE NATIONAL PARK SERVICE IS DIFFERENT

Perhaps unlike any other federal agency, many, if not most, of the positions in the NPS are "multi-disciplinary" in nature. This is of necessity, and largely has resulted from the critical staff shortages that have plagued the Service for decades.

In a perfect world, plumbers would plumb, trails laborers would build and fix trails, guides would guide, rescues would be carried out by rescue specialists, structural fires would be suppressed by firemen, and administrative technicians would do technical administrative work. Taken literally, many of these kinds of positions could be performed by federal employees—or not. Such a perfect world does not even come close to describing the situation in the NPS.

In the parks, rarely does an employee perform his or her job, over a period of time, limited to what might be defined in the "Occupational Series" to which he or she is classified. One's position description might quite appropriately portray and classify his or her principal duties as a Maintenance Worker, but in reality up to 30% or more of this employee's time might be spent performing other necessary duties to meet the demands dictated by the conditions in the park at any given time.

When I was Superintendent of Shenandoah National Park, I had between 175 and 225 employees (permanent and temporary), depending on the budget. About half of

those were maintenance employees in various occupations. About 30% of those maintenance employees were "red-carded" for wildland fire, and many would be gone to work on large fires elsewhere on public lands (not always in NPS areas) for significant periods during the fire seasons. Moreover, I had interpreters, resource management and administrative employees similarly qualified and engaged. Maintenance and resource management personnel and others were routinely used in search and rescue operations. The same was true to have a skeleton structural fire response capability for places like the Big Meadows Lodge and Skyland. Backcountry patrol rangers routinely did minor trail and campsite maintenance. Maintenance and interpretive employees were often the first to arrive at a motor vehicle accident, and because they were trained in emergency medical techniques, regularly treated victims; and they assisted with traffic control. Because of their numbers, their availability and their knowledge of the park, maintenance employees typically answered visitor questions and "interpreted" park features more than any other category of employees. Many employees had "collateral duties" required of them to meet agency-dictated functions and committee assignments in areas such as safety, equal opportunity and property management.

Underpaid and over-worked park employees like to say that they are "paid in sunsets." These dedicated folks often find themselves working long hours for no extra pay, and doing so out of love and dedication to the parks. Try as I might, as a supervisor and manager, to get employees to work within their schedule, many of them essentially refused. They are there not for the profit; they are there because many of them are the lucky people who love what they do. They are dedicated and passionate about the places where they work. They are there for the resource. They believe they are "on the side of the angels" in carrying out the mission of the NPS.

I defy anyone to tell me how this commitment, dedication, expertise and multidisciplinary capability can ever be replicated by contracting out. I have tried, and I've never been able to have anyone, even the so-called competitive sourcing experts, tell me how you write a contract proposal to capture these factors.

Dr. Hutton acknowledged this special quality in NPS employees:

> "Employees are the parks. Employees of parks cannot be considered as simply factors of production, interchangeable and disposable. In much the same way you cannot separate the barber from the haircut, the surgeon from the operation, or the chef from the meal; many park employees are inseparable components of their park. They are part and parcel of the whole. Such jobs deserve careful attention to defining job performance specifications and evaluation criteria, in order not to lose productivity and effectiveness in the name of efficiency."

EFFECTIVENESS, SUSTAINABILITY AND VALUE AND BENEFIT SHOULD BE THE DRIVERS OF ORGANIZATIONAL PERFORMANCE IN THE NPS

In this context, a definition of "sustainability" put forth by the World Bank is applicable: Sustainability is a process whereby future generations receive as much, or more, capital per capita as the current generation has available.

We could (and should) define value and benefit and effectiveness as they apply to the NPS as its ability to maintain a sustainable balance among the numerous values that define parks for the American people in the fulfillment of its mission.

Effectiveness is inherently tied to determinants of quality. The criteria used to measure effectiveness are not value-neutral. They are typically based on the values and preferences of individuals.

Public sentiment is a good indicator of the extent to which the NPS is fulfilling the values and preferences of the American citizens. For as long as I can remember, the NPS is regularly listed at or near the top of the public's list of "most valued and respected government agencies." The NPS must be doing something right.

For years, the NPS has been recognized, and admired, as having nationally and internationally renowned experts in a number of fields, such as archaeology (including underwater archaeology), cave management, search and rescue, wildland fire management, and in many other disciplines. Where do these experts come from? They start in many of the positions that under the competitive sourcing initiative could be contracted out to the private sector. They develop their expertise as they advance up their chosen occupations. What happens if competitive sourcing reduces this level of expertise in the NPS, as it inevitably would?

Many of the positions—especially those in the sciences and resource management—that are targeted for competitive sourcing serve as the "eyes and ears" of park managers in their efforts to carry out the mission to ". . . conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them

unimpaired for the future generations."[1] Such positions are essential for managers to achieve "situation awareness"—the ability to perceive what is happening in the parks, the ability to comprehend the importance of what is happening, and the ability to predict the future outcome of those happenings. Can we rely on contractors, who are unlikely to have either the levels of expertise or the mission commitment to provide such critical situation awareness?

And what about those functions that already are being performed by non-federal individuals and organizations? The NPS benefits from over one million hours of volunteer effort each year. How likely is it that these volunteers will continue to contribute if many of the functions to which they currently volunteer are contracted out? For example, Mount Rainier National Park receives approximately 7000 hours each year in volunteer effort directed at backcountry management. The 67 positions in the Maintenance Division are currently on the list to be studied for competitive sourcing. The Superintendent there has already been informed by several of the volunteer groups that if backcountry maintenance is contracted out, there is no way those groups will continue to volunteer their efforts to help a private contractor make a profit. Other managers are hearing similar chords of discontent from Friends groups and volunteers.

So, the costs of the competitive sourcing proposed by this Administration go far, far beyond just the expenses of the studies and the contract administration. The costs of the loss the institutional capacity of the NPS to maintain a sustainable "critical mass" of expert, highly committed employees and the loss of volunteer contributions, among other casualties, are likely to be unrecoverable and far more damaging to the organization's ability to effectively meet its mission mandate and maintain the public's respect and support.

THERE IS A BETTER WAY

The National Park Service is not against contracting out as one method of improving organizational effectiveness. It has engaged in significant contracting out over the years, and continues to do so even without the pressures of the current competitive sourcing initiative.

But it's clear that many Administration appointees view competitive sourcing as the "end"—to be valued on its own merits—rather than a means to an end. For example, Interior Assistant Secretary Scott Cameron recently stated that "This (market-style competition) is the way to capture the benefits of competition to produce better performance and better value. Competition makes for a much more exciting Lakers game than if only one team were on the court." Not only is this analogy inappropriate, but a clear indication that these appointees fail to understand the mission and the career motivation of most NPS employees.

The Intermountain Region of the NPS has been wrestling with this issue for the past year, or so, but is approaching it in a much more constructive manner. Instead of focusing on how to implement competitive sourcing, leaders in the Intermountain Region are looking at ways to improve organizational effectiveness. With the assistance of Dr. Bruce Hutton (already referenced), they are developing a *Mission Critical Position Application Plan.* Their preliminary objectives for this process are to:

- Identify criteria to evaluate job related characteristics needed to effectively and efficiently operate a park unit.
- Document gaps between job descriptions, work done, and unmet needs.
- Re-bundle job characteristics into potential position descriptions reflecting park needs, organizational considerations, and relevance to mission, visitor, networks, and knowledge and skill bases.
- Provide a workable model that can be applied across a variety of parks.

Moreover, they have developed a *Strategic Plan to Achieve Organizational and Operational Effectiveness.* Together, these two plans are designed to guide actions that will improve organizational effectiveness in the region and its parks, while sustaining the ability to carry out the public trust accorded them to meet its mission requirements.

To us, these plans are much more appropriate ways to achieve effectiveness in the management of the workforce without compromising the value of the NPS employee and derogating the values of the mission of the NPS.

SUMMARY

Right now in the NPS, because of the threat of competitive sourcing and other assaults on the integrity and mission of the NPS, morale is the lowest any of us

[1] From the National Park Service Organic Act of 1916.

have seen in up to 50 years. What is at risk is reducing a once proud, highly productive workforce in an agency with immense public respect and admiration, into a run-of-the-mill government bureaucracy. Is this what the citizens of America want? I think not.

Ladies and Gentlemen of the Subcommittee, I urge you to put a stop to this initiative as it is being applied to the NPS and work with the agency to find more appropriate and less costly ways to improve its organizational effectiveness.

The writer Wallace Stegner called our national parks "the best idea America ever had." This Administration's policies could turn "the best idea America ever had" into a grim reality of private corporations making money off of our national treasures. Unique natural and cultural resources and the visitor experience will be sacrificed in the process.

On behalf of the Campaign to Protect America's Lands and the "Coalition of Concerned NPS Retirees" I thank you very much for the opportunity to share our concerns and experiences. I will be pleased to answer any questions the Members might have.

Senator THOMAS. Thank you very much.

Mr. McElveen.

STATEMENT OF SCOT McELVEEN, ON BEHALF OF THE ASSOCIATION OF NATIONAL PARK RANGERS AND THE ASSOCIATION OF NATIONAL PARK MAINTENANCE EMPLOYEES

Mr. MCELVEEN. Chairman Thomas, thank you for letting me and the association testify today. My name is Scot McElveen, and I serve the American people as the Chief Ranger of Harper's Ferry National Historical Park, but today I'm appearing here on my own time and in my own capacity as board member for special concerns for the Association of National Park Rangers. I am pleased to present this testimony on behalf of ANPR and for the Association of National Park Maintenance Employees.

ANPR and ANPME are organizations that support the National Park Service and the National Park System. We represent a portion of the rank and file on the ground, operations-based employees of the National Park Service, and we believe our perceptions describe conditions as they actually exist in the parks. Our perceptions are not filtered through management, or they're not filtered through political layers, and we provide them in an attempt to help the National Park Service meet its obligation to the American people and Congress.

