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Walter Reed Fiasco Highlights Problems With Federal Contracting Process

Washington, D.C.—The deplorable conditions impacting outpatients at Walter Reed Army Hospital are a not-at-all surprising result of a federal contracting process that drives experienced federal employees from their jobs and seeks to replace them with unaccountable private contractors, the head of the nation’s largest independent union of federal workers said today.

“What happened at Walter Reed is all-too-typical of the results of federal contracting,” said President Colleen M. Kelley of the National Treasury Employees Union (NTEU). Kelley has long been the leader in the fight to rein in the runaway federal contracting favored by this administration.

Significant changes to federal rules covering contracting issued by the Office of Management and Budget in revisions to its Circular A-76 in 2003 strongly favor private sector companies in their efforts to take over federal jobs, Kelley said.

The most immediate impact of an A-76 competition, she said, is that federal employees, fearful of losing their jobs in an agency reduction-in-force even if federal workers win the competition, begin looking for other work. As many leave, their agency finds it virtually impossible to recruit replacements, with the result that the work suffers.

In the wake of the Walter Reed scandal, Sen. Barbara Mikulski (D-Md.), a long-time ally of federal workers in the fight against contracting out, noted in a public statement that when Walter Reed began a public-private competition for maintenance work at the facility, more than 300 employees were performing it. By last month, when the contractor took over the work, fewer than 60 remained.

(MORE)

Kelley: Federal Contracting Generates Problems—Add One

Sen. Mikulski was particularly critical of the failure of the last Congress to approve a measure—defeated on a 50-48 vote—that would have prohibited the Army from outsourcing maintenance work at Walter Reed.

President Kelley said NTEU today is launching a new page on its Internet web site devoted to contracting issues, in an effort to educate taxpayers, Congress and the public on the dangers and true costs of federal contracting. The NTEU web site address is www.nteu.org.

She noted with some irony that IAP Worldwide Services, the company awarded the maintenance contract at Walter Reed, is the same private contractor which said in November it couldn't perform the work of receiving, filing and maintaining tax returns and related documents under the schedule it had agreed to when it bid on a contract from the Internal Revenue Service (IRS).

Despite the agency's award of a five-year, \$103 million contract to IAP, the IRS was left scrambling to staff this function after months of transferring its own employees out of the work.

The federal contracting process is full of examples of boondoggles. In one of the most egregious, a well-known financial institution—Mellon Bank—failed to oversee contractor employees who lost or destroyed tens of thousands of tax documents containing some \$1 billion in tax payments as part of the IRS's lockbox program.

And just last year, the Department of Energy (DOE) rewrote an A-76 solicitation to ensure that a contractor—whose bid was \$2.6 million more than the federal workers already doing the jobs—would be awarded the agency's headquarters logistics function. Kelley described DOE's approach to the rules allowing federal employees to compete to retain their jobs as “a prime example of the folly of the administration's contracting out agenda.”

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments.

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