Why GAO Did This Study

The federal government’s growing fiscal challenges underscore the importance of DOD employing a strategic approach to determining the appropriate mix of its military, civilian, and contractor personnel to perform its mission, and determining the functions that are critical for the department to achieve its missions. A committee report accompanying the National Defense Authorization Act for Fiscal Year 2013 directed GAO to assess the measures DOD is taking to balance its workforce against its requirements. GAO examined (1) historical and projected workforce trends, (2) the actions DOD has taken to determine an appropriate workforce mix, (3) the actions DOD has taken to determine core or critical functions, and (4) how DOD used its inventory of contracted services to inform budget submissions. GAO performed trend analysis to determine historical and future workforce levels. GAO also reviewed relevant statutes, DOD and military department guidance, and budgetary submissions, and interviewed officials from DOD and the Office of Management and Budget (OMB).

What GAO Found

Since fiscal year 2001, the Department of Defense’s (DOD) military and civilian workforces peaked in fiscal year 2011 at 3.1 million personnel combined, and is projected to decrease over the next five years to below the fiscal year 2001 level of 2.9 million. Comparable historical data on DOD’s contractor workforce are not available. In fiscal year 2011, DOD reported that it contracted for services performed by an estimated 710,000 contractor full time equivalents (FTEs)—a workforce equal to about 90 percent of the size of DOD’s civilian workforce of 807,000 FTEs. Using fiscal year 2013 constant dollars, GAO’s analysis of DOD spending on contracted services shows obligations peaked in fiscal year 2010 at about $195 billion, more than twice the amount spent in fiscal year 2001. This spending decreased to about $174 billion in fiscal year 2012.

DOD has taken some steps to improve its understanding and management of its total workforce; however, several shortcomings remain. Specifically, DOD has yet to assess the appropriate mix of its military, civilian, and contractor personnel capabilities in its strategic workforce plan as required by law. Further, DOD has not updated its policies and procedures to reflect current statutory requirements to use its civilian strategic workforce plan and the inventory of contracted services to determine the appropriate mix of personnel to perform DOD’s mission. Moreover, DOD’s strategic human capital plan does not contain certain required elements and information and several factors limit the accuracy of its inventory of contracted services. As a result, the department is hampered in making more informed strategic workforce mix decisions, which is crucial to meeting DOD’s congressional mandate to manage its total workforce.

Although DOD is not required to perform analysis to identify a list of core or critical functions across the department as a whole, DOD has identified broad core mission areas of the department. However, its current policies do not fully reflect federal policy concerning the identification of critical functions. Office of Federal Procurement Policy Policy Letter 11-01 requires agencies to identify and ensure that they retain control over critical functions that are core to the agency’s mission, but may be contracted out to the private sector. DOD’s policies and procedures predate the publication of this requirement, and consequently contain no reference to it. Absent specific policies and procedures on this process, DOD may lack assurance that it retains enough government employees to maintain control over these important functions.

What GAO Recommends

GAO recommends that DOD revise its policies and procedures to incorporate (1) legislative requirements for workforce planning and (2) federal requirements for the identification of critical functions. GAO also recommends that DOD provide better information regarding contractor FTEs used in budget submissions. DOD noted actions that it has underway or planned to respond to these recommendations.