Our greatest concerns with the concept of competitive sourcing are the consequences that its application may have on the congressionally mandated National Park Service mission, and to paraphrase the Bretton Woods Act of 1978, authorization of activities shall not be exercised in derogation of values and purposes for which these various areas have been established, except as may have been or shall be directly and specifically provided by Congress.

Since the vitality and the perpetuation of the National Park System are dependent upon a properly staffed and skilled workforce, management programs that weaken the Service's ability to prevent impairment of our national parks result in derogation of the values and purposes for which these various areas have been established, without being directly and specifically provided by Congress.

Over the previous decade, a consistent 97 percent of park visitors indicated that they are satisfied or very satisfied with their national park experience, and the NPS consistently ranks in the top

five Federal agencies by Americans. We believe that a uniform presence in the parks is an important factor in that satisfaction.

Whether it's the uniformed fee collector at the front gate, the interpretive ranger giving inspirational tours, the maintenance worker working on grounds and facilities, or the law enforcement ranger safeguarding park resources and park values, people trust and respect those wearing the National Park Service uniform. The public believes all NPS employees to be rangers, and they don't differentiate between our job titles.

NPS employees routinely acquire far broader knowledge and skills than their position descriptions require. Strongly influencing this diversity of skills is the variable nature of work in parks. In a small workforce, multi-functional employees can more easily adapt to varying duties. A work day might include major emergencies, severe weather, injured or lost visitors, wildfires, or just answering the myriad questions of park visitors, who expect the ranger to know everything that they need to know while enjoying their parks.

Here is one recent example of multi-functional NPS employees in action at Yellowstone National Park. It just happened this year. Over the busy Fourth of July weekend, one of many serious motor vehicle accidents occurred just west of Old Faithful. This accident involved a large van with four occupants rear-ending at a high rate of speed a small sedan with two occupants.

The first ranger arrived on scene and sized up the situation and stated in her initial radio transmission, I need extra help, I have more patients than I do people. Immediately, a Park Service road crew, while at lunch, dropped their sandwiches and went directly to the scene to control traffic.

Because of their training and experience with traffic control, with appropriate signs and reflective vests they very quickly set up a safe traffic control operation that allowed for slow movement of traffic through the scene while the five patients were attended to. The park geologist, a certified emergency medical technician, having heard the radio traffic, responded to the scene and was assigned patient care for one of the more seriously injured patients.

Park superintendents have become experts in making the best use of every penny of operational funding, as well as the knowledge, skills, and available effort of every single park employee. We ask you, are contract maintenance workers going to deliver interpretive information to visitors, like the sign-maker at Mount Rainier does as he hikes the trail performing his sign inventory? Are contract fee collectors and maintenance workers going to fight wildfires, search for the lost, and rescue the injured, as they routinely do at most parks in the system? Are contract fee collectors and administrative service workers going to prevent significant building loss by participating in the park structural fire brigade, as they did at Big Bend on July 14 of this year?

If not, where is the value for the park or for the American taxpayer? How will these savings on contracts increase the service's ability to preserve the national and cultural resources of the park, while providing excellent service to visitors? We submit that a cost savings that seriously diminishes park staff capacity is hardly a better value for the taxpayer.

The National Park Service is, by necessity, a very decentralized agency with a great deal of authority and responsibility vested in each park superintendent. It is his or her responsibility to continually assess how to obtain the greatest value for each operational dollar received. In the last several years, approximately 10 percent of the parks have developed business plans utilizing common methodology to define work and to define priorities. The results are useful blueprints for the most effective and efficient operation of the parks. This is a far superior approach to achieving the NPS mission while ensuring value to the taxpayer.

We suggest a feasibility assessment process to avoid such a waste of time, effort and money as we see presently taking place, and Mr. Chairman, we have in our prepared statement a process that is described based on four questions that we think would meet that process.

In conclusion, not everything can or should be measured in dollars. Can any of us presume to estimate the monetary value of the breathtaking views or historical importance of parks, or the recreational pleasure or spiritual renewal regularly experienced by visitors, or the iconic value of such places as Independence Hall, the Statute of Liberty, or Old Faithful? We don't think so.

It's vitally important to understand that the preservation of these resources and experiences requires people with a strong sense of mission and ability to make decisions based upon value, not just cost, and a willingness to go beyond customary expectations to get the job done. These workforce qualities do not easily lend themselves to replication in a for-profit contract.

We're not saying that there are no positions in the National Park Service——

Senator THOMAS. Could you wind up, please? We're going to have to go vote.

Mr. MCELVEEN [continuing]. There's no appropriate positions for outsourcing. We're just saying they're few and far between, and in a quota-driven program is not the way to get there.

I would be happy to answer any questions.

[The prepared statement of Mr. McElveen follows:]

PREPARED STATEMENT OF SCOT MCELVEEN, ON BEHALF OF THE ASSOCIATION OF NATIONAL PARK RANGERS AND THE ASSOCIATION OF NATIONAL PARK MAINTENANCE EMPLOYEES

Chairman Thomas and Members of the National Parks Subcommittee: I am Scot McElveen, Chief Ranger, Harpers Ferry National Historical Park, but am appearing today on my own time and in my capacity as Board Member for Special Concerns of the Association of National Park Rangers. I am pleased to present this testimony on behalf of ANPR and the Association of National Park Maintenance Employees.

Thank you for holding this oversight hearing on the competitive sourcing effort within the National Park Service.

The Association of National Park Rangers (ANPR) is an organization created to communicate for, about, and with park rangers; to promote and enhance the park ranger profession and its spirit; and to support the management and perpetuation of the National Park Service and System. In meeting these purposes, ANPR provides education and other training to develop and improve the knowledge and skills of park rangers and those interested in the profession; provides a forum for discussion of common concerns of park rangers; and provides information to the public. Our membership is comprised of individuals who are entrusted with and committed to the care, study, explanation, and protection of those natural, cultural, and recreational resources included in the National Park System, as well as of individuals who support these efforts.

The Association of National Park Maintenance Employees (ANPME) is an organization of NPS employees and others that work or have an interest in maintenance, facility management and environmental leadership. Dedicated to supporting the mission of the National Park Service and the professional growth and well-being of maintenance employees, ANPME promotes the highest standards of national park stewardship and environmental leadership, and provides information to its members and to the public through publications, programs, training, and conferences.

As organizations that strongly support the mission of the National Park Service, we have serious concerns about the short and long term effects of this management initiative.

MISSION IS THE MEASURE

The American National Park System is a worldwide model. Much emulated, and still unrivaled, it is at once a diverse and amazing collection of beautiful natural resources and monuments, an enriching source of learning about American history and culture, as well as a source of recreation and enjoyment for more than 400 million visitors each year. Yet, this amazing system will not endure without proper care. Stewardship of the parks is the role of the National Park Service. Drawn from its enabling statute, the Organic Act of 1916, the mission of the Service is—

> ". . . to promote and regulate the use of the . . . national parks . . . which purpose is to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

Thus, we believe that all decisions and programs affecting the National Park Service should be carefully examined to ascertain whether they will further the NPS mission. Congress eloquently expressed this principle in the Redwoods Act of 1978 (P.L. 95-250) when it stated—

> ". . . authorization of activities shall be construed and the protection, management, administration . . . shall be conducted in light of the high public value and integrity of the National Park System and shall not be exercised in derogation of the values and purposes for which these various areas have been established, except as many have been or shall be directly and specifically provided by Congress."

Since the vitality and perpetuation of the National Park System is very dependent upon a properly staffed and skilled Service, management programs that weaken the Service and our ability to prevent impairment of our national parks amount to "derogation of the values and purposes for which these various areas have been established."

A component of the President's Management Initiative, the current competitive sourcing program, is driven by quotas and is being applied in an expensive, wasteful manner. No consideration is given to the NPS mission or to the nature of jobs and work in our national parks. Consequently, the greatest potential is not greater value for the American people, but irreparable harm to the National Park Service and, ultimately, the National Park System.

PUBLIC SERVICE AND THE UNIFORM

Over the years, a consistent 97 percent of park visitors have indicated that they are "satisfied" or "very satisfied" with their national park experience. While the beauty, fun, and educational value of the natural and cultural resources are important factors, so is the service that they receive from park employees. Whether it is the uniformed fee collector at the front gate, the interpretive ranger giving tours, the maintenance worker tending the grounds and facilities, or the law enforcement commissioned ranger safeguarding visitor welfare and park resources, people trust and respect those wearing the National Park Service uniform. It represents a tradition of excellence in public service.

We believe that a uniformed presence in the parks continues to be important. Because of reduced personnel levels, fee collectors and maintenance workers are often the only uniformed employees that visitors see. Yet these positions are considered the most promising for competitive sourcing. Should that happen, a significant number of visitors will never see a park ranger.

Uniform positions that have been targeted for study include NPS archeologists and biological technicians. These professionals routinely enhance their effectiveness by working with 15 to 25 volunteers each—an option not open to contractors. This value-added activity not only augments our resource management efforts but also provides another form of public service—by affording concerned Americans the op-

portunity to contribute their time, energy, and talents to the preservation of national treasures.

DIVERSITY OF WORK AND SKILLS

Congress designated each unit of the National Park System because of its unique contribution to America's beauty and heritage. This uniqueness very often requires specialized knowledge, unique skill sets, and work flexibilities that simply are not found in the private sector. With specialized and continuing training and mentoring, NPS employees acquire far broader knowledge and skills than is reflected in their job descriptions. Strongly influencing this diversity of skills is the variable nature of work in the parks. At times as unpredictable as Mother Nature and human behavior, a workday may include major emergencies such as severe weather, injured and/or lost visitors, or wildfires. It likely involves ensuring that visitors are served as needed. This is illustrated by the following story from a young employee at a Western park.

