

United States Senator

**BOB BENNETT**

Utah

CONTACT: Mary Jane Collipriest, 202-224-5444, Washington, D.C. 20510

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February 21, 1997

## **BENNETT URGES COHEN TO DENOUNCE "PRIVATIZING-IN-PLACE" IN EFFORT TO STRENGTHEN HILL AIR FORCE BASE**

WASHINGTON, D.C.-- In a letter to Secretary of Defense, William Cohen, Senator Bob Bennett (R-Utah) denounced the present administration's inefficient Air Force depot "privatizing-in-place" program, saying the practice "is expensive... (and) exacerbates excess capacity."

"Now that the election is over and presidential politics should no longer be a factor, the Department of Defense must recognize that 'privatizing-in-place' is a conscious choice to spend \$5 million to keep two depots open in Texas and California as a political pay-off," Bennett said. "From a business perspective, the logical choice is to follow BRAC's (Base Realignment and Closure Commission) recommendations and consolidate work to the strongest depots, including Hill."

The letter, signed by Senator Orrin Hatch (R-Utah) and five other senators, raised the issue to the new secretary and cited a recent estimate from the General Accounting Office analyzing Air Force depot maintenance. According to that report, the GAO estimates that up to \$468 million could be saved by transferring workload to the remaining three depots, rather than incurring "privatizing-in-place" at inefficient, struggling depots. In the letter, senators also noted that the same GAO analysis reports the Air Force itself has done an analysis demonstrating even higher savings-- a \$367 million saving through consolidation and \$322 million in savings by relocating workload to depots with lower hourly rates.

"Privatizing workloads in place at... closing Air Force depots does not reduce the excess capacity in the remaining depots or the private sector and consequently is not a cost-effective approach to reducing depot infrastructure," the GAO's report concluded.

"('Privatizing-in-place') circumvents the intent of the BRAC process, does not appear to be based on any coherent data or a rational depot policy, and changes the philosophy behind depot maintenance without congressional input" the letter to Cohen stated.

"I am hopeful," Bennett said, "that Secretary Cohen will put the health of the Department of Defense above presidential politics. We must realize that tax payer dollars should be spent in the most efficient way possible. Consolidating future workloads at bases like Hill and closing down less efficient bases is only good government and good business."

A copy of the letter is attached.

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# United States Senate

WASHINGTON, DC 20510

February 21, 1997

The Honorable William S. Cohen  
Secretary  
Department of Defense  
The Pentagon  
Washington, D.C. 20330

Dear Secretary Cohen:

As you assume your responsibilities at the Department of Defense, we understand there are a number of important issues you must quickly address. We believe the administration's policy of "privatizing-in-place" at Air Force depots not only warrants your personal attention, but we respectfully request that you cease its implementation.

Using tax dollars to pay private companies to do work while keeping Air Force depots running at only 50% capacity is inefficient. It is expensive. It exacerbates excess capacity. There are questions of how a competition could be structured without a determination of core workload and risk assumptions in shifting critical work to the private sector. Also unclear is how the Air Force can call this process competitive wherein depots are precluded from competing for work they do best, and where the location and number of jobs are predetermined.

This action circumvents the intent of the BRAC process, does not appear to be based on any coherent data or a rational depot policy, and changes the philosophy behind depot maintenance without congressional input. We are not enemies of privatization. Privatizing denotes greater efficiency at a lower cost. Privatizing-in-place does not do either.

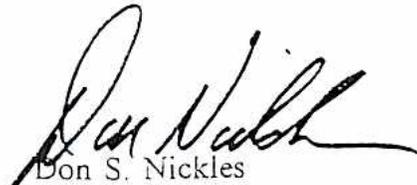
You have emphasized modernization requirements and other pressing needs. In light of these priorities, spending scarce tax dollars to maintain such excess capacity flies in the face of reason. The General Accounting Office estimates that up to \$468 million in savings would occur by transferring workload to the three remaining Air Force depots. This would increase efficiency and lower costs for all Air Force depot work. This same report cites the Air Force Materiel Command's analysis of \$367 million in savings through consolidation and \$322 million in savings by relocating workload to depots with lower hourly rates.

Mr. Secretary, "privatizing-in-place" is not good government or good business. Continued implementation of this policy undermines the credibility of the Department of

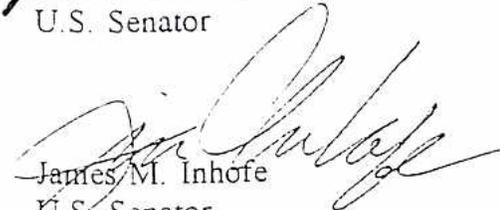
Secretary William S. Cohen  
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Defense's stated financial priorities and risks the future of **legitimate** privatization efforts by the Department of Defense. We look forward to working with you to resolve this very important issue.

Sincerely,



Don S. Nickles  
U.S. Senator



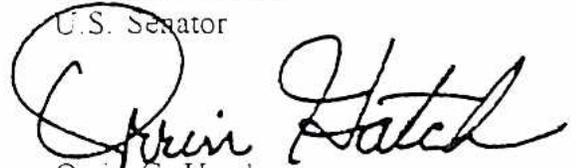
James M. Inhofe  
U.S. Senator



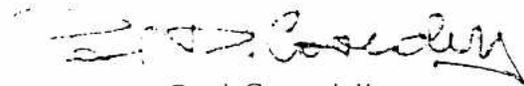
Max Cleland  
U.S. Senator



Robert F. Bennett  
U.S. Senator



Orrin G. Hatch  
U.S. Senator



Paul Coverdell  
U.S. Senator