

DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL REFORM

TESTIMONY BEFORE THE  
SENATE COMMITTEE ON ARMED SERVICES  
SUBCOMMITTEE ON PERSONNEL

Dov S. Zakheim

March 23, 2017

Chairman Tillis, Ranking Member Gillibrand, Members of the Committee, I appreciate your giving me the opportunity to testify on the critical issue of DoD civilian personnel reform. DoD civilian personnel currently account for approximately 36 per cent. of all full-time DOD personnel, including full-time National Guard and Reserves. In the past fifteen years, DOD has added 77,000 more civilians, representing an 11.5 per cent jump in the civilian workforce since fiscal year 2002. During the same period military end strength declined by 8 per cent., or 120,000 personnel.

Over that same fifteen year period, civilian pay increased by a very healthy 31 per cent. Most of that increase went to General Schedule white collar workers; on the other hand blue collar Wage Board pay actually declined by about 5.5 per cent. At the same time, total military pay for all active personnel, including full-time National Guard and Reserves, rose by a mere 0.2 per cent.

Of course, the decline in military end strength means that on a per-capita basis, military pay increased markedly since 2002, and indeed, military pay increases have either equaled or exceeded civilian pay increases ever since. Nevertheless, with civilian pay consuming a significant portion of the budget, and in light of the need to bolster other elements of the defense enterprise, whether to increase active duty end-strength, or to enhance readiness, or to provide more funding to meet acquisition needs, it is important to examine whether the productivity of the civilian workforce justifies the resources it has consumed over the last decade and a half.

Members of the subcommittee, the answer is clear: DOD has benefitted from precious few gains in efficiency even as the workforce has grown so markedly. Moreover, it is not at all evident that the civilian workforce is properly trained to deal with the speed of changes in technology given Moore's Law, which posits that the power of computer central processing units, or CPUs, doubles every two years. In other words, it is highly questionable whether Defense civilians are making the most of Information Technology systems available to them, operating at the cutting edge of cyber technology, or acting as an educated consumer when procuring the vast range of high technology systems that combine with our military personnel to comprise the lifeblood of America's fighting power.

Finally, the availability of contractors to carry out many of the same missions as the civilian staff--politely termed staff augmentation-- has often resulted in civilians offloading to contractors work for which they are themselves responsible, with the result that what is produced is more costly and often, in my experience, less than adequate for the task at hand. It is not without good reason that former Secretary of Defense Bob Gates targeted staff augmentation as an area that deserved both greater scrutiny and urgent reform.

I will first address the question civilian manpower efficiency and then turn to some training and education issues and to the matter of staff augmentation. Numerous reports by the Government Accountability Office, most recently those of December 2015,<sup>1</sup> which addressed

---

<sup>1</sup> Government Accountability Office, *Defense Acquisition Workforce: Actions Needs to Guide Planning efforts and Improve Workforce Capability* (GAO-16-80: December 2015) <http://www.gao.gov/assets/680/674152.pdf>

the acquisition workforce, and of October 2016,<sup>2</sup> which called for efficiencies in both the civilian and contractor workforces, underscore the judgment that the efficiency of the civilian defense workforce leaves much to be desired. The GAO's 2015 report on the acquisition workforce noted that DoD had yet to identify, much less address, all gaps in civilian skills that, it stated, "are essential for effective human capital management." Nor, as of the time of the report, had DoD updated its acquisition workforce plan. It noted that 26 per cent. of all acquisition-related hirings were not in line with DOD's own stated priority career fields. Most troubling, it appeared that DoD had not established time frames for addressing these concerns, all of which go to the heart of workforce efficiency.

The October 2016 report, which, as noted, addressed the entire civilian DoD workforce, not just its acquisition component, pointed out that DoD had "not developed and implemented an efficiencies plan for reducing the civilian and contracted services workforces." Indeed, DoD seemed to be circumventing the intent of Section 955 of the FY 2013 National Defense Authorization Act, which called for such an efficiencies plan to cover the period Fiscal Years 2012-2017. Section 955 allowed DoD to exclude required reductions that it identified as critical, and the Department excluded 538,000 of its 776,000 personnel!