> As a GS-5 visitor use assistant, I am clearly at the bottom of park staffing. Today, I treated a man for a nearly unstoppable razor cut to his face, spoke to 3 groups of 330 plus people each, dealt with 5 different school groups visiting the park, and will in one half hour, deliver a 45 minute talk and walk of the park to over 120 people. This morning we were lucky, thanks to the "donation" of two law enforcement rangers from other parks, so we had law enforcement support. The only other uniformed ranger was one really good experienced GS-9. And that's how we intend to deal with nearly 1000 visitors and their questions and even their small emergencies. Want more? How clear do we need to be that more uniformed presence is needed? Our maintenance man ended up playing interpreter to two school groups out of lack of staff. We had no volunteers, interns or other help for the first 3 hours of the day and this is typical.

A motor vehicle accident at Yellowstone National Park that occurred earlier this month illustrates the nature of employee teamwork.

> Over the busy 4th of July weekend, one of many serious motor vehicle accidents occurred just west of Old Faithful. This accident involved a large van, with 4 occupants, rear-ending (at a high rate of speed), a small sedan, with two occupants. The first Ranger arrived on the scene sized it up and stated in her initial radio transmission something like, ". . . need extra help, I have more patients than I do people." Immediately, a Park Service road crew, while at lunch, dropped their sandwiches and went directly to the scene to control traffic. Because of their training and experience with traffic control, with appropriate signs and reflective vests, they very quickly set up a safe traffic control operation that allowed for slow movement of traffic through the scene while the 5 patients were attended to. The park geologist, a certified Emergency Medical Technician, having heard the radio traffic, responded to the scene and was assigned patient care for one of the more seriously injured patients.

Many park employees are cross-trained like the geologist as an EMT and the maintenance employees in traffic control. We regularly assist each other in a variety of ways. For example, as maintenance employees go about their work in the park, they serve as the "eyes and ears" of law enforcement by watching for troublesome or suspicious circumstances. Park employees work as teams to see that whatever needs doing is done. At our present, low staffing levels, this is the only way we are able get the job done.

Additionally, employees develop park specific skills talents not required in other parks and certainly not easily found in private industry. The following story comes from Mt. Rainier in Washington State, as reported in *The Olympian.*

> Ralph Bell has worked at Mount Rainier National Park for 20 years, but his job as a sign maker might be replaced under a proposal by the federal government to turn over 1,708 National Park Service jobs to private companies by the end of 2004 . . . Bell is responsible for more than 4,500 signs on buildings, trails, roads and campgrounds. He also conducts safety training and leads peer support sessions to help rescue workers deal with traumatic events, and is a liaison for relatives of accident victims.
>
> "I take [privatization] as a threat to the stewardship of the park," said Jim Fuller, 46, supervisor for utilities at the park. He started at Mount Rainier in 1978 as a seasonal employee . . . Fuller also works with search and rescue teams and volunteers to help backcountry rangers. He hikes park trails in uniform and talks to visitors.
>
> Like other park employees, Bell and Fuller have stayed at Rainier because they recognize the park's value.

Even workers who clean toilets and pick up garbage in campgrounds contact visitors. They know the park and they answer visitors' questions.

"We haven't figured out how to work that into a contract," [Superintendent Dave] Uberuaga said.

COMPETITIVE SOURCING & NPS

On any given day, 48,000 people report for work in national parks. Of this number, less than half (approximately 20,000) are federal employees—and some of these federal workers are from other agencies. Many of the non-federal workers are contract employees providing outsourced services (e.g. engineering and visual information services). Clearly, the National Park Service is no stranger to competitive sourcing. In fact, we do not oppose the availability and proper use of this authority—only its current application to the Service as required by the Office of Management and Budget and the Department of the Interior.

To further describe why this initiative hurts rather than helps, we would like to make two important points.

First, the National Park Service is, by necessity, very decentralized with a great deal of authority and responsibility vested in the park superintendent. It is his/her job to continually assess how to obtain the greatest value for each operational dollar received. In the last several years, approximately 10 percent of the parks have developed business plans which involve exhaustive analyses of strategic, programmatic, and business goals, resources, and issues. The results are useful blueprints for the most effective and efficient operation of the parks. This is a far superior approach to achieving the NPS mission while ensuring value to the American taxpayer.

Secondly, the parks are hurting for financial and staff resources. Over the last 20 years, the NPS operations budget has eroded by 25 percent (measured in constant dollars). Meanwhile, visitation has increased by approximately 50 percent and park acreage has increased by 166 percent. The result has been ever tightening budgets and shrinking personnel levels. In an effort to deal with the demands of increased visitation and deteriorating facilities and vehicles, park superintendents have become experts at making maximum use of the knowledge, skills, and available effort of every single park employee. We ask you—

- Are contract maintenance workers going to deliver interpretive programs to visitors like the sign maker at Mount Rainier National Park does as he hikes trails performing his sign inventory?
- Are contract fee collectors and maintenance workers going to fight wildfires, search for the lost, and rescue the injured as they routinely do at Canyonland National Park?
- Are contract fee collectors and administrative service workers going to prevent significant building loss by participating in the park's structural fire brigade as they did at Big Bend on July 14?

If not, where's the value for the park or for the American taxpayer? How will the "savings" on these contracts increase the Service's ability to preserve the natural and cultural resources of that park while providing excellent service to visitors? We submit that a cost savings that seriously diminishes park staff capacity is hardly a "better value for the taxpayer."

AVOIDING WASTEFUL EFFORT AND EXPENDITURES

At a time when parks are very underfunded and understaffed, a top-down, quota-driven competitive sourcing initiative is just plain wasteful. It is estimated that the Service is paying nearly $3,000 to study each position to simply determine whether it is feasible. And that does not include an estimate of the value of the person/hours required to work the competitive sourcing process. Thus, Mount Rainier National Park, where 67 positions were scheduled for study, is faced with the prospect of taking approximately $200,000 away from current operations or maintenance, in order to study positions that, in all likelihood, cannot reasonably be privatized. We can ill-afford such a drain on our human and financial resources.

The optimal solution would be to exempt the National Park Service from this management initiative and leave all such decisions to local NPS managers. However, if that is not possible, then we suggest a feasibility assessment process to avoid such a waste of time, effort, and money as we see presently taking place.

An initial assessment before beginning the competitive sourcing process with regard to any group of positions in a park or region. Such an assessment would involve the examination of the following questions—

1. Do the jobs proposed for competitive sourcing involve consistent and predictable work within a fixed job description (i.e., no additional responsibilities or emergency duties are involved);

2. Are the skills associated with the positions sufficiently standardized as to be readily and easily found in private industry?

3. Would the sourcing of these positions enhance the overall operation of the park?

4. Are there potential bidders within a short distance of the park so that response time is quick and predictable?

We suggest to the Subcommittee that the initial review of the positions should reveal positive responses to all four questions for the competitive sourcing to proceed. If not, then we should not waste precious resources studying positions that are inappropriate for privatization.

CONCLUSION

Not everything can—or should be—measured in dollars and cents. Can any of us presume to estimate the monetary value of the breathtaking views or historical importance of our parks? Or the recreational pleasure or spiritual renewal regularly experienced by visitors? Or the iconic value of such places as Independence Hall, the Statute of Liberty, and Old Faithful? We think not.

It is vitally important to understand that the preservation of these resources and experiences requires people with a strong sense of mission, an ability to make decisions based upon value (not just cost), and a willingness to go beyond customary expectations to get the job done. These workforce qualities do not easily lend themselves to replication in a for-profit contractor. We are not saying that there are no positions in NPS that may be appropriate for outsourcing. What we are saying is that, at the park level, they are few and far between. And this top-down, quota-driven program is wasting precious operational dollars studying positions that cannot reasonably be outsourced. In the meantime, we are devastating the morale of the very employees that we are asking to do extra—and sometimes—extraordinary things.

In the end, we are talking about an enormous stewardship responsibility that requires us as a nation to continually put our best—not our cheapest—foot forward. The goal for the National Park Service should be a sustainable, effective, and efficient organization that emphasizes quality service for the good of the parks and the public.

On behalf of the Association of National Park Rangers and the Association of National Park Maintenance Employees, I thank you for the opportunity to present this testimony. I will be happy to answer any questions.

Senator THOMAS. Thank you very much. I guess that was my question. You're not suggesting that there's no place in the whole Park Service for some kind of competition, for being more efficient, for maybe having some outsourcing?

Mr. MCELVEEN. We're not, sir. I think that we believe that there are some basic questions that ought to be asked before you spend money studying positions. There are just some basic questions you ought to ask before wasting that $1.6 billion.

Senator THOMAS. You have to move forward. You know your business plans only came about because we required them.

Mr. MCELVEEN. I do know that, sir.

Senator THOMAS. So these parks are getting to be pretty big business. Do you have concessions in your park in Shenandoah?

Mr. WADE. Yes, sir.

Senator THOMAS. Who runs those?

Mr. WADE. They were privately contracted.

Senator THOMAS. How do they work?

Mr. WADE. Pretty well.

Senator THOMAS. Interesting. There's no question. As you look at the Defense Department, which apparently was yours, do you see successes there? Do you see how that might work in the Park Service, or is there that much difference?

Mr. KLEINMAN. I think there are a lot of lessons learned here. Clearly, the Defense Department has to specify its performance levels and criteria that it needs, and I think that is what everyone is being measured against.

I think we find we require people to serve, we send people into theater, contractors, probably civil servants. I know I can look at Desert Storm, and we saw it with civilians that were sent into theater to support the military, and there were more contractors than there were civil servants, and they got there sooner.

I look at the training, the aircraft contracts, and look at how we keep up the aircraft, and the private contractors were doing better than was being done previously, so I know they keep to those standards, and they require it, and the private contractors have to come through.

Senator THOMAS. Of course, the Park Service is different. The Service is there, obviously, at Yellowstone and Teton, but do you think, have you had an effort to reorganize and restructure your staff to look for efficiency and so on within your employees?

