



DEFENSE MANAGEMENT

DOD Faces Challenges Implementing Its Core Competency Approach and A-76 Competitions

Highlights of [GAO-03-818](#), a report to the Ranking Minority Member, Subcommittee on Military Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Department of Defense (DOD) is pursuing a new initiative involving a core competency approach for making sourcing decisions—that is, sourcing decisions based on whether the function is core to the agency’s warfighting mission. In determining how to best perform non-core functions, DOD’s position is that its components should look beyond just the use of public-private competitions under Office of Management and Budget (OMB) Circular A-76 in making sourcing decisions, and consider other alternatives such as partnering or employee stock ownership. GAO was asked to assess (1) the department’s progress in assessing its core functions as a basis for sourcing decisions, (2) the plans and progress DOD has made in identifying and implementing alternatives to A-76, and (3) the current status of DOD’s A-76 program.

What GAO Recommends

GAO is recommending that DOD clarify its expectations for sourcing decisions based on core competency assessment results and provide guidance on additional factors that should be considered in reaching a sourcing decision; and ensure that conversion of functions from performance by military to government civilian or contractor personnel have clearly identified sources of funding to support those decisions. The department generally concurred with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-818.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

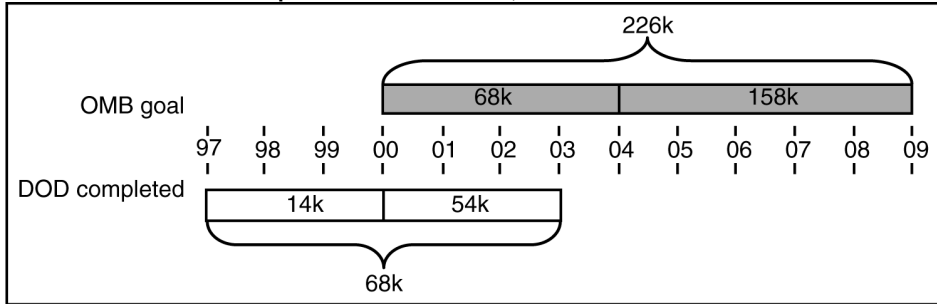
What GAO Found

Progress in assessing core functions has been varied and limited across major Defense components, affected somewhat by ambiguous definitions of the term “core function.” In some instances additional guidance was obtained, but definitions of core remain somewhat broad and subjective, and will likely remain so in the future. Army and Air Force have led within DOD in assessing core functions, but the Army has done the most, and found, contrary to its expectations, that distinguishing between core and non-core functions does not, by itself, prescribe a sourcing decision. Other factors must also be considered such as risk and operational considerations.

The range of alternatives to A-76 likely to be pursued under the core competency-based approach is not yet clear, but DOD has made some progress toward identifying and/or using some alternatives through pilot projects and other efforts by the services as they have focused on the core initiative. However, the use of alternatives could be limited without special legislative authorities and/or repeal of various existing prohibitions, and some could be tempered by the department’s efforts to meet the A-76 competitive sourcing goals set by OMB.

DOD reported that as of June 1, 2003, it has met OMB’s short-term goal to use the A-76 process to study 15 percent of the positions identified in DOD’s commercial activities inventory by the end of fiscal year 2003. However, meeting the longer-term goal to study at least 50 percent (226,000) of its nearly 453,000 commercial activity positions through fiscal year 2008 will present a challenge. This is nearly double the number of positions that DOD has previously studied during a comparable time period, and providing sufficient resources (financial and technical) to complete the studies may prove challenging. Also, the defense components, particularly the Air Force, plan to transfer certain military personnel into warfighting functions and replace them with government civilian and/or contractor personnel. This will require the components to reprioritize their funding for operation and maintenance accounts, because it is from those accounts the services must fund replacement civilian or contractor personnel.

DOD’s A-76 Positions Completed and OMB’s Goal, Fiscal Years 1997-2008



Source: GAO analysis of data provided by DOD.