DoD itself has not challenged GAO's findings, nor the general assumption that the civilian workforce could be far more efficient than is currently the case. Indeed, in his memo of February 17 of this year, Secretary of Defense Mattis explicitly called for "making our business operations more efficient and freeing up funds for higher priority programs."<sup>3</sup> Moreover, incorporating a taxonomy that the Defense Business Board highlighted in its own January 2015 examination of DOD efficiencies, Secretary Mattis called for "exploring efficiencies [with respect to] human resource management." Significantly, the DBB identified civilian personnel as a major, if not the major, target of opportunity for efficiencies in the human resources realm. The Business Board noted that annual savings from what it termed "Optimizing the Government Labor Footprint" could amount to anywhere from eight to thirteen per cent. of civilian personnel costs, or anywhere from six to ten billion dollars in the FY 17 budget alone.

Part of the reason for the civilian workforce's inefficiency is its lack of the training and education required for it to keep pace with new developments in technology, including cyber, and indeed, in human resource management as well. DoD civilians can take courses in everything from auditing, to contracts management, to test and evaluation and cost estimation.<sup>4</sup> But many, if not most, of these courses are taught via distance learning, which do not necessarily ensure that students will absorb or retain what they have been taught. Moreover, DAU does not offer courses in human resource management, which is the key to ensuring that officials at every level strive for efficiency on the part of their staffs. The various Better Buying Power reforms promulgated in the past few years have gone some way to

---

<sup>2</sup> *DOD Civilian and Contractor Workforces: Additional Costs Savings Data and Efficiencies Plan Are Needed* (GAO-17-128: October 2106) <http://www.gao.gov/assets/690/680415.pdf>

<sup>3</sup> James Mattis, "Memorandum for Deputy Secretary of Defense: Establishment of Cross-Functional Teams to Address Improved Mission Effectiveness and Efficiencies in the DoD," (February 17, 2017), p.1.

<sup>4</sup> The DAU course catalog can be accessed at <http://icatalog.dau.mil/onlinecatalog/tabnav.aspx>

remedying the paucity of training requirements for acquisition officials, but there is still some way to go, while human resource training programs for DoD civilian managers are even further behind.

Finally, there is no advanced education requirement for members of the Senior Executive Service, or those seeking promotion to the Senior Executive Service. DAU offers training, not education. Yet to be proficient in the management of human resources, or indeed, to be an educated consumer of technology, more than training is required. The military has its system of professional military education; there is no such equivalent for civilians. A civilian with a Masters' Degree can serve forty years in the Defense Department without ever taking another graduate level course throughout his or her career. Such a situation is unacceptable. Specifically, no civilian should be promoted to the Senior Executive Service without receiving a year of appropriate education at either one of the Nation's top business schools, such as Harvard, Stanford, Chicago or Rice, or at a top institute of technology such as MIT, RPI, Cal Tech or Georgia Tech. The Department has never imposed such a requirement, nor has the Office of Personnel Management. Officials do take a year off to attend graduate programs, such as that at Harvard's Kennedy School, which is tailored for senior government executives. Still, participation in these programs is voluntary, and many executives are reluctant to spend a year away from their place of work; or, their superiors are reluctant to lose them for a year. Legislation appears to be the only way to ensure that our top civil servants, and those aspiring to the make it to the top, will get both the education and the training that they need to carry out their tasks in a most efficient manner.

In addition to changes in the way civil servants are trained and educated for their jobs, there is an urgent need to alter the culture that seems to govern their behavior. Too often, DoD civilians rely all too heavily on contractors for work that they should undertake themselves. For example, many reports to the Congress actually are prepared by contractors, often "staff augmentees" who retired from the military or the civil service only to return to virtually identical jobs in the same office, with the same colleagues, but now are wearing a contractor badge. Yet the reports these contractors produce are often poorly written and formulated; it is questionable whether civilian DoD staffs carefully review what has been produced before forwarding the reports up their command chain. It was for good reason, as I mentioned earlier, that Secretary Gates sought to reduce the level of staff augmentees; the work should be done by civil servants themselves. One way to help change what might be termed a poisonous symbiosis of DoD civilians and contractors would be to prohibit anyone retiring from the military, as well as any retiring DoD civilian, from serving in a staff augmentation position for five years after retirement. DoD staff would then either take on the work themselves, or, if they feel uneasy about their workload, find jobs elsewhere.