Mr. WADE. Yes, sir. I think we did that quite regularly, and I think that is being done fairly frequently around the National Park Service. I'm aware, for instance, that the intermountain region right now in the National Park Service is going beyond just looking at competitive sourcing. They're looking at a mission-critical application plan and a strategy for organizational and operational improvement, and I think those are the kinds of things that make more sense to us than having this process driven by the sort of specter of competition and cost savings, again, given the difficulty of trying to put a cost on some of the things that are inherent in the National Park Service mission.

Senator THOMAS. Of course, cost savings is something you ought to be interested in, since you're $4 billion behind in maintenance and repairs, and the parks are getting larger, and there are more things going on. They are getting more businesslike, and they're going to have to be more businesslike in order to make it work. There is an end to the money. I certainly recognize the difference. Do you see, Mr. Segal, in your work do you see the uniqueness of the park keeping it from working like other agencies?

Mr. SEGAL. Well, in looking at the experience of State governments, and actually our neighbors to the north in Canada and some of the provincial parks there, there has been a tremendous amount of contracting just in the parks alone, and many of these services that the National Park Service would be looking at, janitorial maintenance, ticket-takers, in fact States such as Oregon and Washington have actually contracted for fire-fighting services. In some cases when they needed extra support they went out and contracted for them. It wasn't a competitive process, however.

Furthermore, the national parks have the ability to take a step back, look at their workforce, see what is mission-critical, see where there are opportunities to outsource, or to competitively source. This is not a blanket, we're going to do everything. They have the ability to look at where they have needs, where they have gaps, and they should be using competitive sourcing to actually help fill those needs and gaps, rather than go willy nilly.

Senator THOMAS. Well, gentlemen, I agree with all of you. I think there is merit in this, in looking at it. On the other hand, I understand the uniqueness of the parks, and that probably we ought to be looking at additional ways to accomplish these things, so that's kind of where we are.

I do believe—and I'm glad the park Director was here. I do think some of the information that came out originally was probably not as accurate as it should be in terms of what their real goals are. I'm sorry, I would like to ask more questions, but we're about down to the end of this vote.

Senator AKAKA. Mr. Chairman, I have questions, but I will submit them for the record.

Senator THOMAS. We appreciate very much your being here, and hope you will continue to give some thought to this as we move forward. Thanks so much. We appreciate it. The committee is adjourned.

[Whereupon, at 4:40 p.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

ASSOCIATION OF NATIONAL PARK RANGERS,
August 6, 2003.

Hon. CRAIG THOMAS,
Chairman, Subcommittee on National Parks, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR CHAIRMAN THOMAS: I would like to thank you for affording the Association of National Park Rangers the opportunity to testify on the important subject of competitive sourcing in the National Park Service. We also were pleased to receive additional questions to be answered for inclusion in the official hearing record. Following are the Subcommittee's questions and our answer to each.

Question. If competitive sourcing is not appropriate for the National Park Service, how would you suggest they go about improving efficiency and lowering costs?

Answer. ANPR is not opposed to competitive sourcing. However, we are opposed to its use in a top-down, quota-driven program, as in the President's Management Initiative. Like other management tools, competitive sourcing produces the most effective results when selected for use by local managers whose decisions will take into account overall park operations and long-term stewardship. Additionally, we believe that the Business Planning Initiative (BPI), made available to the parks by the National Parks Conservation Association, has the greatest potential for improving efficiency and effectiveness of the parks. The process of linking business considerations (i.e., costs, revenue, and opportunities) to a strong strategic focus (i.e., park goals), enables park management to more thoughtfully consider whether park functions can best be handled in-park or under a business contract. This is especially true as parks seek, through partnerships and other business innovations, to develop additional value for the public and enhanced revenues for park operations. Unfortunately, to date, only about 10 percent of the parks have had the opportunity to go through the rigorous and beneficial BPI process.

Question. Everyone seems to agree that Park Rangers are inherently governmental and should not be subject to competitive sourcing. Which jobs within the National Park Service do you think would be best suited for competitive sourcing?

Answer. There may be appropriate applications of competitive sourcing in the National Park Service, but this involves decisions that should be made by managers close to the positions in question. We believe it would be more beneficial to consider outsourcing in relation to work functions rather than to jobs or positions. This approach would enable the Service to efficiently and effectively handle specific functions (e.g., certain aspects of firefighting) without diminishing park capabilities in meeting the Congressionally mandated mission.

We hope that you find these answers helpful. Please let us know if there is further information that we can provide to the Subcommittee.

Sincerely,

KEN MABERY,
President.

RESPONSES OF GEOFF SEGAL, DIRECTOR OF PRIVATIZATION AND GOVERNMENT REFORM POLICY, THE REASON FOUNDATION, TO QUESTIONS FROM SENATOR THOMAS

Question 1. How common is competitive sourcing by state governments?

Answer. According to the Government Contracting Institute, the value of state government contracts to private firms is up 65 percent since 1996, reaching a total of $400 billion in 2001. This figure does include the federal government; however, the rate of increase is similar at all levels of government. A 1998 survey by the Council of State Governments found that 60 percent of state agencies had expanded their use of competitive sourcing in the past five years, and 55 percent expected to expand their use of competitive sourcing further in the following five years. Looking specifically at state park systems, in the same CSG survey, park departments were more likely than other [executive] agencies to expand [competitive sourcing] in the past five years. Respondents also expect the trend to continue for the next five years—with almost three quarters of the respondents more frequently in the coming years, and most others will maintain current levels.

Question 2. Under what circumstances is competitive sourcing not advisable?

Answer. I believe that OMB has issued some guidelines, however, there are a couple of general rules of thumb. Positions that deal with policy making or are central to achieving the mission. With that said though, I think it is important that every position be reviewed over time—commercial activity or not. All positions should be subject to review for efficiency and effectiveness, so as not to allow agencies to stagnate.

Question 3. Some organizations have been criticized for taking too long to conduct a competitive sourcing review. Based on your experience, how does the amount of time vary and is there a range of time that you would consider reasonable for competitive sourcing?

Answer. The more complex the competition is, the longer it will take. Specialized services like engineering will have longer competitions then a competition for a ticket taker or vehicle maintenance position. However, some previous competitions have been stalled or hindered by the agency, so as to prevent the competition from taking place. OMB has issued numerous examples and believes that under the new A-76 guidelines full fledged competitions should take no longer then 12 months. I agree with this timeline, most states and local governments complete competitions in far less time—in some cases in only 3-6 months.

Naturally, smaller competitions will take less time. OMB has suggested that 65 FTE's and under should be completed in 30 days. Its possible that longer studies of such small competitions will result in higher study costs and will offset any benefits or cost savings achieved.

Question 4. We've heard reports that competitive sourcing reduces morale and raises anxiety among workers. Is this inevitable or can you explain how it might be minimized or avoided?

Answer. The clear path to improving morale is information. Getting reliable and accurate information about the competitive sourcing plan is essential. To date there has been a lot of misinformation, if that continues, yes morale will continue to fall (if it has). I think anxiety is natural, there is a level of uncertainty and lack of control. By working with the employees, answering their questions and fears, these feelings can be minimized. Following the approach taken by the Department of the Interior will also minimize these concerns. Early on, Interior entered into an agreement with their union and have worked with them to address fears and concerns. They've also been very strategic about their implementation, shifting competitions between pay grades and locations so as to limit the burden to any one grade and location. This thinking and effort has allowed the Department to use competitive sourcing without a single RIF.

Additionally, the first competition that is won by employees will raise morale. Once they see that they can compete, and that they are given a fair and balanced chance to win, many of the fears will be quelled. Again, I point to the Interior where employees have won nearly 50 percent of competitions.

RESPONSES OF BILL WADE, FORMER SUPERINTENDENT, SHENANDOAH NATIONAL PARK, TO QUESTIONS FROM SENATOR THOMAS

Question 1. As a former park superintendent, which positions currently performed by government employees within the National Park Service would be good candidates for performance by a private contractor?

Answer. The NPS ought to be allowed to determine which positions are "mission critical" rather than using the arbitrary "inherently governmental" approach. Mission critical positions would be those that are heavily multi-disciplinary, are crucial

to the institutional capability of a manager to determine and act on "situation awareness" or are organizationally sensitive in nature (e.g., law enforcement, financial management, certain human resource management, etc.). Such mission critical positions would vary depending on the park or office, and would not be determined by occupational series across the board. Positions determined not to be "mission critical" would be candidates for competitive sourcing.

Question 2. In your experience as a manager in the National Park Service, did you ever take action to reorganize your workforce to improve efficiency and quality? If so, how is competitive sourcing any different and were you able to keep the cost savings?

Answer. Several times during my career I initiated workforce reorganizations. These were usually necessitated by the shrinking capability of the budget, or by FTE ceilings. These often resulted in greater effectiveness and quality improvement. Budget limitations often were driving the action, so "cost savings" per se were not a result but a driver.

Question 3. Did you have contract or private sector employees working in your park? How would you rate their overall quality and performance?

Answer. Often specific projects were contracted out, but at Shenandoah, we did not contract out entire functions while I was there. However, we did rely heavily on volunteers to carry out some functions (e.g., trail maintenance in backcountry) that we could not adequately accomplish with paid staff.

Question 4. Specifically, how do you feel that a contractor would diminish the level of service currently provided by NPS employees?

Answer. My biggest concern would be the reduction in the institutional capability of a park manager to acquire good information, interpret that information, and predict the future of processes and actions if certain "mission critical" positions (such as scientists, resource managers, education specialists) are contracted out. Moreover, I am concerned about the loss of expertise and overall pride and commitment of the workforce—especially as perceived by the public—if public contact positions are contracted out.

Question 5. Have you had occasion to speak to any NPS employees and determine their level of understanding of the competitive sourcing process and gauge whether there is a loss in morale?

