Potential Savings from Substituting Civilians for Military Personnel (Presentation)

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June 2014

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Objective

- Identify areas where it may be efficient to substitute some civilian personnel for military
- Provide rough estimates of potential savings
- Consider impediments to substitution

Much of this is preliminary and is meant to identify directions for analysis
Outline

- Background and motivation
- Areas of opportunity
  - Medical
  - Cyber
  - Infrastructure
- Conclusions and suggestions
In almost all force and infrastructure categories, civilian staffing has risen more or fallen less than military staffing.

In FY 2012 there were still > 500,000 active duty personnel in infrastructure positions.
Motivation

- There is pressure to cut civilian staff – management by input??
  - Medical: ban on mil-to-civ conversion; directed reduction in Army civilians
  - Continuing civilian personnel caps
  - FY 2013 NDAA emphasis on achieving savings in civilian workforce
  - American Enterprise Institute (AEI): “Hagel must rein in DoD civilian workforce”

- DoD Policy (Instruction 1100.22) provides proper framework
  - Identify mission requirements
  - Determine whether inherently governmental
  - Determine military essentiality
  - Identify most efficient performer for non-military essential positions

- Civilian personnel are generally less expensive than equivalent military
  - DoDI 7041.04: compare full marginal costs
  - Example in the instruction shows civilians cost 75% to 80% of military

- Many military personnel seem to be in non-military essential jobs
- The pressure to cut civilians may be revealed to be misguided
Criteria for Identifying Promising Areas for Civilianization

- Functions where many do not deploy
  - Less compelling case for military essentiality
  - Generating forces; e.g., training, personnel administration, acquisition support
  - Non-deploying combat-related forces: e.g., many cyber, non-operational medical, intelligence, UAVs

- Expanding, non-deploying functions where we are soon likely to substantially increase the number of military personnel
  - It’s easier to influence something before it exists
  - Cyber and UAV workforce, for example
Fraction of man-years with at least one day deployed in the year.

Army Medical Corps Specialties by Deployment Rate

- Operationally required specialties deploy more than those primarily associated with beneficiary care
- Even the most deployed medical specialties had deployment rates below the Army average
- Other medically related corps display similar patterns
Potential to Use More Medical Civilians

- Military medical staffing is greater than required to meet deployment/readiness requirements
- Civilian medical personnel are cheaper than military
  - Composite rate understates special pays and training costs
  - Full (or any) cost is not evident to users of military personnel
  - Civilian personnel have fewer overhead requirements; e.g., Graduate Medical Education (GME)

- Ratio of military/civilian medical personnel varies by Service
  - Army has most aggressively civilianized
  - Moving others to Army ratio could save $500M/year (double in the long run)
Management information, incentives, and constraints inhibit choosing the most efficient mix of personnel

Recommendations

- Develop annual estimates of training cost by specialty
- Move more of the cost of military personnel into MILPERS account, so programmers see it
- Develop pilot projects to allow organizations to trade expenditures on military, civilian, and contractor personnel
- Remove prohibition to mil-civ conversion
The cyber workforce is expanding rapidly

Services are forming various kinds of cyber teams

USCYBERCOM provided guidance that this workforce should be 80% military

Service policies vary, but some meet or exceed the 80% guidance

Most cyber work is done in CONUS offices

We are examining the extent to which the positions are military-essential

Savings may be possible. Training costs may be high and retention difficult
- Army usually has the highest fraction of civilians relative to military
- Moving all Services to same ratio as the highest Service could save $1.6B/year
- Examine rationales for military personnel; e.g., sea-shore rotation
Conclusions

- Since 2000 we have been substituting civilians for military personnel
- It likely saved a good deal of money
- There is strong, continuing pressure to reduce the use of civilians in DoD under any circumstances. This is misguided
- There are opportunities for further civilianization in the medical area, in other infrastructure activities, and probably in the cyber workforce
- Fairly modest increases in civilianization would save several billion dollars a year – CBO agrees
The objective of this work is to identify areas in which it may be efficient to substitute some civilian personnel for military, provide rough estimates of potential savings, and consider impediments to substitution. There has been pressure to cut civilian staff in DoD, some of it incorporated into legislation. DoD policy states that inherently governmental functions that are not military essential should be carried out by the most efficient performer. DoD’s instruction on full costing of personnel indicates that civilian personnel are generally less expensive that equivalent military. Here we look at several occupational areas in varying levels of detail: medical, cyber, central training, installation support, personnel administration, and departmental management. Substantial savings appear possible. The pressure to reduce civilian staffing appears misguided.