SECRETARY OF THE ARMY
WASHINGTON

23 FEB 2006

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Policy for Civilian Hiring and Initiation/Continuation of Contracts for Service Personnel

1. Reference Memorandum, Secretary of the Army, 7 January 2005, subject: Accounting for Contract Services.

2. As we begin to implement Lean Six Sigma throughout the Army, the workload performed by our civilian employees and contract services personnel will decrease. Consequently, it is essential that the workload match the workforce and, therefore, the hiring of civilian employees and initiation or continuation of contracts for service personnel must be closely managed.

3. To ensure that all civilian personnel recruitment and contract service personnel actions receive the appropriate level of review, HQDA Principals and Senior Commanders at Army Command, Army Service Component Command, and Direct Reporting Unit levels will be responsible for the approval of these actions. The hiring or services procurement process can not begin in each respective responsible organization until approval is granted through the use of the form at Enclosure 1. This form will be used for processing all civilian personnel recruitment actions and all statements of work for contracts to procure services or to exercise options on existing contracts for services. For these purposes, services are defined as identifiable tasks to be performed, rather than the delivery of an end-item of supply. .

4. The Assistant Secretary of the Army (ASA), Financial Management and Comptroller, in coordination with the ASA, Acquisition, Logistics and Technology and the ASA, Manpower and Reserve Affairs, will develop and implement a management control function that will provide the Army with an accountability mechanism on the use of credit card purchases for contracted services in the amount of $2,500 or less. This policy will be in place not later than 15 March 2006.

5. Nothing in this policy will be construed to either relieve the Department from compliance with existing policies on the approval of the acquisition of services or circumvent statutory limitations, such as, but not limited to, the following provisions: (1) With respect to Department of the Army civilian personnel in general, the implementation of this policy must conform to the requirement of Title 10 U.S.C. §129(a) to manage the civilian workforce solely based on workload within available funding and not based on numerical targets or backfill ratios; (2) With respect to Title 10 U.S.C. §129(b), the number of, and the amount of funds available to be paid to indirectly

funded Government employees (working capital fund) of the Department of Defense (DoD) may not be controlled under any policy of the secretary of a military department for control of civilian manpower resources; and (3) With respect to dual status and non-dual status military, technicians, implementation must be in compliance with the DoD Authorization Act for Fiscal Year 2005, sections 413 and 414.

6. This policy is not intended to disrupt performance of critical missions. Senior Commanders are encouraged to use common sense as they address new requirements. Senior Commanders are encouraged to establish procedures to expedite the approval of emergency essential positions, Global War on Terrorism-funded requirements, and security-related functions affecting life and property, such as air traffic control, law enforcement, and firefighting. While Senior Commanders are free to exercise common sense regarding such issues, they are also expected to consider the impact of today's economic pressures and exercise reasoned restraint in their review actions.

7. HQDA Principals and Senior Commanders will report, on a monthly basis, the number of aggregate hiring and procurement actions approved and disapproved under this policy to the Office of the ASA, Manpower and Reserve Affairs, beginning 3 April 2006, to the attention of Dr. John Anderson, John.Anderson@hqda.army.mil, (703) 692-1924. Inform him of your point of contact for reporting this information not later than 15 March 2006. Examples of these reports are at Enclosure 2 and must include:

a. The number of hiring action approvals and disapprovals; and

b. The number of contract service personnel actions approved and disapproved, and the associated net cost reduction.

8. Accounting for Contract Services is being reported to me by the ASA, Manpower and Reserve Affairs based on the information provided to the data collection web-site. This report is currently required on an annual basis. Effective with the publication of this policy, I will begin tracking the number of Army civilian and contract services personnel by major unit/command on a monthly basis by means of an Army-wide head-count report. This project requires coordinated implementation within your command among resource management, manpower, and contracting activities.

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9. The Army Lean Six Sigma Deployment Handbook will be published in March 2006. The Senior Review Group for business transformation (SRG-BT) will oversee the results of our business transformation initiatives as well as the manpower data reported in paragraph 7.

10. This policy will remain in place until rescinded or superseded.

Francis J. Harvey

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DISTRIBUTION:
HQDA Principals
Commander, US Army Forces Command
Commander, US Army Training & Doctrine Command
Commander, US Army Materiel Command
Commander, US Army Europe & Seventh Army
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Commander, US Army Test and Evaluation Command
Superintendent, US Military Academy

REQUEST FOR CIVILIAN HIRE OR SERVICES CONTRACT APPROVAL

A. Name of HQDA Principal, Army Command, Army Service Component Command or Direct Reporting Unit Organization:

B. Unit Identification Code:

C. Position Title or Project Name for Contract :

D. Position Number or Contract Number/Task Order/Delivery Order Number:

E. Position Grade and Cost/ or Contract Manpower Equivalents and Cost:

F. Justification for fill or contract:

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G. HQDA Principal, Army Command, Army Service Component Command or Direct Reporting Unit Decision:

_____ Approve
_____ Disapprove

Signature Block

H. Name of HQDA Principal or Commander of Army Command, Army Service Component Command or Direct Reporting Unit:

Organization: _____

FY06 Month	Civilian Hiring Decisions		
	Number of Approvals	Number of Disapprovals	Net Change
OCT			
NOV			
DEC			
JAN			
FEB			
MAR			
APR			
MAY			
JUN			
JUL			
AUG			
SEP			
TOTAL			

Organization: _____

FY06 Month	Contract Service Personnel Decisions (est. Full Time Equivalents)		Net Cost Reductions (in thousands)
	Number of Approvals	Number of Disapprovals	
OCT			
NOV			
DEC			
JAN			
FEB			
MAR			
APR			
MAY			
JUN			
JUL			
AUG			
SEP			
TOTAL			