Answer. Having recently accomplished a project for the Intermountain Region of the NPS to develop a "Strategic Plan for Improving Operational and Organizational Effectiveness" I had occasion to obtain substantial input from employees in the region, both in workshops and via e-mail. I believe the level of understanding of the competitive sourcing process is fair to good among those employees. Their greatest concern is not for the potential loss of their own jobs; rather it is a fear that contracting out will change the NPS's ability to meet it's mission mandate and ultimately reduce the public's image of the agency. They are concerned that the process ultimately will reduce the flexibility within parks to meet unusual, unpredictable and emergency situations, which are typical and ongoing in parks. It should be noted that EVEN IF the NPS "wins" the contract in a competitive sourcing action (as Director Mainella predicts often will be the case), the work unit then must operate in accordance with the conditions established for the RFP, thus making the operation much less flexible. The problem here, of course, is being able to adequately capture the multidisciplinary nature of many jobs and the lack of a stable, predictable work situation into a contracting document.

I believe there is a significant loss in morale in the NPS right now (some say it is the lowest observed in up to 50 years), and the pressure of the competitive sourcing initiative (and the attendant costs and loss of corresponding operational capability) is one of several factors causing this.

[Responses to the following questions were not received at the time this hearing went to press.]

QUESTIONS FOR FRAN MAINELLA, DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, FROM SENATOR THOMAS

Question 1. As I mentioned in my opening statement, for years the Park Service has been urged to eliminate the number of commercial functions. For instance, in 1997 Congress instructed the Park Service to:

"Continue to increase its contracting of commercial activities, with the goal of divesting itself of such activities by the end of fiscal year 1999. When services or products of equal quality and cost are available from the private sector, the Service

should use the private sector. The budget savings achieved should be used to reduce the maintenance backlog." (See attached document)

While you were not the Director of the Parks Service at the time, could you tell the committee what the Parks Service did to follow through with this provision? (Clinton Administration failed to act on Congressional requirement).

Did the Park Service provide a report to the House and Senate on its efforts to divest itself from commercial functions?

Question 2. Between 1982 and 1990, GSA studied 459 of its in-house work activities, many with A-76, and saved an average of 40 percent. Since 1978, DOD has studied 2,300 activities and saved 33 percent. With permanent, year-after-year payoffs like these, it seems to me that the cost of doing the studies is trivial compared to the potential benefit to the parks, your budget, and the visitors. How would you explain the resistance and reluctance in NPS to move forward on this effort?

Question 3. Critics of competitive sourcing have said that use of contract personnel will lower the quality of the visitor experience. How will you sustain a high quality visitor experience during and after the competitive sourcing process?

Question 4. You have asserted that competitive sourcing would have a negative effect on the diversity of the NPS workforce. The NPS is considered to be considerably under-represented in the diversity of its employees, what steps are you taking to improve the diversity of the workforce as competitive sourcing progresses?

Question 5. While I understand the revisions to the A-76 process eliminated the practice known as direct conversion, could you explain to the Committee why the Parks Service used direct conversions for a number of positions?

Also, when direct conversion was used by the Parks Service, was there any economic analysis done?

Question 6. Critics of the competitive sourcing effort have reported that volunteer participation will decline if contractors are hired to perform trail maintenance and similar activities. How does the Administration plan to address the potential impact of competitive sourcing on volunteer programs?

Question 7. Which programs or projects have you extended, postponed, or canceled in order to fund the competitive sourcing effort? How are you funding the competitive sourcing effort?

Question 8. A *Washington Post* article on July 15 of this year reported that the Park Service is reviewing archaeology positions at the Midwest and Southeast Archaeological Centers for competition. Is this true and if so, when do you expect to make a decision regarding the future of the archaeology positions?

Question 9. Why pick archaeologists as one of your first studies, as opposed to the types of operations more commonly contracted for by most local governments, such as road maintenance and repair, snow plowing, vehicle maintenance, janitorial, etc?

Question 10. If, through competition, a contractor assumes the archaeological functions, how do you intend to maintain the quality, and more importantly, the quantity of effort currently expended through volunteers?

Question 11. In addition to competitive sourcing, I also understand that the Department of the Interior is putting together a workforce plan. Is the workforce plan being incorporated into the Park Service's competitive sourcing plan?

Question 12. You have stated that the NPS competitive sourcing effort will be focused on positions with projected retirements, high attrition, positions that are difficult to recruit and retain, and positions with a history of poor performance. How do you intend to do this?

Question 13. Federal jobs pay well if you include benefits in the total pay calculation. Are you lowering the economic standard of rural communities if you contract out positions?

Question 14. How will you ensure that workers continue to receive medical benefits for positions filled by contract employees?

Question 15. Through this process do you foresee the need to request Reduction-in-Force or Early Out authority?

Question 16. When you served as Director of Parks programs in the State of Florida, what type of competitive sourcing did you undertake in that organization?

Question 17. The Administration has consistently opposed new park designations in order to place emphasis on correcting the maintenance backlog. Why spend funds on competitive sourcing if maintenance backlog is a priority?

QUESTIONS FOR ANGELA STYLES, ADMINISTRATOR FOR FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET, FROM SENATOR THOMAS

Question 1. What changes has the Administration made in the competitive sourcing effort based on feedback from employees and the public?

Question 2. Has the NPS submitted or developed a communication plan for its employees?

Question 3. Has the National Park Service provided adequate information to its employees servicewide?

Question 4. Civilian agencies, including the National Park Service, have little experience with competitive sourcing. What has OMB done to modify the A-76 process to make it more compatible with civilian agencies?

Question 5. What is the Administration's position on efforts in the House of Representatives to shield Archeologists from competitive sourcing?

Question 6. What has OMB been doing to tailor the percentage of "commercial" positions being examined to something more appropriate for an agency like the National Park Service that has a mission involving close contact with the public?

Question 7. Following an A-76 competition in which a private sector company wins, can you explain to the Committee what happens to the savings that are had? Do they go back to the Treasury?

QUESTIONS FOR SAM KLEINMAN, VICE PRESIDENT FOR RESOURCE ANALYSIS, CENTER FOR NAVAL ANALYSIS CORPORATION, FROM SENATOR THOMAS

Question 1. How much has the Department of Defense spent for its competitive sourcing effort, how many years has the study been ongoing, and how many positions have they reviewed?

Question 2. We all learn from experience and use the lessons learned to avoid mistakes in the future. What are the most important lessons learned from conducting competitive sourcing in the Department of Defense?

Question 3. What advice can you offer the National Park Service to help them minimize the adverse impact of competitive sourcing?

Question 4. What is the success rate of government versus contract in winning contracts?

Question 5. Overall, have the contractors provided the same or better level of service than public employees?

APPENDIX II

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

STATEMENT OF COLLEEN M. KELLEY, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

Chairman Thomas, Ranking Member Akaka, and other distinguished members of this subcommittee, thank you for giving me an opportunity to submit testimony in opposition to the Administration's plans to privatize National Park Service (NPS) jobs. The National Treasury Employees Union (NTEU) represents 150,000 federal employees in 29 federal agencies and departments, including many of the men and women who work at the National Park Service.

NTEU strongly opposes OMB's quota-driven campaign to privatize National Park Service jobs and hundreds of thousands of other federal employee jobs throughout the government. We believe this privatization initiative is unfair to federal employees, and will ultimately result in government services being delivered by unaccountable private contractors at higher costs and lower value to the taxpayers.

The Park Service is reviewing more than 1,700 federal jobs for privatization to meet OMB's "competitive sourcing" quotas. An April memorandum from NPS Director Fran Mainella raised serious concerns about the high costs and effects on park operations of complying with the OMB privatization mandate. The memorandum pointed out that since the OMB mandate is unfunded, NPS will have to cut its park maintenance budget. The memo also stated that, "covering these costs would have serious consequences for visitor services and seasonal operations," as "agency staff must be taken off other priority projects to accomplish the competitive sourcing studies." In addition, the memorandum cites the negative impact the privatization studies will have on the diversity of its workforce.

With strong bipartisan support, the House of Representatives recently approved the House Interior Appropriations Act for FY 2004, which included an amendment that would put the brakes on efforts at the Park Service to privatize the jobs of hundreds of professional Park Service employees. With this vote, the House of Representatives sent a clear signal to the Administration that the reckless campaign to privatize the federal government has gone too far, too fast.

The breadth of the Administration's rush to privatize goes well beyond the Park Service. In addition to the Park Service, every agency—from those charged with enforcing our tax and trade laws to those ensuring our homeland security—is being forced to comply with the OMB mandate. The Park Service and other federal agencies are already struggling under tight budget constraints in order to carry out their missions. And now with this unfunded OMB mandate, all agencies are being forced to dip into their operating budgets to hire outside consultants to conduct the "competitive sourcing" studies. In addition, federal employees at the Park Service and elsewhere have been shifted away from their core activities in order to prepare performance work statements, develop in-house organizations, and conduct cost comparison studies. And as more and more government functions are privatized, the funding and staffing necessary to oversee contractors and ensure their compliance with contracts will skyrocket.

I urge this subcommittee to work to stop the reckless privatization underway at the National Park Service and other federal agencies. Safeguarding our national parks and natural treasures has always been the responsibility of federal employees and it always should be. When Americans visit our national parks, they rightly expect to be greeted by rangers employed by the federal government, not by guards rented from major campaign contributors. Now is not the time for the federal government to turn its back on our nation's vast array of natural riches.

Thank you for giving me the opportunity to testify today.

STATEMENT BY BOBBY L. HARNAGE, SR., NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

INTRODUCTION

Thank you, Chairman Thomas, for this opportunity to submit written testimony for today's hearing on the impact of the Bush Administration's wholesale privatization policy on the National Park Service (NPS). AFGE urges Senators to support efforts to at least temporarily suspend the massive effort underway at the Department of the Interior and related agencies to privatize the services performed by the reliable and experienced federal employees—including scientists, archeologists, architects, curators, engineers, fire fighters, and laborers—who have dedicated their lives to safeguarding America's natural treasures.

