Replacing Military Personnel in Some Support Positions With Federal Civilians

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The Potential to Expand the Role of the Department of Defense’s (DoD’s) Civilian Employees
Transferring to civilians certain jobs currently held by military personnel could reduce costs and increase DoD’s focus on warfighting.

Doing so would not lead DoD into uncharted waters because it has previous experience with such transfers.
For this analysis, CBO used DoD’s Inherently Governmental and Commercial Activities (IGCA) database for 2012 to identify the number and types of positions that it might make sense to transfer.
CBO also estimated possible cost savings for DoD and the federal government if DoD reduced military end strength by the number of such positions transferred.
Military Positions in the Services and Defensewide Organizations, by Function, 2012

Percent

<table>
<thead>
<tr>
<th>Service</th>
<th>Commercial and Open to Contractors</th>
<th>Commercial but Not Open to Contractors</th>
<th>Inherently Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Navy</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>Air Force</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Marine Corps</td>
<td>25%</td>
<td>75%</td>
<td>0%</td>
</tr>
<tr>
<td>Defensewide Organizations</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Two main job categories exist in the IGCA database:

- Inherently governmental jobs, which only government employees (military or civilian) can perform; those account for 62 percent of all jobs in the database.

- Commercial jobs that use skills or provide services available in the private sector; those account for 38 percent of all jobs in the database.
Military and Civilian Positions in the DoD, by Function, 2012

Focus: Active-Duty Military Positions That DoD Categorizes as Commercial, Whether Open to Contractors or Not.
For many reasons, the services place military personnel in commercial jobs, which they implement in different ways. Those reasons include:

- Meeting readiness objectives
- Achieving workforce management goals
- Complying with laws, executive orders, treaties, or international agreements
Military Positions in Commercial Functions Not Open to Contractors, by Reason, 2012

Thousands

- Army
  - Required by Law, Executive Order, Treaty, or International Agreement: 100
  - Needed for Workforce Management Objectives: 50
  - Needed for Readiness: 50

- Navy
  - Required by Law, Executive Order, Treaty, or International Agreement: 100
  - Needed for Workforce Management Objectives: 50
  - Needed for Readiness: 50

- Air Force
  - Required by Law, Executive Order, Treaty, or International Agreement: 0
  - Needed for Workforce Management Objectives: 250
  - Needed for Readiness: 0

- Marine Corps
  - Required by Law, Executive Order, Treaty, or International Agreement: 5
  - Needed for Workforce Management Objectives: 5
  - Needed for Readiness: 0
Estimating the Number of Positions That Could be Transferred to Civilians
Accepting the existing classification of positions as inherently governmental or commercial, CBO’s analysis instead addresses how to achieve less a costly blend of military personnel and civilians.
To answer that question, the analysis focuses on occupations in nondeployable units in which the services use different mixes of military personnel and civilians.
CBO estimates that, if all services use the same mix of the service branch with the smallest percentage of military personnel, about 80,000 active-duty positions could be available for transfer.
CBO considered three options for transferring 80,000 positions to civilian employees:

• One civilian replaces one service member (1:1 ratio)

• Four civilians replace every five service members (1:1.25 ratio)

• Two civilians replace every three service members (1:1.5 ratio)
Scenarios for Civilians Replacing 80,000 Military Personnel

Thousands of Positions

<table>
<thead>
<tr>
<th>Service</th>
<th>Existing Commercial Positions Transferable to Civilians</th>
<th>Replacement Ratio (Civilian:Military)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1:1</td>
</tr>
<tr>
<td>Army</td>
<td>14.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Navy</td>
<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td>Air Force</td>
<td>24.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Marine Corps</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Total</td>
<td>80.0</td>
<td>80.0</td>
</tr>
</tbody>
</table>
Estimating the Cost Savings From Transferring the Positions to Civilians
The cost analysis compares all current and future costs of hiring a service member to those of hiring a civilian. Because some of those costs are borne by agencies other than DoD, CBO calculates the cost to the federal government, including revenue effects.
The ratio at which civilians replace military personnel is a key factor determining total cost savings.
Average Annualized Cost, by Department, of Employing a Service Member and a Federal Civilian in Comparable Occupations

2014 Dollars

<table>
<thead>
<tr>
<th>Department and Cost Category</th>
<th>Military</th>
<th>Civilian</th>
<th>Military–Civilian Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Defense</td>
<td>103,400</td>
<td>106,100</td>
<td>-2,700</td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>34,000</td>
<td>n.a.</td>
<td>34,000</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>5,000</td>
<td>n.a.</td>
<td>5,000</td>
</tr>
<tr>
<td>Office of Personnel Management</td>
<td>n.a.</td>
<td>4,000</td>
<td>-4,000</td>
</tr>
<tr>
<td>Department of Education</td>
<td>300</td>
<td>*</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total Federal Government Spending</strong></td>
<td>142,700</td>
<td>110,100</td>
<td>32,600</td>
</tr>
<tr>
<td>Tax Revenues From Basic Pay and Special, Incentive, and Other Pay</td>
<td>-7,500</td>
<td>-14,100</td>
<td>6,600</td>
</tr>
<tr>
<td><strong>Net Cost to the Federal Government</strong></td>
<td>135,200</td>
<td>96,000</td>
<td>39,200</td>
</tr>
</tbody>
</table>

n.a. = not applicable; * = less than $100.
Estimated Long-Run Annualized Savings From Transferring 80,000 Military Support Positions to Civilians

The federal government’s savings are larger than those for DoD alone because some of those savings would accrue to other agencies.
Other Considerations
Civilians have advantages beyond lower costs, such as greater stability or familiarity with technological advances for which military personnel would require additional training.

However, there are disadvantages to shedding military positions.
Achieving the cost savings depends on cutting military end strength—an action that would reduce DoD’s ability to surge troops in a protracted conflict.

Also, reducing commercial positions could have adverse effects on the services’ workforce management goals or unique needs.