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DEFENSE HEADQUARTERS

DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats

GAO Highlights

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Why GAO Did This Study

Facing budget pressures, DOD is seeking to reduce headquarters activities of OSD, the Joint Staff, and the military services' secretariats and staffs, which primarily perform policy and management functions. GAO was mandated to review personnel resources devoted to these headquarters organizations from fiscal years 2001 through 2013. This report (1) identifies past trends in personnel resources for these organizations and any plans for reductions; and (2) evaluates the extent to which DOD determines and reassesses personnel requirements for the organizations. GAO analyzed data on authorized military and civilian positions and contracted services from fiscal years 2001 through 2013. GAO reviewed DOD's headquarters reductions plans and processes for determining and reassessing personnel requirements.

What GAO Recommends

GAO recommends that DOD (1) conduct a systematic determination of personnel requirements at these headquarters organizations; (2) submit the requirements to Congress with adjustments and recommended modifications to the statutory limits; and (3) periodically reassess personnel requirements within OSD and the military services' secretariats and staffs. Congress should consider using DOD's review of headquarters personnel requirements to reexamine existing statutory limits. DOD partially concurred, stating it will use its existing processes, but will investigate other methods to improve the determination and reporting of requirements. GAO believes the recommendations are still valid, as discussed in the report.

What GAO Found

Over the past decade, authorized military and civilian positions have increased within the Department of Defense (DOD) headquarters organizations GAO reviewed—the Office of the Secretary of Defense (OSD), the Joint Staff, and the Army, Navy, Marine Corps, and Air Force secretariats and staffs—but the size of these organizations has recently leveled off or begun to decline, and DOD's plans for future reductions are not finalized. The increases varied by organization, and DOD officials told GAO that the increases were due to increased mission responsibilities, conversion of functions performed by contracted services to civilian positions, and institutional reorganizations. For example, authorized military and civilian positions for the Army Secretariat and Army Staff increased by 60 percent, from 2,272 in fiscal year 2001 to 3,639 in fiscal year 2013, but levels have declined since their peak of 3,712 authorized positions in fiscal year 2011. In addition to civilian and military personnel, DOD also relies on personnel performing contracted services. Since DOD is still in the process of compiling complete data on personnel performing contracted services, trends in these data could not be identified. In 2013, the Secretary of Defense set a target to reduce DOD components' headquarters budgets by 20 percent through fiscal year 2019, including costs for contracted services, while striving for a similar reduction to military and civilian personnel. However, DOD has not finalized plans to achieve these reductions. DOD was required to report to Congress by June 2014 on efforts to streamline management headquarters, but needed an extension until late summer 2014 for the report due to staff turnover. As of December 2014, DOD's plan had not been issued.

GAO found that DOD headquarters organizations it reviewed do not determine their personnel requirements as part of a systematic requirements-determination process, nor do they have procedures in place to ensure that they periodically reassess these requirements as outlined in DOD and other guidance. Current personnel levels for these headquarters organizations are traceable to statutory limits enacted in the 1980s and 1990s to force efficiencies and reduce duplication. However, these limits have been waived since fiscal year 2002. If the limits were in force in fiscal year 2013, the Army and Navy would exceed them by 17 percent and 74 percent, respectively. Moreover, the limits have little practical utility because of statutory exceptions for certain categories of personnel and because the limits exclude personnel in supporting organizations that perform headquarters-related functions. For example, the organizations that support the Army Secretariat and Army Staff are almost three times as large as the Secretariat and Staff, but personnel who perform headquarters-related functions in these organizations are excluded from the limits. All but one of the organizations GAO reviewed have recognized problems in their existing requirements-determination processes. The OSD, the Navy, and the Marine Corps are taking steps to modify their processes, but their efforts are not yet complete. Without a systematic determination of personnel requirements and periodic reassessment of them, DOD will not be well positioned to proactively identify efficiencies and limit personnel growth within these headquarters organizations. Moreover, until DOD determines personnel requirements, Congress will not have critical information needed to reexamine statutory limits enacted decades ago.

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Abbreviations

DOD   Department of Defense
OSD   Office of the Secretary of Defense

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Chairman
Ranking Member
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The Department of Defense (DOD) has multiple layers of headquarters management with complex, overlapping relationships among them. Such layers include, but are not limited to, the Office of the Secretary of Defense (OSD), the Joint Staff, and the military services' secretariats and staffs, which are the highest organizations in DOD responsible for managing and overseeing the major elements of the department. Like the rest of the federal government, DOD is operating in a constrained budget environment and is facing difficult decisions about how to allocate its resources to meet its broad and varying mission requirements across the world.[1] One approach the department has pursued in recent years to realize cost savings is to reduce its headquarters staff. In July 2013, the Secretary of Defense directed a 20 percent cut in management headquarters[2] spending throughout the department, to include spending within headquarters organizations such as OSD, the Joint Staff, and the military services' secretariats and military staffs.[3] These cuts, which are to take place regardless of the budget approved by Congress, are, according to the Secretary's guidance, designed to streamline DOD's management of its headquarters through efficiencies and elimination of spending on lower-priority activities. At a time of growing economic and fiscal constraints and changing national security challenges, it is critical

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[1]Among other constraints, the Budget Control Act of 2011 established requirements for automatic budget sequestration, setting caps on the levels of DOD spending from fiscal years 2013 to 2021. See Pub. L. No. 112-25 (2011).

[2]Some DOD officials use the terms management headquarters and major DOD headquarters activities interchangeably. For purposes of this report, we also use the terms interchangeably. DOD Instruction 5100.73, *Major DOD Headquarters Activities*, defines major DOD headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD, its components, and their major military units, organizations, or agencies.

[3]Deputy Secretary of Defense Memorandum, *20% Headquarters Reductions* (July 31, 2013).

for DOD to ensure that its headquarters organizations meet mission requirements in the most efficient and effective manner possible.

DOD's headquarters organizations have responsibilities that include developing guidance, reviewing performance, allocating resources, and conducting mid-to-long-range budgeting as they oversee, direct, and control subordinate organizations or units. However, accounting for the resources devoted to headquarters has been a long-standing challenge for DOD. In October 1997, as part of our review on the mid-1990s military drawdown, we found that total personnel and costs of defense headquarters were significantly higher than were being reported. Specifically, we found that three-fourths of subordinate organizations excluded from the management headquarters accounting were actually performing management or management support functions, and such accounting masked the true size of DOD's headquarters organizations.[4] Our more recent work has found that DOD's challenges in accounting for headquarters resources have continued. In March 2012, we found that DOD's data on its headquarters personnel lacked the completeness and reliability necessary for use in making efficiency assessments and decisions.[5] Subsequently, in May 2013, we found several weaknesses in DOD's process for sizing its geographic combatant commands, and in June 2014, we found that DOD did not have an accurate accounting of the resources being devoted to management headquarters to use a starting point for tracking reductions to such headquarters.[6] See appendix I for a discussion of our prior work on defense headquarters, related recommendations, and their statuses.

House Report 113-102 mandated GAO to review the military and civilian personnel and contracted services resources devoted to OSD, the Joint Staff, and the military services' secretariats and military staffs from fiscal

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[4]GAO, *Defense Headquarters: Total Personnel and Costs Are Significantly Higher Than Reported to Congress*, GAO/NSIAD-98-25 (Washington, D.C.: Oct. 30, 1997).

[5]GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, GAO-12-345 (Washington, D.C.: Mar. 21, 2012).

[6]GAO, *Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources*, GAO-13-293 (Washington, D.C.: May 15, 2013) and *Defense Headquarters: DOD Needs to Reevaluate Its Approach for Managing Resources Devoted to the Functional Combatant Commands*, GAO-14-39 (Washington, D.C.: June 26, 2014).

year 2001 through fiscal year 2013.[7] This report (1) identifies past trends, if any, in personnel resources devoted to OSD, the Joint Staff, and the secretariats and staffs of the military services and any plans for reductions to these headquarters organizations; and (2) evaluates the extent to which DOD determines and reassesses personnel requirements for these headquarters organizations.

To address the first objective, we identified sources of information within DOD that would provide data on the personnel resources of OSD, the Joint Staff, and the secretariats and staffs for the military services.[8] We focused on these nine organizations—OSD; the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of Air Force and Air Staff—because these components represent some of the highest-level headquarters organizations within DOD and are responsible for overseeing, directing, and controlling subordinate organizations or units. Specifically, we obtained and analyzed available data on authorized military and civilian positions in these headquarters organizations[9] from fiscal years 2001 through 2013.[10] This time frame allowed us to assess trends in resources without including nonwar years prior to fiscal year 2001 and to include the most recent data available, for fiscal year 2013. We obtained and analyzed available data on contracted services performing functions for the organizations within our review for fiscal year 2013, but in some instances these data were not available. DOD is still in the process of compiling complete data on contractor full-time equivalents. Using available data, we also conducted an analysis of trends in headquarters support costs, including the costs for civilian compensation and benefits, at the headquarters organizations in our

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[7]See H.R. Rep. No. 113-102 (June 7, 2013) accompanying H.R. 1960, a proposed bill for the National Defense Authorization Act for Fiscal Year 2014.

[8]In addition to OSD, the Joint Staff, and the secretariats and staffs of the military services, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

[9]For purposes of this report, authorized positions refer to military and civilian positions that have been approved by DOD components for funding for a specific fiscal year.