The House Interior Appropriations Bill already includes a bipartisan provision (Section 335) that would suspend this wholesale privatization effort so that the Congress can develop a better understanding of its costs and consequences. AFGE urges lawmakers to include a similar provision when the Interior Appropriations Bill is considered on the Senate floor.

Currently, Interior and related agencies are under extraordinary pressure to privatize critical programs because of an onerous quota imposed upon all agencies by the Office of Management and Budget (OMB) to review for privatization 15% of their "commercial" activities by the end of FY 2003. This quota is being applied regardless of the impact on the mission of Interior and related agencies or the needs of all Americans who depend on those agencies for efficient and reliable service. In fact, OMB has refused to supply any research or analysis to justify the privatization quota, despite a report requirement in the FY 2003 Omnibus Appropriations Bill. However, the sanctions that OMB imposes on agencies that fail to fulfill the privatization quota are severe, ranging from arbitrary reductions in staff to punitive budget cuts.

That's why it is so imperative that the Congress protect Interior and related agencies from this controversial privatization effort by preventing the OMB quota from being enforced with respect to the essential work performed by those agencies. Like the Republican and Democratic lawmakers on the House Appropriations Committee, as expressed in the report for the Interior Appropriations Bill, AFGE is

> "concerned about the massive scale, seemingly arbitrary targets, and considerable costs associated with this initiative, costs which are expected to be absorbed by the agencies at a time when federal budgets are declining . . . This massive initiative appears to be on such a fast track that the Congress and the public are neither able to participate nor understand the costs and implications of the decisions being made."

According to political appointees in Interior and related agencies, the OMB privatization quota has diverted staff from high-priority assignments, consumed funding that the Congress had directed towards fulfilling important mission-essential requirements, and has turned back the clock on efforts to ensure the in-house workforce is as diverse and inclusive as the American people.

WHY THE OMB OUTSOURCING QUOTA SHOULD BE SHUT DOWN IN INTERIOR

1. Currently, Interior and related agencies are under extraordinary pressure to privatize critical programs because of an onerous quota imposed upon all agencies by OMB to review for privatization 15% of their "commercial" activities by the end of FY 2003. This quota is being applied regardless of the impact on the mission of Interior and related agencies or the needs of all Americans who depend on those agencies for efficient and reliable service. In fact, OMB has refused to supply any research or analysis to justify the privatization quota, despite a report requirement in the FY 2003 Omnibus Appropriations Bill.

House report language: ". . . (T)he Committee remains concerned about the massive scale, seemingly arbitrary targets, and considerable costs associated with this initiative, costs which are expected to be absorbed by the agencies at a time when federal budgets are declining."

Senate report language: "The Committee also notes the seeming absence of consideration of previous competitive sourcing experiences, which often have occurred with the Committee's encouragement and active involvement. The National Park Service's Denver Service Center and the mapping activities of the U.S. Geological Survey are two such examples. While the Committee does not contend that agencies should be satisfied to rest on past achievements, it does expect that past successes and failures be evaluated in some detail prior to the launching of any major new

initiatives. If such an evaluation has taken place, the results have not been presented to the Committee."

2. The OMB privatization quota is having an adverse impact on the ability of Interior and related agencies to perform their missions.

House report language: "The Committee understands that the Forest Service expects to spend $10 million during fiscal year 2003 on competitive sourcing activities. The Committee is concerned that all forests and most contracting officers will be heavily impacted by this effort at a time when they should concentrate their attention on improving business practices that were adversely affected by last year's severe fiscal situation due to the redirection of funds for emergency fire-fighting."

National Parks Service Director Fran Mainella: "In addition to contract costs agency staff must be taken off other priority projects to accomplish the competitive sourcing studies."

The *Washington Post* (April 19): "(Director) Mainella noted that covering such costs without new funding would have 'serious consequences for visitor services and seasonal operations.' The most likely result, agency spokesman David Barna said, is that the park service would cut back on the 6,000 to 8,000 seasonal employees, including park rangers and trail guides, that it typically hires to handle the crush of visitors during the summer."

National Parks Service Director Mainella: "Another major area of concern is the cost of the studies. Our negotiations and information on consultant costs to date reflect the cost of approximately $3,000 per FTE in a full cost comparison study . . . Further, the cost of monitoring work that is ultimately contracted out is an unknown to us . . . (W)e do not have a fund source to cover the cost of completing these studies. The costs are too significant to be covered by the affected parks as some in the Department have suggested."

GovExec (June 16): "The Park Service has already cut back some facility repairs in order to finance competitive sourcing studies and law enforcement costs related to the war on terrorism. In a May 7 memorandum to park superintendents in the Pacific West Region, which encompasses five western states, Park Service officials announced that $4.6 million in building repairs would be cut. "Our region recently received a $4,617,000 assessment [from the regional repair program] to fund law enforcement costs for anti-terrorism activities and for competitive sourcing studies," said Cynthia Ip, chief budget officer in the Pacific West Region, in a recent memo. "The assessment is a substantial cut of 28 percent from the congressional approved amount for the [program]," she added. Repair projects put on hold include the seismic retrofit of 18 historic buildings in the Golden Gate National Recreation Area, according to an attachment to Ip's memo.

The *Washington Post* (June 10): "To understand how budget cuts and job anxiety are playing out on the ground, consider Mount Rainier National Park, where 1.3 million people a year visit a 14,410-foot volcano southeast of Seattle. Administrators of the park have been instructed this spring to absorb a 40 percent cut in their repair budget. The order halted plans to fix a rotting footbridge and a dilapidated backcountry ranger cabin. The bridge and cabin are part of a $90 million maintenance backlog in the park. Dave Uberuaga, superintendent at Mount Rainier, said the $273,000 that would have been spent this year to fix the bridge and cabin will instead pay for an 18-month privatization study by consultants. They will examine whether the government could save money by replacing 60 percent of the 112 federal employees in the park with contract workers."

3. Interior and related agencies are spending large sums of funds appropriated for mission-essential work to pay off high-priced privatization consultants.

House report language: "This massive initiative appears to be on such a fast track that Congress and the public are neither able to participate nor understand the costs and implications of the decisions being made. In addition, the Committee's required reprogramming guidelines are not being followed. While millions have been spent, reprogramming letters have not been forwarded to the Committee."

Senate report language: "The Committee is deeply concerned, however, at the administration's failure to either budget adequately for the cost of the initiative or describe such costs in budget documents. As a result, significant sums are being expended in violation of the Committee's reprogramming guidelines and at the expense of critical on-the-ground work such as maintenance of Federal facilities. The Forest Service alone plans to spend $10,000,000 on competitive sourcing in fiscal year 2003, including $8,000,000 to establish a competitive sourcing office. Such activities were described nowhere in the Forest Service's fiscal year 2003 budget justification, and were not provided for in the fiscal year conference report or accompanying statement of the managers. The Department of the Interior is also spending significant amounts on the competitive sourcing initiative."

GovExec.com (June 24): "The Forest Service had planned to spend $10 million on job competitions in fiscal 2003, a figure that includes contractor support and the cost of running a competitive sourcing office in Washington, according to Thomas Mills, deputy director for business operations at the agency. On Tuesday, Mills said the Forest Service will conduct another estimate of the cost of its competitive sourcing in response to congressional concerns. 'It looks like there's enough interest that we're going to do a new estimate,' he said. 'I'm fairly confident it will be more than $10 million,' he added."

4. Because Interior and related agencies lack sufficient capacity to conduct privatization reviews and administer an ever-growing number of service contracts, the Congress has little insight into how efficiently taxpayer dollars are being used.

House report language: "Each agency should provide in-depth report to the Committee detailing the results of completed studies and the action to be taken as a result of those studies. The reports should be completed by March 1, 2004, and should include specific schedules, plans, and cost analyses for the outsourcing competitions."

5. The OMB privatization quota is having a devastating impact on the ability of agencies to employ a workforce that is as diverse and inclusive as the American people.

National Parks Service Director Mainella: "First is the diversity issue. In recent years we have sought to increase the diversity of the agency workforce. These studies have the potential to impact this effort, for example, 89% of the FTE proposed for study in the Washington, D.C., area may affect the diversity of our workforce. Studies in San Francisco and Santa Fe show large concentrations of diverse FTE as well. This potential impact upon this workforce concerns us."

6. OMB has recently made the privatization process even more unfair to federal employees, especially in the context of the privatization quota.

a. The new A-76 emphasizes a streamlined competition process that does not ensure that federal employees are able to submit their best bids and that contractors at least promise appreciable savings before work is contracted out; this process has even been repudiated by the pro-contractor Commercial Activities Panel.

b. The new A-76 also introduces a subjective best value competition process that allows contractors to submit more expensive and less responsive bids than federal employees and still win contracts. The Senate Armed Services Committee has prevented the best value process from even being used by the Department of Defense on any services other than information technology.

c. The new privatization process also absolutely requires federal employees to compete in order to acquire and retain work, but not contractors.

d. Federal employees are held strictly accountable in the event of failure, but not contractors.

e. The OMB privatization quota is entirely one-way: only work performed by federal employees is reviewed, even though OMB officials insist that they have "removed all obstacles" that would prevent federal employees from competing for new work and work performed by contractors.

f. Federal employees, unlike their contractor counterparts, are still deprived of the legal standing to take contracting out concerns to the General Accounting Office (GAO) or the Court of Federal Claims.

g. Agencies receive no credit for using alternatives (reorganization, consolidation, labor-management partnerships) to privatization to make their agencies more efficient, even those that don't have the significant costs associated with privatization (conducting a competition, transitioning the work, and administering a contract).

STATEMENT OF CRAIG D. OBEY, VICE PRESIDENT FOR GOVERNMENT AFFAIRS, NATIONAL PARKS CONSERVATION ASSOCIATION

Mr. Chairman and members of the subcommittee, the National Parks Conservation Association (NPCA) appreciates the opportunity to submit testimony on a subject of major concern to us—the administration's plan to outsource a significant number of positions at the National Park Service. NPCA is the only national, nonpartisan advocacy organization exclusively devoted to protecting the national parks. Today, we have more than 300,000 members nationwide.

