

GAO Highlights

Highlights of [GAO-17-128](#), a report to congressional committees

Why GAO Did This Study

With long-term fiscal challenges likely to continue, DOD must operate strategically and efficiently, to include cost-effective management of its human capital. Section 955 of the NDAA for FY 2013 requires DOD to, among other things, develop and implement a plan to achieve savings in total funding for civilian and contracted services workforces from FYs 2012 through 2017. Section 955 also includes a provision that GAO review the section 955 status reports DOD submits to Congress to determine whether the required savings are being achieved and the plan is being implemented consistently with workforce-management laws.

This report addresses the extent to which DOD's February 2016 status report demonstrates DOD's (1) achievement of savings and (2) development and implementation of its efficiencies plan that is consistent with workforce management laws in FY 2015. GAO reviewed DOD's report and interviewed DOD officials.

What GAO Recommends

GAO previously recommended that DOD fully address ongoing section 955 requirements, such as including an efficiencies plan, among other things, in its subsequent reports. DOD agreed but has not yet implemented them. GAO is not making any new recommendations, but believes fully implementing the previous ones would better inform Congress. In comments, DOD stated it had implemented GAO's previous recommendations. DOD has taken some action, but GAO disagrees the recommendations have been fully implemented, as discussed in this report.

View [GAO-17-128](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

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DOD CIVILIAN AND CONTRACTOR WORKFORCES

Additional Cost Savings Data and Efficiencies Plan Are Needed

What GAO Found

The Department of Defense (DOD) did not report all required data on military, civilian, and contracted services workforces in its February 2016 report that would demonstrate savings, as required by section 955 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2013, and it estimates that by FY 2017 it will meet savings for the civilian workforce but not for contracted services. Section 955 requires DOD to submit annual reports in FYs 2015–2018 that include the costs of civilian and contracted services workforces from FYs 2012–2017, among other items. See the table for DOD's February 2016 compliance with selected reporting requirements.

Table: DOD's February 2016 Compliance with Selected Section 955 Reporting Requirements

Requirement	Workforce		
	Military	Civilian	Contracted Services
Include a summary of the cost savings achieved in the prior fiscal year through reductions:	no	no	yes
Include a summary of the number of reductions:	yes ^a	yes ^b	no
Achieve savings in the total funding from FYs 2012–2017 that are not less, as a percentage, than the savings in funding for basic military pay costs:	Not applicable	yes (estimated)	no (estimated)

Source: GAO analysis of DOD's February 2016 status report | GAO-17-128

^aNumber of reductions reported in average strength

^bNumber of reductions reported in full-time equivalents

Note: DOD costs savings provided for the prior FY are actual and costs for FY2017 are estimated.

Officials stated that DOD interpreted section 955 as requiring DOD to report civilian savings achieved when comparing costs from FY 2012 to FY 2017, and not each year in between. Further, officials stated that DOD did not include full-time equivalents (FTEs) for contracted services in the report as required because they were unable to provide an accurate number. In December 2015 GAO recommended that DOD include costs savings for civilian personnel in its reports, and DOD concurred. Without including these cost data, Congress may not know whether DOD is on track to meet the mandated savings.

DOD has not developed and implemented an efficiencies plan for reducing the civilian and contracted services workforces, and DOD did not demonstrate how its reductions are consistent with workforce management laws in its February 2016 status report. Section 955 requires DOD to develop an efficiencies plan to reduce civilian personnel and costs for FYs 2012–2017, and for each FY through 2018 to submit a report that describes the implementation of the efficiencies plan. Furthermore, section 955 allows for DOD to grant civilian and contractor workforce exclusions from section 955 required reductions for areas identified as critical. For example, DOD reported that it excluded about 538,000 of 776,000 civilian FTEs. However, its reports do not provide a description indicating why these exclusions were chosen. In December 2015 GAO recommended that DOD include a comprehensive description of the efficiencies plan to achieve savings, and DOD concurred. Without an efficiencies plan, including an explanation of its exclusions, DOD has not provided Congress with information on how the department will achieve required savings.