Given the cost of DoD's civilian workforce and its acknowledged lack of efficiency, it might have been expected that the proposed FY 2018 defense budget as well as the FY 2017 budget amendment would call for a reduction in its end strength. Ironically, however, even as the Trump Administration is proposing cuts to the total Federal civilian workforce, it has not identified any such reductions in the Department of Defense. Neither the proposed \$54 billion increase for Fiscal Year 2018, as well as the \$25 Billion budget amendment for Fiscal Year 2017

reveals any indication that Administration plans to reduce DOD civilian personnel levels. It is true that the current hiring freeze, combined with anticipated retirements, should result in some reduction in current civilian levels.<sup>5</sup> On the other hand, the proposed increases for FY 2018, could well result in a higher civilian force level should the freeze be lifted.

Even if the freeze remains in place, civilian personnel levels are unlikely to decline significantly. Only a major targeted effort will result in lowering those levels. Such an effort is encapsulated in the Rebalance for an Effective Defense Uniformed and Civilian Employees Act, commonly known as the R.E.D.U.C.E Act. This bill, which Congressman Ken Calvert first proposed in January 2015 and has subsequently proposed each year since, would, in its current form, limit full-time positions in the Department of Defense, in each year of fiscal years 2024 to 2028, to a number not greater than 85 per cent. of the number of such positions at DOD as of September 30, 2018. To begin the process, the bill would authorize the Secretary to offer separation incentive early retirement payments to civilian employees. Most importantly, it also requires the Secretary to use involuntary measures, such as reductions in force, beginning on October 1, 2018, “to achieve required reductions in personnel levels if voluntary measures are inadequate.”<sup>6</sup> The Act would also cap the Senior Executive Service at 1000 personnel.

Needless to say, this bill has been strenuously opposed by the civil service unions that represent DoD civilians. The unions have been a major stumbling block in the way of civil service reform; they wish to see no changes to the 1978 Civil Service Reform Act (CSRA), which, among other things, enabled civil servants to unionize. Thus, when Secretary of Defense Rumsfeld sought to initiate a merit-based system for evaluating and promoting civilian personnel, which would clearly have led to an improvement in civilian efficiency, he was met with a torrent of criticism and lawsuits filed by the unions and eventually dropped the proposal.

It should be noted, however, that the CSRA also allowed the president to exempt groups in the name of national security.<sup>7</sup> Indeed, the armed services, employees of the CIA and the FBI already are exempted. Should the Trump Administration exempt DoD civilians, it would clear the way for both reducing the level of DoD civilians and implementing reforms along the lines that Secretary Rumsfeld proposed. Should the Administration not act to exempt civilians from the CSRA’s provisions regarding unionization, and even if it does act, the Congress should consider passing the R.E.D.U.C.E. Act. This Act not only would act as a catalyst for a far more efficient and effective civilian DoD corps, but also which result in significant savings that could

---

<sup>5</sup> James Mattis, “Memorandum for Secretaries of the Military Departments, et. al.: Implementation of Civilian Workforce Hiring Freeze,” (February 1, 2017), <https://www.defense.gov/Portals/1/Documents/pubs/OSD000999-17-RES-Final.pdf>

<sup>6</sup> <https://www.congress.gov/bill/114th-congress/house-bill/340>

<sup>7</sup> “(2) The President may issue an order suspending any provision of this chapter with respect to any agency, installation, or activity located outside the 50 States and the District of Columbia, if the President determines that the suspension is necessary in the interest of national security.” PUBLIC LAW 95-454—OCT. 13, 1978  
<https://www.govtrack.us/congress/bills/95/s2640/text/en>

be redirected to other urgent defense needs. that continue to emerge in today's increasingly uncertain international security environment.

The Department of Defense relies heavily on its civilian personnel; they are integral to the Nation's ability to fight and win its wars. To that end, ensuring that the DoD civilian corps operates in the most efficient manner possible is a critical and urgent requirement if DoD is successfully to confront and overcome the challenges that are continually emerging in today's increasingly uncertain international security environment.

Thank you.