The National Park Service is one of the most beloved institutions of American government. It is comprised of some of the most dedicated and underpaid public servants in our nation and is the guardian of our most precious natural and cultural treasures. Not only do the people of the Park Service protect the legacy of great

Americans ranging from presidents John and John Quincy Adams and the Reverend Martin Luther King, Jr. to the Wright brothers, but they also bring to life historic battles at Manassas, Gettysburg, and Glorieta Pass, and preserve remarkable gifts of nature at Mount Rainier, Great Smoky Mountains, and Theodore Roosevelt national parks. Together, these places preserve a collective American heritage that must be treated with the highest care.

Yet, the administration's Office of Management and Budget (OMB) and Department of the Interior are moving aggressively with a policy that could hand over to low-bidding private contractors a majority of jobs in the already understaffed, financially strapped National Park Service, including archaeologists, anthropologists, biologists, museum curators, masons and other maintenance workers. As currently designed, this rapid, massive effort to competitively outsource many Park Service positions threatens to adversely impact our national parks and the experiences of millions of park visitors, and would further limit the ethnic diversity of the Park Service workforce.

NPCA strongly supports the pause in outsourcing activity approved last week by the House of Representatives. We believe a pause is more than reasonable, given the administration's aggressive, reckless pursuit of outsourcing and competition as an end in itself, without providing due consideration to the mission and needs of our national parks. The Park Service already outsources an enormous amount of activity, but we must look before we leap. It is essential that we avoid reaching a tipping point at which too much responsibility for protecting our national treasures is placed in the hands of commercial interests, and too little left in the hands of the mission-driven Park Service. The protection of our national parks must be acknowledged as an inherent responsibility of government and Park Service employees recognized as key to the preservation of our national heritage for present and future generations.

BACKGROUND

Originally established in 1955, and codified by the Federal Activities Inventory Reform (FAIR) Act of 1998, the privatization policy described in OMB Circular A-76 was created to ensure that activities performed by the government are as cost-effective and efficient as possible. The policy outlines the procedure for deciding whether commercial activity done by a federal government employee will be contracted out, kept in-house, or performed by a separate government agency.

The term "inherently governmental function" defines a function that is so intimately related to the public interest as to require performance by government employees, and therefore not be subject to A-76. OMB's controversial rewrite of the A-76 Circular, which was made public in December 2002 and finalized in May, includes changes that threaten our national parks. The most problematic aspects of the revised Circular are that it:

- Redefines the term "inherently governmental function" by deleting the provision that includes jobs involving the "regulation of the use of space, oceans, navigable rivers, and other natural resources";
- Presumes all federal activities are commercial, and subject to contracting, unless an agency can prove otherwise;
- Designates a political appointee to approve or reject a career professional's justification that a particular job is inherently governmental, the key test for whether a job is considered commercial; and
- Requires that all competitions be completed within one year.

We do not oppose the FAIR Act, nor do we oppose outsourcing in appropriate circumstances. However, we are extremely concerned by the degree to which the Bush administration has broadened the reach of the contracting out of Park Service jobs by removing the presumption that protecting natural resources is an inherently governmental function. Further, we are concerned that the administration has, to this point, demonstrated no willingness to slow this process to the degree necessary to ensure that enormous mistakes are not made.

PRIVATIZATION IN THE PARKS

The National Park Service already provides significant and appropriate opportunities for private sector partnerships. The concessions program, which generates annual revenues of $800 million, has long been a private undertaking. More recently, architectural, design, and printing work throughout the National Park System has been and continues to be contracted out. In individual parks, both large and small, superintendents already make decisions as to what jobs can, and should, be outsourced. Thus, without intervention from political appointees in Washington.

D.C., the Park Service has already outsourced positions, when appropriate, while retaining the positions and functions that are key contributors to its core mission to protect the national parks and connect the American public to its shared history and culture.

Importantly, the Park Service has yet to assess the impact of the significant activity it has already outsourced. The fact that so much activity at the Park Service is already in commercial hands provides an enormous opportunity and reason to study what has already occurred, before moving aggressively to further shift the balance. Ultimately, the question asked should not be how many positions conceivably could be placed in commercial hands, but the aggregate impact of such privatization on the mission of the National Park Service.

COSTS AND CONSEQUENCES

NPCA is enormously concerned by the speed, breadth, and cost of the administration's outsourcing effort. The Park Service's own estimates indicate it costs $3,000 per FTE to conduct outsourcing studies. The Park Service's commercial activities inventory identified about 11,500 "commercial" FTE that are potentially subject to outsourcing. Using the Park Service's $3,000 estimate, studying the positions identified in the inventory could cost the taxpayers more than $34,000,000. This total amount far outstrips the Park Service's own estimate earlier this year that bringing in consultants to help run the private-public competitions may cost between $2.5 million and $3 million in the near future. But either way, this is money that the Park Service does not have, as national parks are already operating, on average, with only two-thirds of the needed funding a shortfall this subcommittee has been quite helpful in pointing out. We think it particularly unwise to spend such funds when the Park Service's base operating budget is actually decreasing in real terms by 3 percent since FY 2001, according to the House Appropriations Committee—and the Park Service continues to have an enormous backlog of unmet needs.

The situation at Mount Rainier National Park in western Washington illustrates this point. After a century of intense visitation, the park's roads, bridges, and facilities need dire repairs. Under outsourcing and anti-terrorism requirements, the park may have to divert up to 40 percent of its repair budget, putting important projects on hold. We understand that the outsourcing study of 67 maintenance, rescue, and other staff positions at Mount Rainier Park may be postponed past fiscal year 2004. If such a postponement occurs, we wonder if other parks could receive similar reconsideration. After all, many other national parks are, or soon will be, in similar situations.

For example, roughly 150 positions at Great Smoky Mountain National Park are scheduled for study in fiscal year 2004. The administration's plan as of this February was to study 37 Park Service positions in New Mexico, almost all of which are in cultural resource management or archeology. In total, the Intermountain region of the National Park Service consists of roughly 5,000 positions. The fiscal year 2003 Commercial Activities Inventory shows that approximately 2,600 FTE could be studied—positions that include maintenance, administration, and natural and cultural resources. OMB is requiring that before fiscal year 2005, 50 percent of the positions on the Commercial Activities inventory be studied. That means studying 25 percent of all positions in the region. Other regions appear to face similar burdens.

The administration is generally quick to argue that it will only study a cumulative number of 1708 by the end of fiscal year 2004. But this figure ignores the nearly 1,000 direct conversions that have already occurred; some that likely were inherently governmental in nature even under OMB's new definitions, and therefore may have been illegally converted. It also misses the larger point—the cumulative impact of this enormous shift in positions on the long-term ability of the National Park Service to protect our national legacy.

In addition, Congress did not authorize the expenditure of funds to conduct these studies. The Park Service has been very careful to spend less than $500,000 at a time, thus avoiding the reprogramming requirements of the appropriations committees. But, in total, they have spent much more than this amount, and recently submitted a reprogramming request only after the enormous criticism they received from congressional appropriators.

In one example of expenditures, Deputy Assistant Interior Secretary Scott Cameron sent a letter to Congressman Doug Bereuter on May 30, 2003, explaining:

> "The Star Mountain/CH2Mhill contractor team competed among three GSA Schedule contractors to perform five studies involving NPS maintenance and architect/engineer services, as well as the Midwest and Southeast Archeological Centers for $872,491. The contract cost attributable to the two Archeological Centers studied was $412,766, or roughly $200,000 per Center."

To the best of our knowledge, nowhere has the Park Service or the Interior Department explained what Park Service needs went unmet in order to pay for these expensive studies.

Importantly, in the face of enormous pressure, the Park Service leadership earlier this year raised concerns about the cost and impact of the outsourcing initiative to the Interior Department leadership. The Park Service, itself, raised the possibility that funding these studies could force parks to reduce the number of seasonal rangers hired during the summer months—the very people who serve summer visitors—thereby diminishing the experience of the public. We have similar concerns, and share the concerns raised at that time about costs and the potential impact on the diversity of the Park Service workforce.

CONGRESSIONAL ACTION

Concern for how the Interior Department and the U.S. Forest Service have handled this issue led the House of Representatives, on a bipartisan basis, not only to prevent the administration from requiring these agencies to conduct any outsourcing studies during fiscal year 2004, but also from finalizing the study of the Park Service's Midwest and Southeast Archeology Centers. According to the report of the House Appropriations Committee:

> "The Committee remains concerned about the massive scale, seemingly arbitrary targets, and considerable costs associated with this initiative, costs which are expected to be absorbed by the agencies at a time when federal budgets are declining . . . This massive initiative appears to be on such a fast track that Congress and the public are neither able to participate nor understand the costs and implications of the decisions being made."

During the debate on the archeology centers, Congressman Bereuter, who authored the amendment to prevent their outsourcing said, "Now, I do not resist A-76. I have consented and gone along with A-76 for other Federal employment in my district. But this process is flawed from the beginning." He went on to say:

> "There are only three such centers in the United States. We are dealing with two of them here, the majority of the archaeological capability. It is mentioned that they frequently do things for other parts of the Federal Government. They have been involved in looking for the remains of the POWs and MIAs in Vietnam. They were involved in examining the sites of the war crimes in the Balkans. This is a particular expertise that will never, ever, be put back in place again if it is destroyed.

These employees and centers should never have been categorized this way. It is a mistake. They do not want to admit it. Their consultants say it was a mistake, and they have been hushed up as a result with pressure from the National Park Service, pressure which ultimately does come, as the distinguished gentleman from Alaska suggested, from OMB. It is a bean counter that is doing something that is senseless."

Congressman Don Young, who supported the amendment and keeping the archaeology centers in Park Service hands, said, "I believe in a lot of privatization, but archaeology is a system that has to be addressed by professionals, and these people are truly professionals." NPCA would submit that many more of the positions subject to outsourcing at the Park Service may very well be similarly situated.