[10]Some organizations were unable to provide data for the entire period. These exceptions are detailed in app. II.

review for fiscal years 2001 through 2013. See appendixes III through VIII for the results of these analyses.[11] Unless otherwise noted, we reported all costs in nominal dollars.

To identify DOD's plans for reductions to these organizations, we obtained and reviewed guidance and documentation on steps to implement DOD's 20 percent reductions to headquarters budgets starting in fiscal year 2015, the first budget for which DOD was able to include the reductions, such as the department-issued memorandum outlining the reductions and various DOD budget-related documents. We also obtained data, where available, on the number of authorized positions at OSD, the Joint Staff, and the secretariats and staffs for the military services for fiscal year 2013, the most recent fiscal year for which data were available, as well as data on the number of authorized positions deemed by these organizations to be performing headquarters functions and included in DOD's planned headquarters reductions for fiscal years 2015 through 2019, the time frame DOD identified in its reduction plans. We assessed the reliability of the data on authorized military and civilian positions and costs given these and other limitations by interviewing DOD officials about the data they provided to us and analyzing relevant personnel and financial-management documentation. We determined that the data were sufficiently reliable for our purposes of identifying trends in the authorized positions and headquarters support costs, and DOD's plans for reductions to OSD, Joint Staff, and secretariats and staffs for the military services.

To address the second objective, we obtained and reviewed guidance on each of these organizations' processes for determining and reassessing personnel requirements. We also interviewed officials from each of these organizations to determine how their processes are implemented. We then compared the information we obtained on these processes to DOD and military service guidance,[12] as well as to key elements of a personnel

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[11]Some organizations were unable to provide data for the entire period. These exceptions are detailed in app. II.

[12]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005) (hereinafter cited as DODD 1100.4 [Feb. 12, 2005]); Army Regulation 570-4, *Manpower and Equipment Control, Manpower Management* (Feb. 8, 2006); Office of the Chief of Naval Operations Instruction 1000.16K, *Navy Total Force Manpower Policies and Procedures* (Oct. 4, 2011); Air Force Instruction 38-201, *Manpower and Organization, Management of Manpower Requirements and Authorizations* (Jan. 30, 2014); and Marine Corps Order 5311.1D, *Total Force Structure Process* (Feb. 26, 2009).

requirements process. To identify these key elements, we reviewed documents that address leading practices for workforce planning, in particular previous GAO work on effective strategic workforce planning,[13] DOD guidance on manpower management,[14] and workforce planning guidance issued by the Office of Personnel Management.[15] We then synthesized common themes from these documents and summarized these as key elements that should be included in organizations' personnel requirements-determination processes. We also identified a standard on information and communications from internal-control standards for the federal government[16] and compared this standard to the headquarters-related information provided to Congress in the fiscal year 2015 *Defense Manpower Requirements Report*.[17]

We conducted this performance audit from July 2013 to January 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. More details on our objectives, scope, and methodology can be found in appendix II.

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[13]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003). To identify strategic workforce planning principles, we reviewed our own guidance, reports, and testimonies on federal agencies' workforce planning and human-capital management efforts, and guidance available through the Internet and leading human-capital periodicals. We also met with officials from organizations with governmentwide responsibilities for or expertise in workforce planning, such as the Office of Personnel Management and the National Academy of Public Administration, to identify additional guidance available and to obtain their recommendations of federal agencies engaged in effective workforce planning. We synthesized information from these meetings, reports, and guidance documents and our own experiences in human-capital management to derive key principles that appeared most important to effective strategic workforce planning. Further details on our methodology for identifying these key principles can be found in GAO-04-39.

[14]DODD 1100.4 (Feb. 12, 2005).

[15]Office of Personnel Management, *Human Capital Assessment and Accountability Framework Practitioners' Guide* (September 2005).

[16]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[17]Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015* (June 2014).

Background

DOD Instruction 5100.73, *Major DOD Headquarters Activities*, defines major headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD, its components, and their major military units, organizations, or agencies.[18] The instruction provides an official list of the organizations that it covers, including OSD; the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of the Air Force and Air Staff.

These organizations have responsibilities that include developing guidance, reviewing performance, allocating resources, and conducting mid-to-long-range budgeting as they oversee, direct, and control subordinate organizations or units. In addition to OSD, the Joint Staff, and the secretariats and staffs of the military services, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

Office of the Secretary of Defense and the Joint Staff

OSD is responsible for assisting the Secretary of Defense in carrying out his or her duties and responsibilities for the management of DOD.[19] These include policy development, planning, resource management, and fiscal and program evaluation responsibilities. The staff of OSD comprises military and civilian personnel and contracted services. While military personnel may be assigned to permanent duty in OSD, the Secretary may not establish a military staff organization within OSD.

The Joint Staff is responsible for assisting the Chairman of the Joint Chiefs of Staff, the military advisor to the President, in accomplishing his responsibilities for the unified strategic direction of the combatant forces; their operation under unified command; and their integration into a team of land, naval, and air forces.[20] The Joint Staff is tasked to provide advice

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[18]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007) (incorporating change 2, June 12, 2012) (hereinafter cited as DODI 5100.73 [Dec. 1, 2007]).

[19]10 U.S.C. § 131.

[20]10 U.S C. §§ 151 and 155.

and support to the Chairman and the Joint Chiefs on matters including personnel, intelligence doctrine and architecture, operations and plans, logistics, strategy, policy, communications, cyberspace, joint training and education, and program evaluation. In addition to civilian personnel and contracted services, the Joint Staff comprises military personnel who represent, in approximately equal numbers, the Army, the Navy and Marine Corps, and the Air Force.

Military Departments

The Office of the Secretary of the Army has sole responsibility within the Office of the Secretary and the Army Staff for the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[21] Additionally, there is an Army Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Army. Headquarters functions to be performed by the Army Staff include, among others, recruiting, organizing, training, and equipping of the Army.[22] The staff of the Office of the Secretary of the Army and the Army Staff comprise military and civilian personnel and contracted services.

The Office of the Secretary of the Navy is solely responsible within the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps, for oversight of the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[23] The Office of the Chief of Naval Operations is to provide professional assistance to the Secretary and Chief of Naval Operations in preparing for the employment of the Navy in areas such as: recruiting, organizing, supplying, equipping, and training.[24] The Marine Corps also operates under the authority, direction, and control of the Secretary of the Navy. Headquarters, Marine Corps, consists of the Commandant of the Marine Corps and staff who are to provide assistance in preparing for the employment of the Marine Corps in areas such as recruiting, organizing,

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[21]10 U.S.C. § 3014.

[22]10 U.S.C. §§ 3031 and 3032.

[23]10 U.S.C. § 5014.

[24]10 U.S.C. §§ 5031 and 5032.

supplying, equipping and training.[25] The staffs of Office of the Secretary of the Navy, Office of the Chief of Naval Operations, and Headquarters, Marine Corps, comprise military and civilian personnel and contracted services.

The Office of the Secretary of the Air Force has sole responsibility and oversight for the following functions across the Air Force: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[26] Additionally, there is an Air Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Air Force. The headquarters functions to be performed by the Air Staff include recruiting, organizing, training, and equipping of the Air Force, among others.[27] The staffs of the Office of the Secretary of the Air Force and the Air Staff comprise military and civilian personnel and contracted services.

Authorized Positions at DOD Headquarters Organizations We Reviewed Have Generally Increased since Fiscal Year 2001, and Plans for Future Reductions are Not Finalized

Authorized positions have increased to varying degrees within the headquarters organizations that we reviewed—OSD, the Joint Staff, and the secretariats and staffs for the Army, Navy, and Air Force, as well as Headquarters, Marine Corps. According to DOD officials, the varying increases were generally attributable to increased mission responsibilities for the war and other directed missions such as business transformation, intelligence, cyber, suicide prevention, sexual assault response and prevention, wounded warrior care, family support programs, transition assistance and veterans programs. In addition, DOD officials said DOD-directed conversion and realignment of workload from contracted services to civilian positions, and institutional reorganizations also contributed to the increases. While there has been a net increase in the number of authorized positions in these organizations from fiscal year 2001 through fiscal year 2013, in recent years the number of authorized positions has leveled off or begun to decline, which DOD officials said is primarily due to DOD efficiency efforts. These efforts have included identifying budget and personnel reductions to achieve efficiencies, instituting caps on authorized civilian personnel, and limiting contracted services

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[25]10 U.S.C. §§ 5041 and 5042.

[26]10 U.S.C. § 8014.

[27]10 U.S.C. §§ 8031 and 8032.

expenditures. In 2013, the Secretary of Defense set a target for reducing DOD components' total management headquarters budgets by 20 percent for fiscal years 2014 through 2019, including costs for civilian personnel and contracted services, while striving for a goal of 20 percent reductions to authorized military and civilian personnel. However, the department has not finalized its reduction plans.

Number of Authorized Positions at OSD and the Joint Staff Increased since 2001, but Levels Have Begun to Decline or Level Off in Recent Years

OSD experienced an overall increase in its authorized military and civilian positions from fiscal years 2001 through 2013, representing a net increase of 20 percent from 2,205 authorized positions in fiscal year 2001 to 2,646 authorized positions in fiscal year 2013.[28] Since fiscal year 2011, OSD's authorized positions have slightly decreased from their peak levels. The number of authorized military and civilian positions within the Joint Staff remained relatively constant since fiscal year 2005, the first year we could obtain reliable data, at about 1,262 authorized positions, with an increase in fiscal year 2012 to 2,599 positions, which Joint Staff officials said was associated with the realignment of duties from U.S. Joint Forces Command after its disestablishment.[29] Both OSD and Joint Staff trends are illustrated in figure 1.

