



**SECRETARY OF THE ARMY
WASHINGTON**

MEMORANDUM FOR SEE DISTRIBUTION

29 APR 2011

SUBJECT: Civilian and Contractor Workforce Management

1. Thank you for your efforts over these past two months in helping us to develop a strategy for managing our civilian and contractor workforce. As you are aware, the Headquarters Department of the Army (HQDA) staff and leadership have been deliberating on how best to achieve the civilian manpower and associated contractor efficiencies required to comply with Secretary of Defense guidance and return to Fiscal Year (FY) 2010 budgeted levels. I am issuing the following direction to ensure that you remain focused on this important objective, as it is likely additional reductions will occur in FY 2012 and beyond, while providing you some flexibility to execute emerging critical hiring actions.

2. In general, commands must manage civilian and contractor workload within the fiscal constraints established by the Assistant Secretary of the Army (Financial Management & Comptroller) (ASA(FM&C)) in the FY 2011 OMA Funding Letter guidance. Funding of in-sourcing is to be managed pursuant to my February 1, 2011 memorandum, *Reservation of In-sourcing Approval Authority*, and the March 4, 2011 implementing guidance. Additionally, service contracts (as defined in the Federal Acquisition Regulation) will not be initiated in lieu of reduced civilian manpower, nor will the level of effort and scope of work of existing service contracts be modified to accommodate work formerly performed by civilian employees. Existing service contracts will be monitored through the contractor inventory review, manpower documentation systems and dollar controls in the program budget and execution financial systems. Contractor and civilian funding execution data will be reported to and reviewed by the Assistant Secretary of the Army (Manpower & Reserve Affairs) (ASA(M&RA)), the Assistant Secretary of the Army (Acquisition, Logistics & Technology) (ASA(AL&T)) and the ASA(FM&C) on a monthly basis.

3. The Suspension of Employment Offers, which has been in place since February 2, 2011 (Enclosures 1 and 2) is adjusted as follows:

a. Commanders and supervisors may now approve hiring actions without seeking the approval of HQDA. However, you may take into account your command's historic attrition and Full Time Employee (FTE) levels in the FY 2010 President's Budget as you establish priorities based on workload, mindful of the law's prohibitions on managing to an end strength figure during execution of a budget. For example, some commands may consider hiring one employee for every three who depart, provided there is in place a mechanism to permit exceptions, if justified based on workload.

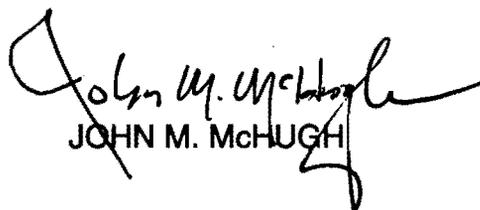
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b. Voluntary Early Retirement Authority, Voluntary Separation Incentive Pay and all available workforce shaping flexibilities are authorized tools to shape your civilian workforce. As you shape your workforce, ensure all statutory/regulatory requirements and appropriate union engagements are met.

c. **All** Reductions in Force (RIF) actions shall be coordinated and cleared with ASA(M&RA) before public notification of actions, release of information or notification to members of Congress and other Executive agencies. ASA(M&RA) will secure my approval of the RIF, when required, and will effect coordination with the Office of the Secretary of Defense (OSD). Submission to ASA(M&RA) for coordination and clearance **must** take place sufficiently in advance so that appropriate notifications and/or reports may be submitted to Congress **at least** 45 calendar days before the RIF is intended to commence.

4. In order to achieve the fiscal targets in FY 2012 and maintain those levels in the out years, additional adjustments will be made and reflected in the Program Objective Memorandum. I appreciate your continued personal attention to managing our professional civilian workforce.



JOHN M. McHUGH

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