For example, the Management Summary for 2002 and 2003 for the *Vanishing Treasures* program at the Park Service indicates the program was designed "to bring *Vanishing Treasures* sites to a condition where routine maintenance will suffice for their preservation and the necessary cadre of skills and expertise can be rebuilt and maintained . . . approximately $8 million is needed for a preservation work force estimated at 150 individuals." It goes on to state, "For the duration of the Program, funding will be sought for high priority and emergency preservation projects and to recruit and train craftspeople and subject matter experts such as archeologists, engineers, and historical architects."The Park Service has yet to hire even half of the staff contemplated by the initiative, yet it is these very types of people who may be subjected to outsourcing under the administration's initiative.

NATIONAL PARKS ARE MISSION DRIVEN

Working in America's national parks is for many park staff more than just a job—it is a calling. Unlike nine-to-five contract workers, park staff has an extraordinary sense of commitment to their jobs that provides an extra benefit to the national parks and to park visitors. The overlap between the lives and the jobs of National Park Service employees is enormous. A Park Service maintenance person or re-

source specialist may be red carded to fight fires or might volunteer to give interpretive talks on weekends. There are many examples of this. In fact, few job descriptions reflect the breadth of contribution made by park staff, and it is enormously difficult to see how a low-bidding contractor could replicate the personal dedication and expertise of Park Service staff. In fact, the administration's privatization efforts have already jeopardized the esprit de corps of the Park Service and could undermine its mission.

As Vice President Cheney observed in 2001, "People expect rangers to know just about everything, and they usually do. The typical park ranger works as a historian, resource manager, law enforcement officer, curator, teacher—and sometimes paramedic and rescuer." Park Service staff knows and does just about everything. The multi-tasking nature of such positions cannot be reproduced in a contract mechanism, except at much higher expenditures of already scarce resources, and would likely result in a net loss of services without significant savings.

From the point of view of the public, everyone who wears the uniform of the National Park Service is a park ranger. Because of reductions in the number of individuals employed in the technical ranger series over the years, staff in other positions has increasingly provided the public face of the Park Service.

The administration wisely said it would not outsource ranger positions in the 0025 series, declaring them to be inherently governmental. Nonetheless, it completely missed the point by ignoring the critical nature of many other positions that will still be outsourced, and by placing decision-making authority in the wrong hands. Curators, historians, and resource managers throughout the park system are subject to being contracted out, as are environmental protection specialists, anthropologists, recreation specialists, and a whole manner of individuals who serve and educate the public. And the people who know the parks least are driving those decisions.

The people of the National Park Service—from rangers to visitor center staff to masons, open the eyes of hundreds of millions of visitors every year to the natural and cultural wonders of the parks. But with the resources of the Park Service stretched to the limit, many of these same people must now expend enormous time, energy and cost to justify their jobs in an institution that has a 97 percent popularity rating with the American public.

The contribution of National Park Service personnel to the enjoyment of visitors and to their appreciation and understanding of the parks should not be underestimated. The central role for interpretation in the parks has been apparent from the beginning. As Freeman Tilden, the father of modern interpretation, observed half a century ago, few people who go to the parks are there for a course in botany, archaeology, biology, or geology. He said that when people visit the extraordinary wonders of places like Yosemite, Mount Rainier, and elsewhere, "These things are no longer something just to look at; they are something to wonder about." In Tilden's words:

> "If the blind man who was shown the crater of ancient Mount Mazama had happened to be on the trail with a naturalist, he would have found that sight, however precious, is not the only desirable sense, for the guide would have made plants come to keen perception by their odors and tastes; trees by the feeling of their bark; birds by their call-notes and songs. Even many rocks can be recognized, or guessed, by touch, especially when one knows the kind of rocks that might be expected to occur in a locality."

Depending on the size of or resources available in any given park, all manner of staff, from maintenance personnel to archaeologists, play important roles in enriching the experience of park visitors through interpretation and in providing other assistance to park visitors. This is particularly true in smaller park units. It would be folly to undermine such service and commitment by rushing to focus on job categories and position descriptions, rather than on the systemic impact on the parks.

It is critically important that the national parks be run as efficiently as possible, particularly when they face enormous funding needs and when so many Americans are turning to them as a way to reconnect with their heritage. Indeed, NPCA strongly supports the park specific assessment of needs that can be used to determine whether and when outsourcing or competitive sourcing of positions can benefit the park's mission. This has already been done in 10 percent of the parks. Contrary to administration assertions about the current outsourcing process promoting efficiency, Interior's implementation of competitive sourcing has not been thoughtful, considered, or appropriately focused, and it takes the key decisions out of the hands of those who best understand the on-the-ground situation in individual parks.

It is also critically important that efficiency itself not become the end for which we strive in the parks. In some cases, even the option that first appears to be more

efficient may be much less protective of a park in the long run. That is why the parks, themselves, must be the ones to drive any outsourcing decisions. There are many cases when specific park managers, after careful business planning and analysis of their mission and needs, have contracted for services that could help them fulfill their mission. Park managers know best what their people do. No two parks are exactly alike, and small remote parks may have very different personnel needs from others. A top-down, bureaucratic process with quotas set inside the Washington Beltway cannot adequately reflect the specific situation and needs of individual national parks.

The mission of the National Park Service, as set forth in the 1916 Organic Act, should always be paramount: "to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." The fulfillment of that mission requires dedicated people, and should be considered an inherent responsibility of government.

DIVERSITY OF THE PARK SERVICE WORKFORCE

Importantly, privatization threatens to further limit the ethnic diversity of the Park Service workforce in part because many of the jobs targeted for outsourcing are located in metropolitan areas such as Washington, D.C., San Francisco, and Santa Fe, and are held by people of color. The Park Service has made great strides recently in increasing the diversity of park staff; privatization will destroy this momentum at the expense of providing opportunities for the private sector.

Even if some of the outsourced employees are hired by outside contractors, the impact could be a reduction of career-track opportunities to advance within the Park Service. The administration should be spending at least as much effort to provide career track opportunities that enhance the diversity of the Park Service workforce as it is spending to force these individuals to re-compete for their jobs.

CONCLUSION

OMB's rewrite of A-76 threatens to undermine the ability of the strongly committed, mission-focused National Park Service staff to continue to adequately protect the 388 units of the National Park System. NPCA supports outsourcing in appropriate circumstances after careful analysis. However, no careful analysis of the contracting that has already occurred has ever been conducted. It is reasonable to require a pause in the administration's outsourcing effort in order to protect our national heritage and the experiences of nearly 300 million visitors who visit our national parks every year.

STATEMENT OF THE SOCIETY FOR AMERICAN ARCHAEOLOGY

The Society for American Archaeology (SAA) appreciates the opportunity to submit these comments on outsourcing at the National Park Service (NPS) for the record of today's subcommittee hearing.

SAA is an international organization that, since its founding in 1934, has been dedicated to the research, interpretation, and protection of the archaeological heritage of the Americas. With more than 6,600 members, the Society represents professional archaeologists in colleges and universities, museums, government agencies, and the private sector. SAA has members in all 50 states as well as many other nations around the world.

SAA wishes to make clear at the outset that it takes no position as an organization on the merits or drawbacks of outsourcing certain positions within the NPS Archaeology and Ethnography Program. It is crucial, however, that the possible effects of outsourcing decisions on the protection, management, and interpretation of archaeological resources within the Park System be given serious scrutiny. We are concerned that the process now underway for determining whether particular functions within the Archaeology and Ethnography Program are inherently governmental or not is proceeding without enough importance being placed on the question of future resource stewardship in the parks.

NPS is the steward of some of the most significant archaeological resources in the U.S.; by some estimates, there are as many as one million archaeological sites within the Park System. Many parks with important archaeological resources do not have on-staff archaeological expertise and are dependent on the regional centers for ongoing, day-to-day assistance in cultural resource management and compliance decisions. Additionally, other federal agencies, as well as state agencies and tribal preservation programs, sometimes depend on NPS archaeological staff, particularly

in the regional centers, for specialized advice and expertise on a timely, as-needed basis. Archaeological resources are both subtle and fragile—familiarity with the resources of a particular region or set of parks, and institutional memory about previous work and preservation efforts an about past decisions and the reasons for them, are necessary components of good resource management.

Familiarity with NPS procedures, mission, and corporate culture makes NPS archaeologists particularly effective at working with park managers and fitting archaeological stewardship measures into the ongoing activities of individual parks. The A-76 process, however, specifically requires that activities involving NPS policy development be segregated from activities involved in routine archaeological resource management. If implemented, this artificial separation between policy development and actual on-the-ground resource management could have serious negative implications for archaeological sites in the parks.

SAA is not suggesting that outsourcing, per se, is detrimental to archaeological resources. As an organization, we support outsourcing of archaeological compliance and research work by federal agencies when there is appropriate planning to ensure that the archaeological resources will receive the best possible management, interpretation, and protection. In fact, NPS already outsources substantial amounts of work, some to private sector firms and some through cooperative agreements with colleges and universities. The work that is outsourced through the cooperative programs provides the added benefit of training opportunities for students. If the competitive outsourcing model envisioned by the A-76 process were to be implemented, outsourcing through, cooperative projects with colleges and universities would no longer be possible,

SAA strongly supports participation by a broad spectrum of professional archaeologists in developing innovative management strategies and cutting-edge research programs within federal agencies. The inclusion of archaeologists from academic institutions and private sector firms in archaeological resource management within NPS, whether through outsourcing or cooperative agreements, has been and can continue to be positive, both for the resources and for the agency.

We are concerned, however, that the current outsourcing studies have been conducted without input or review by the archaeological profession, and we question whether adequate consideration has been given to the potential effects of the decisions that are being made on the world class archaeological resources under the stewardship of the National Park Service.

Thank you for allowing SAA to testify on this important issue.

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