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[28]These OSD authorized positions do not include personnel within the defense agencies or DOD field activities, such as the Washington Headquarters Services.

[29]According to Joint Staff officials, the Joint Staff was unable to provide personnel data before fiscal year 2005 because of a change in personnel databases in 2004. For additional information on our data analysis and methodology, see app. II.

Figure 1: Number of Authorized Military and Civilian Positions for the Office of the Secretary of Defense (OSD) and the Joint Staff for Fiscal Years 2001 through 2013
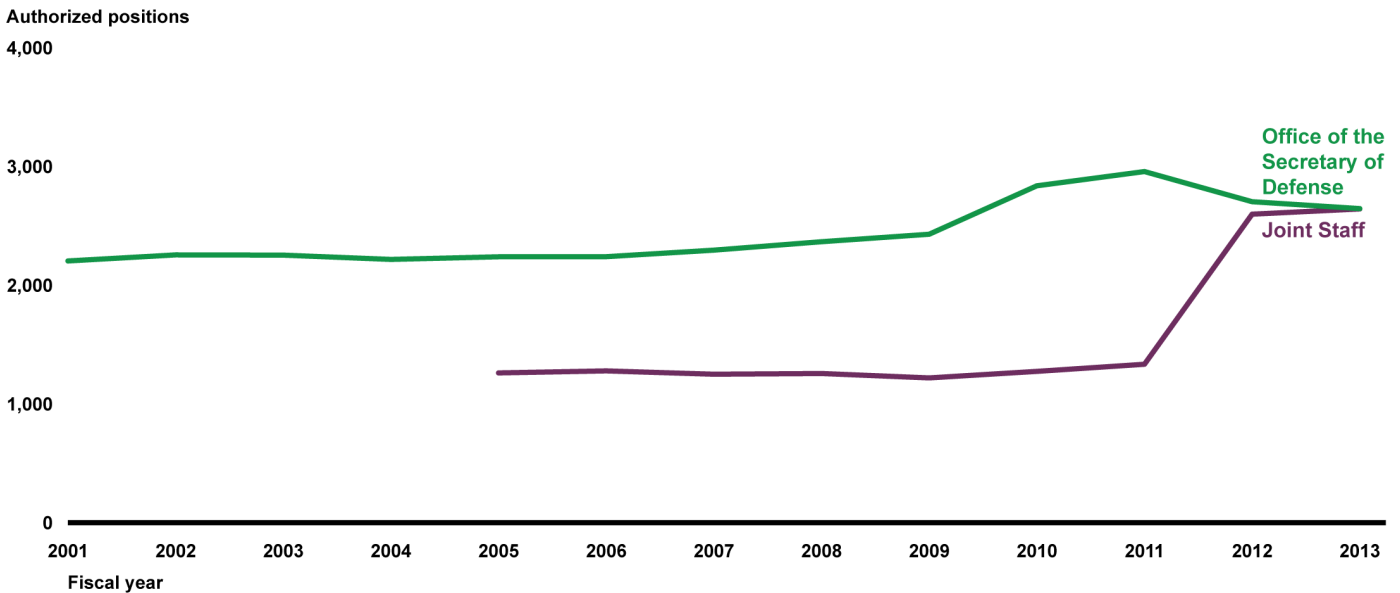
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: According to Joint Staff officials, the Joint Staff was unable to provide complete data on the number of authorized positions prior to fiscal year 2005 due to a change in databases in 2004. Therefore, changes in the number of authorized positions for the Joint Staff could only be identified for fiscal years 2005 through 2013. This does not include authorized military and civilian positions within the Joint Staff's J-2 Intelligence Directorate. DOD considers this information to be sensitive but unclassified, and we therefore excluded it from this report. According to Joint Staff officials, the increase in authorized positions in fiscal year 2012 is primarily due to the disestablishment of U.S. Joint Forces Command and the realignment of authorized positions from that command to the Joint Staff.

Our analysis showed that the increase in the number of authorized military and civilian positions within OSD since fiscal year 2001 can primarily be attributed to the creation of the Under Secretary of Defense (Intelligence) in fiscal year 2003 and the Office of the Deputy Chief Management Officer in fiscal year 2009.[30] Fiscal years 2010 and 2011 saw additional increases in authorized civilian positions, while the number of authorized military positions within OSD decreased, which OSD

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[30]See Pub. L. No. 107-314, § 901(a)(2) (2002), which established the position of Under Secretary of Defense for Intelligence and Pub. L. No. 110-181, § 904 (2008), which established the position of Deputy Chief Management Officer.

officials attributed to the conversion and realignment of workload from both military positions and contracted services to civilian positions. OSD officials told us that the decrease in authorized positions from its peak in 2011 is primarily attributable to reductions directed by the Secretary of Defense. They indicated that these reductions were to authorized civilian positions that had not yet been filled after being created to convert functions performed by contracted services to civilian positions in the preceding 2 years. For additional information on changes in OSD's personnel and associated costs, see appendix III.

The Joint Staff, excluding the J-2 (Intelligence) Directorate,[31] experienced small changes since fiscal year 2005, before experiencing an increase in authorized military and civilian positions in fiscal year 2012, which Joint Staff officials attributed to the disestablishment of U.S. Joint Forces Command and the realignment of positions to the Joint Staff. From fiscal year 2005 through fiscal year 2010, the number of authorized military and civilian positions within the Joint Staff remained relatively constant, with minor increases in fiscal year 2011 that Joint Staff officials attributed to the conversion and realignment of functions performed by contracted services to civilian positions. Joint Staff officials stated that the sharp increase in authorized military and civilian positions in fiscal year 2012 was caused by the realignment of existing positions from U.S. Joint Forces Command to the Joint Staff, after U.S. Joint Forces Command was disestablished. Some of the positions that were realigned include those supporting the Combatant Commanders Exercise Engagement and Training Transformation program, the North Atlantic Treaty Organization oversight position, the Joint Center for Operational Analysis, the Joint Coalition Warfighting Center, and the Joint Personnel Recovery Agency. As part of the President's budget request for fiscal year 2014, DOD planned to reduce civilian positions at the Joint Staff and the combatant commands by approximately 400 positions over 5 years through fiscal year 2018. As a result, Joint Staff officials stated that they expect the number of authorized positions to further decrease in future fiscal years. For additional information on changes in the Joint Staff's authorized positions and associated costs, see appendix IV.

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[31]Data on authorized military and civilian positions within the Joint Staff's J-2 Intelligence Directorate were excluded from this report because DOD considers this information to be sensitive but unclassified.

In addition to authorized military and civilian positions, DOD relies on contracted services to provide a range of headquarters services, such as management support, administration, and information technology support. For example, for DOD's fiscal year 2013 Inventory of Contracted Services, OSD estimated that there were about 3,287 contractor full-time equivalents throughout the organization, which represents about 55 percent of OSD's total workforce in fiscal year 2013, as shown in figure 2.[32]

Figure 2: Percentage of Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents in the Office of the Secretary of Defense (OSD), Fiscal Year 2013

9%
Authorized military (552)

56%
Contractor full-time equivalents (3,287)

35%
Authorized civilians (2,094)
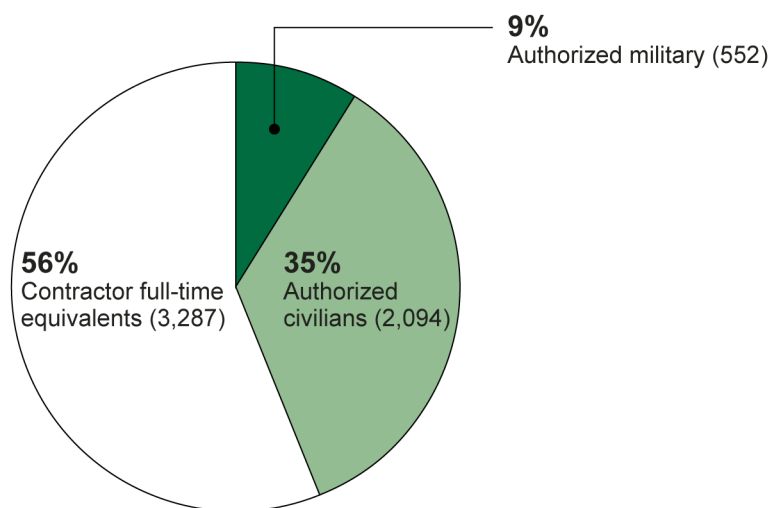
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Contractor full-time equivalents are rounded to the nearest whole number. OSD provided contractor full-time equivalents from DOD's fiscal year 2013 Inventory of Contracted Services and it includes only those contracts managed by Washington Headquarters Services / Acquisition Directorate. In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or

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[32]In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

Our body of work over the past decade on DOD's contracting activities has noted the need for DOD to obtain better data on its contracted services to enable it to make better-informed management decisions, ensure that department-wide goals and objectives are achieved, and have the resources to achieve desired outcomes.[33] In response to our past work on the need to identify the number of and functions performed by contractors, DOD outlined its intended approach to document contractor full-time equivalents and collect data on the work performed under contracted services in the Enterprise-wide Contractor Manpower Reporting Application, which DOD plans to use to annually report DOD's Inventory of Contract Services to Congress. However, in May 2014, we found that various challenges may hinder DOD's efforts to have an enterprise-wide system and associated process in place to support DOD's fiscal year 2016 Inventory of Contracted Services.[34] While we did not make any recommendations, DOD agreed with our assessment that challenges remain in establishing a common system to collect contractor manpower data. Since DOD is still in the process of compiling complete data on contractor full-time equivalents, trends in these data could not be identified and similar comparisons of estimated contractor full-time equivalents and authorized military and civilian positions could not be conducted for the Joint Staff, Navy Secretariat, Office of the Chief of Naval Operations, Headquarters, Marine Corps, and the Air Force

