



Highlights of [GAO-12-962T](#), a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives.

Why GAO Did This Study

DOD's workforce of 783,000 civilians performs a wide variety of duties, including some traditionally performed by military personnel, such as mission-essential logistics support and maintenance, as well as providing federal civilian experts to Afghanistan and other theaters of operations.

With the long-term fiscal challenges facing the nation, reductions to the civilian workforce may be considered to achieve cost savings. Human capital has remained a critical missing link in reforming and modernizing the federal government's management practices, even as legislation and other actions since 1990 have been put in place to address major management areas. In the past, GAO has observed that the federal government has often acted as if people were costs to be cut rather than assets to be valued. DOD previously experienced significant downsizing in the 1990s where it did not focus on reshaping the civilian workforce in a strategic manner. Particularly as decision makers consider proposals to reduce the civilian workforce, it will be critical to DOD's mission for the department to have the right number of federal civilian personnel with the right skills.

This testimony discusses DOD's 1) prior experience with civilian workforce downsizing, and 2) current strategic human capital planning efforts.

This testimony is based on GAO reviews issued from March 1992 through June 2012.

View [GAO-12-962T](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov

July 26, 2012

DOD CIVILIAN WORKFORCE

Observations on DOD's Efforts to Plan for Civilian Workforce Requirements

What GAO Found

Prior Department of Defense (DOD) civilian workforce downsizing efforts in the 1990s were not oriented toward shaping the makeup of the workforce, resulting in significant imbalances in terms of shape, skills, and retirement eligibility. Specifically, in a series of reviews GAO found that DOD's efforts in the 1990s to reduce its federal civilian workforce to levels below that of 1987 were hampered by incomplete data and lack of a clear strategy for avoiding skill imbalances and other adverse effects of downsizing. For instance, in 1992, GAO found that DOD used incomplete and inconsistent data related to workers, workload, and projected force reductions. Further, the approaches DOD has relied on to accomplish downsizing have sometimes had unintended consequences. The use of voluntary attrition, hiring freezes, and financial separation incentives allowed DOD to mitigate some adverse effects of civilian workforce reductions, but were less oriented toward shaping the makeup of the workforce than was the approach the department used to manage its military downsizing. For DOD, this was especially true of the civilian acquisition workforce. The department, which in 2011 obligated about \$375 billion to acquire goods and services, was put on the verge of a retirement-driven talent drain in this workforce after 11 consecutive years of downsizing, according to a DOD report. Finally, GAO has found that the use of strategies such as financial separation incentives makes it difficult to document or estimate the actual cost savings of government downsizing efforts, especially in cases where the work previously performed by the eliminated personnel continues to be required. For example, if the work continues to be required, it may need to be contracted out to private companies and contract costs should be considered in determining whether net savings resulted from workforce reductions.

DOD has taken positive steps towards identifying its critical skills, but there are opportunities to enhance the department's current strategic workforce plans. GAO and the Office of Personnel Management have identified leading principles to incorporate into effective workforce plans, such as the need to identify and address critical skills and competencies. DOD has been required to have a civilian strategic workforce plan since 2006. Currently, DOD is required to develop a strategic workforce plan that includes, among other things, an assessment of the skills, competencies and gaps, projected workforce trends, and needed funding of its civilian workforce. GAO has found improvements in DOD's efforts to strategically manage its civilian workforce. For instance, GAO reported in 2010 that DOD's 2009 strategic workforce plan assessed critical skills and identified 22 mission-critical occupations, such as acquisition and financial management. However, DOD's plan only discussed competency gap analyses for 3 of its 22 mission-critical occupations, which GAO has reported is key to enabling an agency to develop specific strategies to address workforce needs. For example, GAO found that DOD had not conducted a competency gap analysis for its financial management workforce, and GAO remains concerned that DOD lacks critical information it needs to effectively plan for its workforce requirements. GAO is currently reviewing DOD's latest strategic workforce plan, which was released in March 2012. The results of this review are expected to be released in September 2012.