

Reduce Civilian Overhead in Department of Defense (DOD)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$1,200	\$2,154	\$2,807	\$3,263	\$3,263	\$3,263	\$3,263	\$3,263	\$3,263	\$3,263	\$12,687	\$29,002

Heritage Recommendation:

The Department of Defense (DOD) can reduce the size of the defense workforce by finding efficiencies in the civilian workforce. This proposal saves \$1.2 billion in 2016, and \$29.0 billion over 10 years.

Rationale:

Since 2001, the total number of civilian employees in the DOD has grown 14 percent. During the same period, the total Active Military was reduced by 5 percent. Today, 36 percent of the DOD workforce is composed of civilians, totaling 782,000 people.

The DOD needs to once again “right size” the total DOD workforce. Secretaries of Defense Robert Gates and Chuck Hagel both announced plans to reduce the number of civilian employees during their tenure. Most recently, Secretary Hagel proposed to cut 20 percent of overhead in his office. The current DOD proposal is to reduce the civilian staff by just under 10,000 employees a year. This would be a comparable rate to future military end-strength reductions.¹⁶ However, given the disproportionate growth in the civilian workforce in the past, the timing of the reductions should be moved up by one year and an additional reduction of 5,000 full-time equivalents (FTEs) be added in 2020.

This will not be as simple as cutting equal numbers of positions across all offices in the DOD. The department will need to devise a plan that outlines its strategic priorities, and where to find efficiencies and remove unnecessary duplication.

Additional Reading:

- Mackenzie Eaglen and Julia Pollack, “How to Save Money, Reform Processes, and Increase Efficiency in the Defense Department,” Heritage Foundation *Backgrounder* No. 2507, January 10, 2011, <http://www.Heritage.org/research/reports/2011/01/how-to-save-money-reform-processes-and-increase-efficiency-in-the-defense-department>.
- James Jay Carafano, “The Pentagon’s Greatest Challenge (And It’s Not ISIS or China),” *The National Interest*, November 4, 2014, <http://nationalinterest.org/feature/the-pentagons-greatest-challenge-its-not-isis-or-china-11599>.

Calculations:

Savings are expressed as budget authority and were calculated based on civilian reduction projections found on page 9 in Assistant Secretary of the Army, Manpower and Reserve Affairs, “The Department of Defense Report on the Civilian Personnel Workforce and Contracted Services Reductions in the Fiscal Year 2015 Budget,” September 16, 2014, <http://www.asamra.army.mil/scra/documents/20140916USDsec955%20Report.pdf>. The Heritage proposal accelerates the proposed reductions by one year, realizing the 2016 and 2017 reductions in 2016, and also adding an additional reduction of 5,000 FTEs in 2020. The number of FTE reductions is multiplied by the average FTE cost of \$91,178.