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[33]See GAO, *Defense Contractors: Additional Actions Needed to Facilitate the Use of DOD's Inventory of Contracted Services*, GAO-15-88 (Washington, D.C.: Nov. 19, 2014); GAO, *Defense Acquisitions: Goals and Associated Metrics Needed to Assess Progress in Improving Service Acquisition*, GAO-13-634 (Washington, D.C.: Jun 27, 2013); GAO, *Defense Acquisitions: Update on DOD's Efforts to Implement a Common Contractor Manpower Data System*, GAO-14-491R Washington, D.C.: May 19, 2014); GAO-13-491; *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357 (Washington, D.C.: Apr. 6, 2012); GAO-12-345; *Defense Acquisitions: Further Action Needed to Better Implement Requirements for Conducting Inventory of Service Contract Activities*, GAO-11-192 (Washington, D.C.: Jan. 14, 2011); and *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20 (Washington, D.C.: Nov. 9, 2006).

[34]GAO-14-491R.

Secretariat and Staff. The Army provided information on estimated contractor full-time equivalents in the Army Secretariat and Army Staff for fiscal year 2013, which we detail in appendix V. A September 2014 DOD memorandum directed a review of short- and long-term options for collecting contractor manpower data and proposed courses of action. In November 2014, we reported that this memorandum raised questions about whether DOD will continue the Enterprise-wide Contractor Manpower Reporting Application or develop a new system and noted that these uncertainties increase the risk that DOD will be unable to collect statutorily required contractor manpower data.[35] To help facilitate DOD's stated intent to develop a common data collection system, we recommended that the Under Secretary of Defense for Personnel and Readiness approve a plan of action, with timeframes and milestones, for rolling out and supporting a department-wide data collection system as soon as practicable after the review of options is complete.

Military Service Secretariats and Staffs Experienced Varied Increases in Authorized Positions since Fiscal Year 2001, and the Increases Have Recently Leveled Off

The military service secretariats and staffs also experienced varied increases in their number of authorized military and civilian positions from fiscal years 2001 through 2013.[36] According to DOD officials, the varying increases are attributed to increased mission responsibilities for the war and other directed missions such as business transformation, sexual assault response and prevention, and cyber. In addition, DOD officials said converting functions performed by contracted services to civilian positions, and the transfer of positions from other organizations also contributed to the increases. However, military service officials said that DOD-wide initiatives and service-specific actions since fiscal year 2010 have generally begun to slow these increases or resulted in declines, as illustrated in figure 3.

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[35]GAO-15-88.

[36]Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

Figure 3: Number of Authorized Military and Civilian Positions for the Secretariats and Staffs of the Military Services for Fiscal Years 2001 through 2013
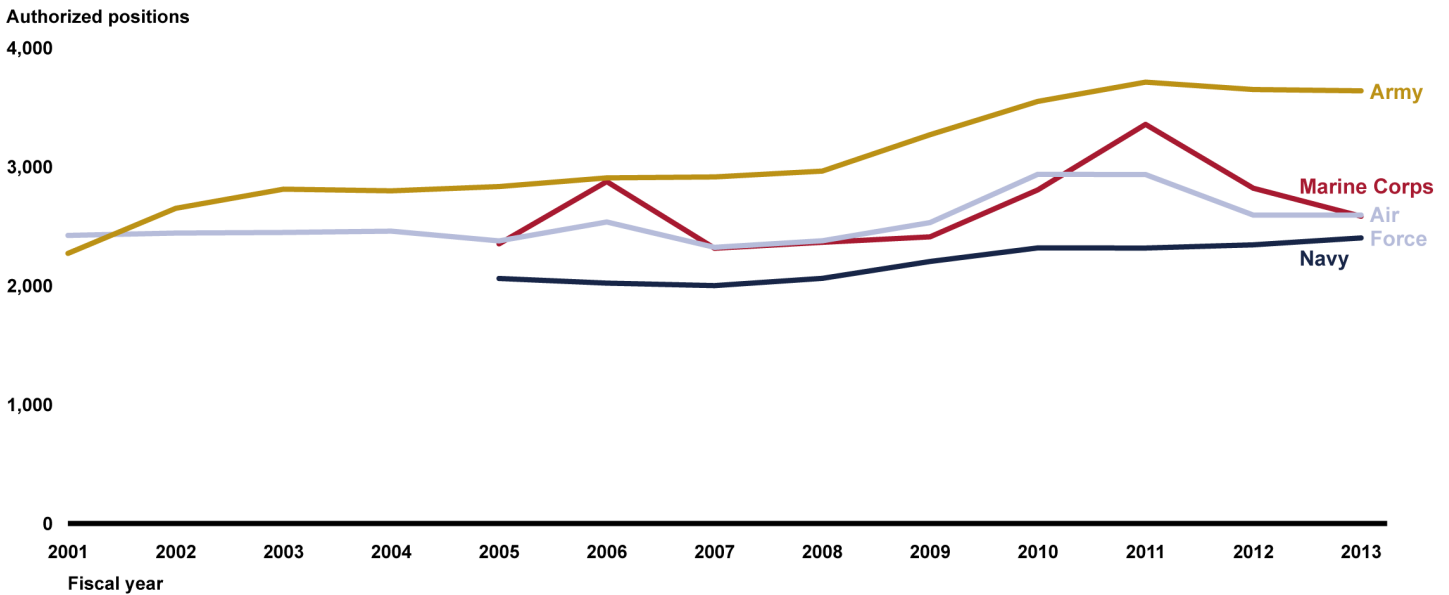
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Data reflect authorized military and civilian positions. Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

Authorized military and civilian positions for the Army Secretariat and Army Staff increased by 60 percent from 2,272 in fiscal year 2001 to 3,639 in fiscal year 2013, but levels have begun to decline since their peak of 3,712 authorized positions in fiscal year 2011. According to Army officials, the increases in the number of authorized positions within Headquarters, Department of the Army are attributable to increased mission responsibilities for the war and other directed missions such as business transformation, sexual assault response and prevention, and cyber. In addition, Army officials said efforts to convert functions performed by contracted services to civilian positions also contributed to the increases. For example, the Army's Office of the Deputy Chief of Staff for Operations, Plans, and Training (G-3/5/7) converted 72 contractor full-time equivalents to authorized civilian positions in fiscal years 2010, 2011, 2012, and 2013. According to Army and DOD officials, since fiscal year 2011, the number of authorized positions has remained fairly constant or declined slightly primarily due to direction from the Secretary of Defense to hold authorized civilian positions at or below the fiscal year 2010 levels and to cut positions that had yet to be filled after these positions had been

created by converting contracted services to civilian positions in previous years. Based on data collected by the Army using the Contractor Manpower Reporting Application for use in DOD's Inventory of Contracted Services,[37] the Army estimated that, in addition to authorized military and civilian positions, it had 1,428 contractor full-time equivalents serving in the Army Secretariat and Army Staff in fiscal year 2013. For additional information on changes in the Army's headquarters personnel and associated costs, see appendix V.

Within the Navy Secretariat and Office of the Chief of Naval Operations, the number of authorized military and civilian positions has increased from 2,061 in fiscal year 2005 to 2,402 in fiscal year 2013, with increases in authorized civilian positions, primarily at the Navy Secretariat, driving the overall increase.[38] Navy officials attributed these increases to reorganizations arising from annual internal reviews that moved positions into headquarters functions and conversions of contracted services to civilian positions. For example, the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) converted functions performed by contracted services into 25 civilian full-time equivalents in fiscal year 2011. For additional information on changes in the Navy's headquarters personnel and associated costs, see appendix VI.

Headquarters, Marine Corps, has seen an overall increase in its total number of authorized military and civilian positions from 2,352 in fiscal year 2005 to 2,584 in fiscal year 2013, but there have been variations within those years. For example, some of the increases in the number of authorized positions were attributed by Marine Corps officials to the addition of positions required to establish and operate the National Museum of the Marine Corps, and additional personnel required to

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[37]In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011, we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the Inventory of Contracted Services. See GAO-11-192. We are presenting the Army's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting the Army's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

[38]Due to changes in personnel management systems, neither the Marine Corps nor the Navy were able to provide data on authorized positions prior to fiscal year 2005.

support the Foreign Counterintelligence Program and National Intelligence Program. Marine Corps officials also explained that some of the decreases in authorized positions were due to a number of realignments that have transferred civilian positions from Headquarters, Marine Corps, to operational or field support organizations. For additional information on changes in the Marine Corps' headquarters personnel and associated costs, see appendix VII.

Authorized military and civilian positions for the Air Force Secretariat and Air Staff have increased overall from 2,423 in fiscal year 2001 to 2,584 in fiscal year 2013, but they have declined from their peak in fiscal year 2010. An Air Force official stated that the overall increase was driven primarily by the conversion of functions performed by contracted services to civilian positions. The Air Force official also noted that the decrease in the number of authorized positions from its fiscal year 2010 peak is primarily attributable to direction from the Secretary of Defense to hold the number of authorized civilian positions at or below fiscal year 2010 levels and to cut positions that had yet to be filled after these positions had been created by converting functions performed by contracted services to civilian positions in previous years. For additional information on changes in the Air Force's headquarters personnel and associated costs, see appendix VIII.

DOD Plans to Achieve Headquarters Reduction Goals Are Not Finalized

DOD identified planned savings in its fiscal year 2015 budget submission, but it is unclear how the department will achieve those savings or how the reductions will affect the headquarters organizations in our review. In 2013, the Secretary of Defense set a target for reducing the headquarters budgets by 20 percent, to include costs for civilian personnel, contracted services, facilities, information technology, and other costs that support headquarters functions. DOD budget documents project the reductions will yield the department a total savings of about $5.3 billion from fiscal years 2015 through 2019, with most savings coming in 2019; however, specific details of the reductions through fiscal year 2019 were not provided. Moreover, in June 2014, we found that the starting point for the reductions was not clearly defined so it is difficult to assess whether these projected savings reflect meaningful savings when the reductions are a small portion of DOD's budget.[39] DOD was required by Section 904 of the National Defense Authorization Act for Fiscal Year 2014 to report its

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[39]GAO-14-439.

efforts to streamline management headquarters in June 2014.[40] However, DOD provided Congress with an interim response stating that, due to the recent turnover of key staff, it would not develop its initial plan on streamlining until the end of summer 2014. As of December 2014, DOD's plan had not been issued.

Officials from the headquarters organizations in this review stated that they are using different processes to identify the 20 percent reductions to their operating budgets. DOD's guidance called for components to achieve a 20 percent reduction to their headquarters operating budgets, while striving for a goal of 20 percent reductions to authorized military and civilian personnel. According to DOD officials, this flexibility allows DOD components to determine the most cost-effective workforce—retaining military and civilian personnel while reducing dollars spent on contracted services. For example, OSD officials stated that the Under Secretaries of Defense were asked to strive for a goal of reducing their operating budgets by 20 percent. However, some OSD senior officials stated that it was unfair to smaller OSD offices, such as General Counsel, Public Affairs, and Legislative Affairs, to take the same reduction as the larger offices, and consequently OSD elected to take larger reductions from the larger offices of OSD Policy; Acquisitions, Technology and Logistics; Intelligence; and Personnel and Readiness. OSD officials added that they are in the process of determining how best to apply the budget reductions, preferably through attrition. Overall, DOD projected the reductions will result in at least $1 billion in savings for OSD's headquarters over a 5-year period, but it is unclear what the size will ultimately be.

The Joint Staff projects reductions of about $450,000 from fiscal year 2015 through fiscal year 2019. Joint Staff officials stated that they plan to reduce the number of authorized positions by about 150 civilian positions (about 14 percent of their fiscal year 2013 authorized civilian positions) and by about 160 military positions (about 11 percent of their fiscal year 2013 authorized military positions).

Specifics about the plans for the military service secretariats and staffs were also in development, as of December 2014. Army officials estimate a reduction of about 560 civilian full-time equivalent positions in the Army

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[40]Pub. L. No. 113-66, § 904 (2013).

Secretariat and Army Staff (about 21 percent of fiscal year 2013 authorized civilian positions); however, the officials said that the reductions in military positions will be determined through an Army review of military personnel in time for the fiscal year 2017 budget submission. Additionally, in July 2014, the Secretary of the Army announced plans for an additional review to determine the optimal organization and strength and, subsequently, any adjustment of programmed reductions in Headquarters, Department of the Army, that is to be completed by March 2015. Navy officials stated that the Navy will take 20 percent reductions in both civilian and military personnel, but the exact reductions through fiscal year 2019 would not be available before the issuance of the Section 904 report to Congress. A Marine Corps official stated that after submitting its fiscal year 2015 budget information, the Marine Corps conducted a structural review over a period of 6 to 8 months that identified a larger number of positions in Headquarters, Marine Corps, that should be subject to the reduction. The official further stated that these changes should better position the Marine Corps to more accurately report its headquarters structure for the fiscal year 2016 budget, but added that the actual reductions would likely be different than it originally estimated for fiscal year 2015. The revised Marine Corps data were not available as of January 2015. More specific information was available from the Air Force. In July 2014, the Air Force completed its management headquarters review and notified Congress of its reorganization plans, including a reduction of 300 authorized military and civilian positions (about 12 percent of fiscal year 2013 authorized positions) and a 20 percent reduction to the headquarters operating budgets for the Air Force Secretariat and Air Staff by fiscal year 2019.

DOD Headquarters Organizations in Our Review Do Not Systematically Determine or Periodically Reassess Their Personnel Requirements

The headquarters organizations we reviewed—OSD, the Joint Staff, and the secretariats and staffs for the Army, Navy, and Air Force, and Headquarters, Marine Corps—do not determine their personnel requirements as part of a systematic requirements-determination process, nor do they have procedures in place to ensure that they periodically reassess them as outlined in DOD and other guidance. Current personnel levels for these headquarters organizations are traceable to statutory limits enacted during the 1980s and 1990s to force efficiencies and reduce duplication. However, these limits have been waived since fiscal year 2002 and have little practical utility because of statutory exceptions to certain categories of personnel and because the limits do not include personnel in supporting organizations that perform headquarters-related functions. OSD, the Navy, and the Marine Corps have recognized problems with their existing requirements-determination processes and

are beginning to take steps to modify their processes, but their efforts are not yet complete. Without systematic determinations of personnel requirements and periodic reassessments of them using organizational and workforce analyses, DOD will not be well-positioned to proactively identify efficiencies and limit personnel growth within these headquarters organizations. Moreover, until such requirements are determined, Congress will not have the information needed to reexamine existing statutory limits.

Statutory Limits Placed on Headquarters Sizes Have Been Waived and Are of Limited Utility

Most of the DOD headquarters organizations that we reviewed are subject to statutory limits on the number of authorized personnel, although these limits have been waived since fiscal year 2002 and are of limited utility due to statutory exceptions and exclusions of certain personnel. Congress placed statutory limits on authorized military and civilian personnel for the military departments' secretariats and staffs in 1986, in part, to force a comprehensive management review of duplication and identify effective solutions to existing personnel duplication among the services.[41] In 1996, Congress also established a statutory limit for OSD military and civilian personnel because it was concerned about the growth of OSD personnel despite a declining defense budget and military force structure.[42] The military departments' statutory limits were set at 85 percent of the total number of personnel in the secretariats and military staffs prior to 1986, while the OSD statutory limit represented a 15 percent reduction from 1994 personnel levels. The Joint Staff is not currently subject to a statutory limit.

Although Congress placed statutory limits on the OSD and the military departments' secretariats and military staffs, the President has declared a national emergency each year from fiscal years 2002 to 2014, which had

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[41]See Goldwater-Nichols Department of Defense Reorganization Act of 1986, Pub. L. No. 99-433 (1986). Although the act placed statutory limits on the Joint Staff's number of civilian and military personnel, Congress repealed these limits in 1991 to provide the Chairman of the Joint Chiefs of Staff with greater flexibility. Applicable limits to the civilian and military personnel in the military services' secretariats and staffs are codified at sections 3014, 5014, and 8014 of Title 10 of the U.S. Code. As of fiscal year 2009, there are exceptions to the limitations on personnel in some circumstances.

[42]See National Defense Authorization Act of 1996, Pub. L. No. 104-106 § 901(d) (1996). Applicable limits to OSD's major DOD headquarters personnel are codified at 10 U.S.C. § 143. OSD's statutory limit includes its supporting activities and the Washington Headquarters Services, a support organization for OSD.

the effect of waiving the limits for the military departments each year.[43] While the limits have been waived, officials from the Army, Navy, and Air Force stated that they seek to keep their number of authorized military and civilian positions within or close to these limits because the waiver is valid only for 1 year at a time, and they are uncertain whether the waiver will be granted again. However, we found the secretariats and military staffs of the departments of the Army and Navy have totals for fiscal year 2013 that would exceed the existing statutory limits were they in effect. Table 1 shows the statutory limits of the headquarters organizations that we reviewed and the total number of authorized positions they reported in fiscal year 2013, including, where applicable, the percentage by which they vary from the statutory limits.

Table 1: Statutory Limits of Headquarters Organizations Personnel, and Percentage by Which Statutory Limits Would Be Exceeded in Fiscal Year 2013 in the Absence of a Waiver

Headquarters organization	Statutory limit[a]	Year limit was established	Fiscal year 2013 authorization	Percentage variance
Office of the Secretary of Defense (OSD)[b]	3,767	1999	3,135	-16.8%
Office of the Joint Chiefs of Staff	No limit	N/A	N/A	N/A
Army Secretariat and Army Staff	3,105	1986	3,639	+17.2
Navy Secretariat, Office of the Chief of Naval Operations, and Headquarters, Marine Corps	2,866	1986	4,960[c]	+74.0
Air Force Secretariat and Air Staff	2,639	1986	2,594	-1.7

Source: GAO analysis of Department of Defense data and provisions of Title 10, U.S. Code. | GAO-15-10

Notes: N/A = Not applicable

[a]Statutory limits are for authorized civilian and military personnel.

[b]OSD's statutory limit includes its supporting activities, such as the Washington Headquarters Services, a support organization for OSD.

[c]A Navy official stated that the Navy has not reevaluated its source data since statutory limits were first waived in September 2001, and therefore, Title 10 exceptions to this baseline have not been applied. Pub. L. No. 110–417, §1111 (2008), as amended, provided that for fiscal year 2009 and fiscal years thereafter, the baseline personnel limitations for each of these organizations shall not apply to (1) acquisition personnel hired pursuant to the expedited hiring authority provided in section 1705(h) of Title 10, U.S. Code, or otherwise hired with funds in the Department of Defense Acquisition Workforce Development Fund; or (2) personnel hired pursuant to a shortage category designation by the Secretary of Defense or the Director of the Office of Personnel Management. Further, the Secretary of Defense or a Secretary of a military department may adjust the baseline

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[43]Unlike the military departments' statutes, the statute on OSD personnel limitations does not allow for a waiver from the limitation in time of war or during a national emergency declared by the President or Congress.

personel limitations in sections 143, 3014, 5014 and 8014 of title 10, United States Code, for fiscal year 2009 and fiscal years thereafter, to (1) fill a gap in the civilian workforce of the Department of Defense identified by the Secretary of Defense in a strategic human capital plan submitted to Congress in accordance with the requirements of section 115b of such title; or (2) accommodate increases in workload or modify the type of personnel required to accomplish work such as performance of inherently governmental functions, among other purposes. A Navy official stated that Headquarters, Marine Corps has more than 900 authorizations that are assigned to Headquarters, Marine Corps because it is more efficient and less costly than performing these functions at a lower level as other military services do.

In addition, the numbers of authorized military and civilian positions counted against the statutory limits may not accurately reflect or be inclusive of all personnel supporting the headquarters due to statutory exceptions and the exclusion of certain personnel in support organizations conducting headquarters-related functions. Beginning in fiscal year 2009, Congress provided exceptions to the limitations on personnel for certain categories of acquisition personnel and for those hired pursuant to a shortage category designated by the Secretary of Defense or the Director of the Office of Personnel Management.[44] These exceptions to the limitations on personnel allow DOD to adjust its baseline personnel limitation or exclude certain personnel from the limitation. For example, the Army reported for fiscal year 2015 that it has 1,530 military and civilian personnel that are subject to these exceptions and therefore do not count against its statutory limits.[45] An official in OSD's Office of the Under Secretary for Personnel and Readiness told us that the exceptions that were added to the statutory limits as of fiscal year 2009 make the statutory limits virtually obsolete.

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[44]Pub. L. No. 110–417, § 1111 (2008), as amended, provided that for fiscal year 2009 and fiscal years thereafter, the baseline personnel limitations for each of these organizations shall not apply to (1) acquisition personnel hired pursuant to the expedited hiring authority provided in section 1705(h) of Title 10, U.S. Code, or otherwise hired with funds in the Department of Defense Acquisition Workforce Development Fund; or (2) personnel hired pursuant to a shortage category designation by the Secretary of Defense or the Director of the Office of Personnel Management. Further, the Secretary of Defense or a Secretary of a military department may adjust the baseline personnel limitations in sections 143, 3014, 5014 and 8014 of title 10, U.S. Code, for fiscal year 2009 and fiscal years thereafter, to (1) fill a gap in the civilian workforce of the Department of Defense identified by the Secretary of Defense in a strategic human capital plan submitted to Congress in accordance with the requirements of section 115b of such title; or (2) accommodate increases in workload or modify the type of personnel required to accomplish work such as performance of inherently governmental functions, among other purposes.

[45]See Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015* (June 2014).

The statutory limits also do not apply to personnel in supporting organizations to the military service secretariats and staffs who do perform headquarters-related functions. For example, the Army and Air Force each have some personnel within their field operating agencies that support their military service secretariats or staffs in accomplishing their mission but which we found are not subject to the statutory limits. Organizations that support the Air Force Secretariat and Air Staff in conducting their mission include, but are not limited to, the U.S. Air Force Cost Analysis Agency, the U.S. Air Force Inspection Agency, the U.S. Air Force Personnel Center, and the U.S. Air Force Audit Agency, and include thousands of personnel. As illustrated in figure 4, in the case of the Army, the organizations and agencies that support the Army Secretariat and Army Staff are almost three times as large as the Secretariat and Staff, and include the U.S. Army Finance Command, the U.S. Army Manpower Analysis Agency, and the U.S. Army Force Management Support Agency, among others.

Figure 4: Number of Authorized Positions for the Army Secretariat and Army Staff versus the Army Field Operating Agencies
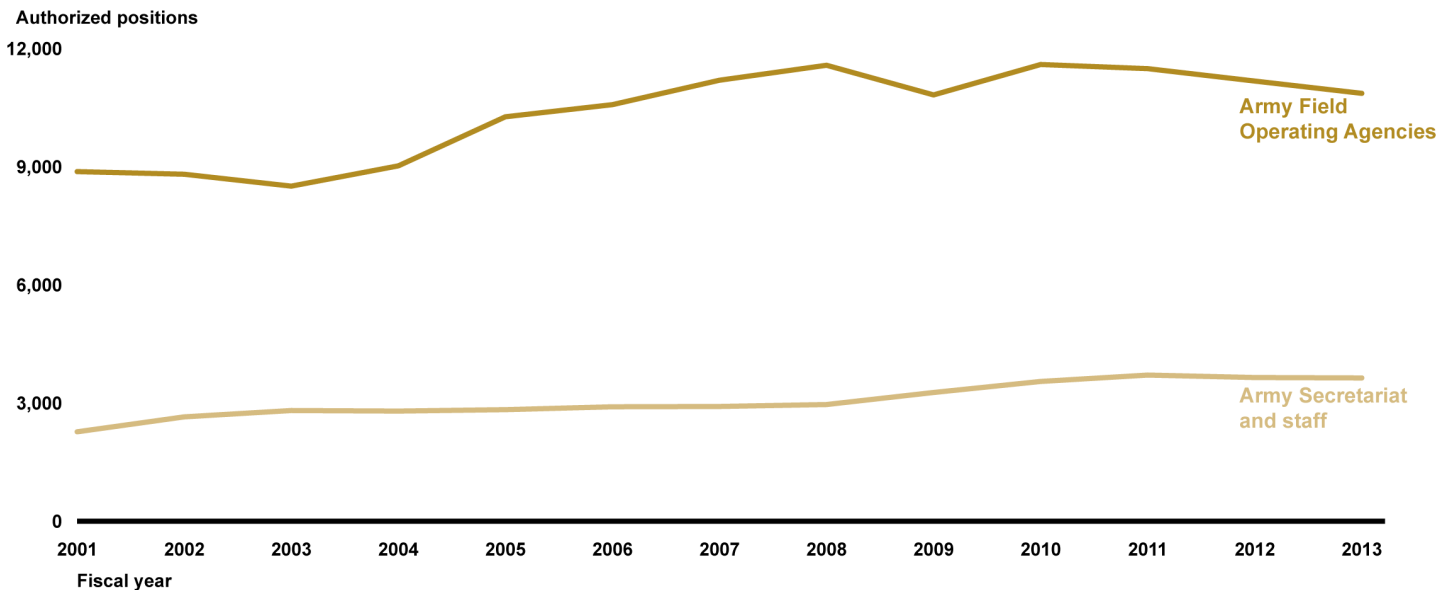
By contrast, elements of the Washington Headquarters Services, a support organization for OSD, are included in OSD's statutory limits. This means that some personnel in the Washington Headquarters Services who conduct management headquarters-related functions count toward

OSD's statutory limit.[46] In addition, the applicable statute contains a provision limiting OSD's ability to reassign functions; specifically, that DOD may not reassign functions solely in order to evade the personnel limitations required by the statute.[47] The statutes governing personnel limitations for the military services' secretariats and staffs do not contain similar limitations on the military services' ability to reassign headquarters-related functions elsewhere. Military service officials have explained that the existing statutory limits preclude organizational efficiencies by causing them to move personnel performing headquarters-related functions elsewhere within the department, including the field operating agencies. In addition, DOD officials also stated the statutory limits may have unintended consequences, such as causing DOD to use contracted services to perform headquarters-related tasks when authorized military and civilian personnel are unavailable; this contractor work force is not subject to the statutory limits.

We also found that Headquarters, Marine Corps, plans to revise the number of military and civilian personnel it counts against the statutory limits to exclude certain personnel. Officials in Headquarters, Marine Corps, said that, unlike their counterparts in the other three services, their headquarters is not entirely a management headquarters activity, because it incorporates some nonheadquarters functions for organizational and efficiency reasons, and thus the limits should not apply to those personnel. However, this planned change seems in contradiction with the intent of the statute to establish a limit on personnel within the Navy Secretariat, Office of the Chief of Naval Operations, and Headquarters, Marine Corps. Also, DOD Instruction 5100.73, *Major DOD Headquarters Activities*, states that Headquarters, Marine Corps, is a management headquarters organization in its entirety, which would include all its personnel and operating costs.[48] Marine Corps officials told us that DOD plans to revise DOD Instruction 5100.73 to classify only certain functions within Headquarters, Marine Corps, as management headquarters activities. According to an official, Headquarters, Marine

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[46]Other functions within the Washington Headquarters Services, such as the maintenance and utility work provided to defense installations in the Washington, D.C., region, do not count as management headquarters activities and therefore are not counted against OSD's statutory limits.

[47]10 U.S.C. § 143(c).

[48]DODI 5100.73 (Dec. 1, 2007).

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Corps,' personnel totals in fiscal year 2013 do not reflect these changes and may account for the large percentage difference between the existing statutory limits and the number of Navy and Marine Corps authorized personnel in fiscal year 2013. An official from the Department of the Navy also noted that they have not reexamined the number of personnel who would fall under the statutory limits since the limit was first waived in September 2001.

According to internal-control standards for the federal government, information should be recorded and communicated to others who need it in a form that enables them to carry out their responsibilities.[49] An organization must have relevant, reliable, and timely communications as well as information needed to achieve the organization's objectives. However, DOD's headquarters reporting mechanism to Congress, the *Defense Manpower Requirements Report*, reflects a lack of key information. This annual report to Congress includes information on the number of military and civilian personnel assigned to major DOD headquarters activities in the preceding fiscal year and estimates of such numbers for the current and subsequent fiscal year, as well as the amount of any adjustment in personnel limits made by the Secretary of Defense or the secretary of a military department.[50] However, in the most recent report for fiscal year 2015, only the Army reports information on the number of baseline personnel within the Army Secretariat and Army Staff that count against the statutory limits, along with the applicable adjustments to the limits. Similar information for OSD, the Air Force Secretariat and Air Staff, the Navy Secretariat, the Office of the Chief of Naval Operations, and Headquarters, Marine Corps, is not included because DOD's reporting guidance does not require this information. Without information to identify what personnel in each organization are being counted against the statutory limits, it will be difficult for Congress to determine whether the existing statutory limits are effective in limiting personnel growth within the department or should be revised to reflect current requirements.

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[49]GAO/AIMD-00-21.3.1.

[50]The National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 1109 (2009), codified at 10 U.S.C. § 115a, requires DOD to report major headquarters activities annually in the *Defense Manpower Requirements Report*. This annual report to Congress provides DOD's manpower requirements, to include those for military and civilians personnel, as reflected in the President's budget request for the current fiscal year.

DOD Headquarters Organizations in Our Review Have Not Systematically Determined Personnel Requirements

While the organizations we reviewed are currently assessing their personnel requirements—driven by department-wide efforts to reduce management overhead in response to budget constraints—we found that all of the headquarters organizations within our review have not determined their personnel requirements as part of a systematic requirements-determination process. Such systematic personnel-requirements processes are considered a good human-capital practice across government, including DOD, and these processes include certain key elements. Among these elements are that organizations should (1) identify an organization's mission, functions, and tasks; and (2) determine the minimum number and type of personnel—military personnel, civilian personnel, and contracted services[51]—needed to fulfill those missions, functions, and tasks by conducting a workforce analysis.[52] Such a workforce analysis should identify mission-critical competencies as well as gaps and deficiencies, and systematically define the size of the total workforce needed to meet organizational goals. By contrast, the headquarters organizations we reviewed use authorized personnel levels from the previous year as a baseline from which to generate any new requirements,[53] and these personnel levels are ultimately based not on a workforce analysis but on the statutory limits that were established by Congress in the 1980s and 1990s.

According to DOD officials, it is more difficult to determine personnel requirements for OSD, military service secretariats, or military staffs, whose tasks include developing policy or strategy, than it is for military services' major commands or units that have distinct tasks, such as repairing aircraft or conducting ship maintenance. DOD officials stated that headquarters organizations' workload is unpredictable and not only

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[51]Both Congress and department guidance call for attainment of a DOD workforce sufficiently sized and comprised of the appropriate mix of military, civilian, and contractor personnel necessary to carry out the mission of the department. See 10 U.S.C. §129a and DOD Directive 1100.4 (Feb. 12, 2005).

[52]We derived key elements of a personnel-requirements determination process from GAO-04-39; from DOD Directive 1100.4; and from workforce planning guidance for the *Human Capital Assessment and Accountability Framework Practitioners' Guide*, which was issued in 2005 by the Office of Personnel Management.

[53]DOD officials from all but one of the headquarters organizations in our review stated that their personnel requirements do not change much from year to year from their existing baseline and that any changes in priorities or requirements are addressed by shifting personnel among internal offices or by offsetting additional personnel with a reduction from other components.

includes traditional policy and oversight responsibilities, but also managing unforeseen events and initiatives, such as the Fort Hood shooting, Secretary of Defense-directed reductions, and responding to congressionally mandated reviews or reports. However, systematically determining personnel requirements for the total force—military personnel, civilian personnel, and contracted services—by conducting a workforce analysis, rather than relying on historic personnel levels and existing statutory limits, would better position these headquarters organizations to respond to unforeseen events and initiatives by allowing them to identify critical mission requirements as well as mitigate risks to the organizations' efficiency and effectiveness. Without such determination of personnel requirements for the total force, DOD headquarters organizations may not be well positioned to identify opportunities for efficiencies and reduce the potential for headquarters-related growth. In addition, submitting these personnel requirements to Congress would provide Congress with key information to determine whether the existing statutory limits on military and civilian personnel are effective in limiting headquarters personnel growth.

DOD Headquarters Organizations in Our Review Do Not Have Procedures in Place to Ensure Periodic Reassessment of Headquarters Personnel Requirements

In addition to not systematically determining their personnel requirements, we also found that the headquarters organizations do not have procedures in place to ensure that they periodically reassess these personnel requirements. This is contrary to guidance from DOD and all of the military services suggesting that they conduct periodic reassessments of their personnel requirements. For example, DOD guidance states that existing policies, procedures, and structures should be periodically evaluated to ensure efficient and effective use of personnel resources, and that assigned missions should be accomplished using the least costly mix of military, civilian and contractor personnel.[54] Moreover, the military services have more specific guidance indicating that personnel requirements should be established at the minimum essential level to accomplish the required workload and should be periodically reviewed.[55] For example, the Air Force states that periodic reviews should occur at least every 2 years.[56] In addition, systematic personnel requirements

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[54]DODD 1100.4 (Feb. 12, 2005).

[55]Army Regulation 570-4; Office of the Chief of Naval Operations Instruction 1000.16K; Air Force Instruction 38-201; and Marine Corps Order 5311.1D.

[56]Air Force Instruction 38-201.

processes are considered a good human-capital practice across government, including in DOD. These practices call for organizations to have personnel requirements-determination processes that, among other things, reassess personnel requirements by conducting analysis on a periodic basis to determine the most efficient choices for workforce deployment.[57] These reassessments should include analysis of organizational functions to determine appropriate structure, including identifying any excess organizational layers or redundant operations, and workforce analysis to determine the most effective workloads for efficient functioning. None of the headquarters organizations we reviewed have procedures in place to ensure that they periodically reassess their personnel requirements.[58] This is unlike the military services' major commands or units, for which officials within the military departments stated they do reassess personnel requirements. While Navy officials stated that the Navy may occasionally reassess the requirements for a particular organization within the Secretariat or Office of the Chief of Naval Operations, such reassessments are conducted infrequently and without the benefit of a standardized methodology. Officials at Headquarters, Marine Corps, stated that they are beginning to implement a new requirements-determination process, which requires commanders to conduct an annual analysis to determine their organizations' personnel requirements. However, this process is not expected to be fully implemented until October 2015.

Officials from headquarters organizations that we reviewed said that they do not periodically reassess personnel requirements because their organization's requirements do not change much from year to year and they adjust requirements when new missions or tasks are assigned to their organization. DOD officials also maintained that the process of

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[57]We derived key elements of a personnel requirements-determination process from GAO-04-39; from DOD Directive 1100.4; and from workforce planning guidance for the *Human Capital Assessment and Accountability Framework Practitioners' Guide*, which was issued in 2005 by the Office of Personnel Management.

[58]The Joint Staff does not periodically reassess its personnel needs because there is no statutory requirement to periodically reassess personnel needs at joint components like the Joint Staff. In May 2013, we recommended that the Chairman of the Joint Chiefs of Staff revise Chairman of the Joint Chiefs of Staff Instruction 1001.01A, which applies to the Joint Staff, to require a comprehensive, periodic evaluation of whether the size and structure of the combatant commands meet assigned missions. However, the Joint Staff did not agree with this recommendation and does not expect to implement it unless directed to do so. See GAO-13-293.

reassessing these personnel requirements would be lengthy and require an increase in personnel to conduct the analysis. Officials also stated that they believe the department's recent efficiency efforts have allowed their organizations to reassess personnel requirements and identify opportunities for efficiencies. For example, officials stated that they conducted comprehensive reviews of their organizations' personnel requirements as part of the effort to identify efficiencies as directed by former Secretary of Defense Robert Gates in 2010, as part of the OSD organizational review conducted by former Secretary of the Air Force Mike Donley in 2013, and most recently as part of Secretary of Defense Chuck Hagel's effort to reduce management headquarters. However, these reviews have generally been ad hoc and done in response to internally driven or directed reductions, rather than as part of the organization's systematic requirements-determination process. Conducting periodic reassessments as part of a systematic requirements-determination process, rather than in response to various DOD-directed efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations and to inform decision making during any future efficiency efforts and budget reviews. In addition, reassessments of personnel requirements could occur periodically, not necessarily annually, thereby lessening the amount of time and labor that headquarters organizations devote to conducting reassessments. For example, Army guidance states that such reassessments should occur every 2 to 5 years.[59] Without periodic reassessment of personnel requirements for the total force, it will be difficult for the headquarters organizations in our review to be well positioned to effectively identify opportunities for efficiencies and limit personnel growth.

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[59]Army Regulation 570-4.

Some Organizations Are Modifying Their Requirements-Determination Processes, but These Efforts Are Not Complete

All but one of the organizations we reviewed have recognized problems with requirements determination and some are beginning to take steps to modify their related processes, but these efforts are not yet complete. For example, OSD conducted a set of studies, directed by the Secretary of Defense in December 2013, aimed at further improving management and administration of personnel. According to OSD officials, the data and insights from these studies will inform DOD-wide business process and system reviews being directed by the Deputy Secretary of Defense.[60] For example, officials stated that an OSD-wide process for determining and reassessing personnel requirements may replace the current process whereby each OSD office sets its personnel requirements individually. OSD officials also stated that the new process, if implemented, might include a standard methodology to help OSD conduct a headquarters workforce analysis and determine and periodically reassess its personnel requirements. DOD did not provide a time frame for implementing the results of the studies and did not confirm whether implementation would include establishment of an OSD-wide personnel requirements-determination process.

In 2013, the Navy commissioned a report that determined that its shore organizations—which include the Navy headquarters organizations that we reviewed—do not have a comprehensive, standardized process for determining personnel requirements.[61] The study found, among other things, that shore organizations often begin determining their requirements without the benefit of a current mission, function, and task statement,[62] and typically only document requirements for functions as currently performed, while not considering future workload changes and other ways to perform functions. Accordingly, the report proposed a

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[60]Deputy Secretary of Defense memorandum, *Implementation Guidance for the Business Process and Systems Review* (Aug 8, 2014).

[61]Department of the Navy, *Navy Shore Manpower Requirements Determination Final Report* (revised July 17, 2013).

[62]The Navy's shore personnel requirements, which include requirements for the Navy headquarters organizations within our review, are based on the mission, function, and task statement required of each Navy shore organization. This statement lays out: (1) the organization's mission, which is concise, unclassified general statements of what the organization is to accomplish; (2) the organization's functions, derived from the principal elements of the mission; and (3) the organization's tasks, derived from its mission and accomplished in connection with existing program policy directives or written tasking agreements.

methodology for analyzing workload and determining and assessing personnel requirements. Based on this report, the Navy is conducting its own review of the shore personnel requirements-determination process, with the goal of establishing guidance for use in 2015.

In 2011, the Marine Corps developed a standardized approach, known as the Strategic Total Force Management Planning process, for determining and reassessing headquarters personnel requirements on an annual basis. According to Marine Corps officials and guidance, this process requires commanders to annually assess their organization's mission, analyze its current and future organizational structures, conduct a gap analysis, and develop, execute, and monitor a plan of action to address any gaps. The Marine Corps is currently revising its guidance to reflect this new process, and commanders are not required to develop their requirements and submit an action plan until October 2015. Despite these efforts, none of these processes have been fully implemented or reviewed. Therefore, it is too early to know whether the new processes will reflect the key elements of a personnel requirements-determination process by enabling the organizations to identify missions, systematically determine personnel requirements, and reassess them on a periodic basis using organizational and workforce analysis.

Conclusions

Over the past decade, OSD, the Joint Staff, and the military service secretariats and staffs have grown to manage the increased workload and budgets associated with a military force engaged in conflict around the world. Today, DOD is facing a constrained budget environment and has stated that it needs to reduce the size of its headquarters, to include all components of its workforce–military personnel, civilian personnel, and contracted services. DOD and the military services have undertaken reviews to reduce headquarters but these budget-driven efforts have not been the result of systematic determinations of personnel needs. Statutory limits on these headquarters have been waived since 2002, but these limits would likely be counterproductive today were the waiver dropped, because they were set in the 1980s and 1990s and are inconsistently applied due to statutory exceptions and DOD's exclusion of personnel conducting headquarters-related functions. Specifically, these limits omit personnel in supporting organizations to the military service secretariats and staffs that perform headquarters-related functions. Because of these exceptions and omissions, the statutory limits may be of limited utility in achieving Congress's original aim of stemming the growth of headquarters personnel and reducing duplication of effort. The existing statutory limits encourage the headquarters organizations to

manage the number of military and civilian personnel requirements at or near the limit, according to DOD officials, rather than using a systematic requirements-determination process that establishes the total force that is truly needed and whether any efficiencies can be identified.

Headquarters organizations in our review have not systematically determined how many personnel they need to conduct their missions. While some organizations have begun to take such steps, their plans are not firm and their processes have not been finalized. Unless the organizations conduct systematic analyses of their personnel needs for the total force and establish and implement procedures to ensure that they periodically reassess those requirements, the department will lack assurance that its headquarters are sized appropriately. Looking to the future, systematically determining personnel requirements and conducting periodic reassessments could inform decision making during any future efficiency efforts and support budget formulation. In addition, determining these personnel requirements and submitting the results to Congress as part of DOD's *Defense Manpower Requirements Report* or through separate correspondence, along with any recommendations about adjustments needed to the statutory limits, could form a foundation upon which Congress could reexamine the statutory limits, as appropriate.

Recommendations for Executive Action

To ensure that headquarters organizations are properly sized to meet their assigned missions and use the most cost-effective mix of personnel, and to better position DOD to identify opportunities for more efficient use of resources, we recommend that the Secretary of Defense direct the following three actions:

- conduct a systematic determination of personnel requirements for OSD, the Joint Staff, and the military services' secretariats and staff, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks;

- submit these personnel requirements, including information on the number of personnel within OSD and the military services' secretariats and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limits, in the next *Defense Manpower Requirements Report* to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits; and

- establish and implement procedures to conduct periodic reassessments of personnel requirements within OSD and the military services' secretariats and staffs.

Matter for Congressional Consideration

Congress should consider using the results of DOD's review of headquarters personnel requirements to reexamine the statutory limits. Such an examination could consider whether supporting organizations that perform headquarters functions should be included in statutory limits and whether the statutes on personnel limitations within the military services' secretariats and staffs should be amended to include a prohibition on reassigning headquarters-related functions elsewhere.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In written comments on a draft of this report, DOD partially concurred with the three recommendations and raised concerns regarding what it believes is a lack of appropriate context in the report. DOD's comments are summarized below and reprinted in their entirety in appendix IX.

In its comments, DOD raised concerns that the report lacks perspective when characterizing the department's headquarters staff, stating that it is appropriate for the department to have a complex and multi-layered headquarters structure given the scope of its missions. We agree that DOD is one of the largest and most complex organizations in the world, and make note of its many broad and varied responsibilities in our report. Notwithstanding these complexities, the department itself has repeatedly recognized the need to streamline its headquarters structure. For example, in 2010, the Secretary of Defense expressed concerns about the dramatic growth in DOD's headquarters and support organizations that had occurred since 2001, and initiated a series of efficiency initiatives aimed at stemming this growth. The Secretary of Defense specifically noted the growth in the bureaucracy that supports the military mission, especially the department's military and civilian management layers, and called for an examination of these layers. In addition, in January 2012, the administration released defense strategic guidance that calls for DOD to continue to reduce the cost of doing business, which includes reducing the rate of growth in personnel costs and finding further efficiencies in overhead and headquarters, in its business practices, and in other support activities. Our report discusses some of the department's efficiency-related efforts and thus, we believe it contains appropriate perspective.

DOD also expressed concerns that the report lacks appropriate context when addressing the causes for workforce growth, stating that such growth was in response to rapid mission and workload increases, specific workforce-related initiatives, realignments, streamlining operations, and reducing redundancies and overhead. Our draft report noted some of these causes of headquarters workforce growth, but we have added additional information to the report on other causes, such as increased mission responsibilities for the war and other directed missions such as business transformation, intelligence, cyber, suicide prevention, sexual assault response and prevention, wounded warrior care, family support programs, transition assistance and veterans programs, to provide context and address DOD's concerns.

DOD partially concurred with the first recommendation that the Secretary of Defense direct a systematic determination of the personnel requirements of OSD, the Joint Staff, and the military services' secretariats and staffs, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks. The department noted in its letter that it will continue to use the processes and prioritization that is part of the Planning, Programming, Budgeting, and Execution process, and will also investigate other methods for aligning personnel to missions and priorities. DOD also stated that it is currently conducting Business Process and System Reviews of the OSD Principal Staff Assistants, defense agencies, and DOD field activities to aid in documenting mission responsibilities to resource requirements. However, the department did not provide any details specifying whether any of these actions would include a workforce analysis to systematically determine personnel requirements, rather than continuing to rely on historic personnel levels and existing statutory limits as the basis for those requirements, nor does the department acknowledge the need for such analysis. Moreover, according to DOD's implementation guidance for the Business Process and Systems Review, which we reference in our report, this review is focused on business processes and supporting information technology systems within certain defense headquarters organizations, rather than a systematic determination of personnel requirements for those organizations. DOD also stated in its comments that headquarters staff provide knowledge continuity and subject matter expertise and that a significant portion of their workload is unpredictable. We agree, but believe that headquarters organizations would be better positioned to respond to unforeseen events and initiatives if their personnel requirements were based on workforce analysis, which would allow them to identify critical mission requirements as well as mitigate risks to the

organizations' efficiency and effectiveness while still responding to unpredictable workload. Without a systematic determination of personnel requirements, DOD headquarters organizations may not be well positioned to identify opportunities for efficiencies and reduce the potential for headquarters-related growth.

Several headquarters organizations provided comments on their specific requirements determination processes in connection with this first recommendation. The Army noted that it has an established headquarters requirements determination process in the G-3, supported by the U.S. Army Manpower Analysis Agency. While the Army does have a requirements determination process, we note in our report that this process did not result in the systematic determination of requirements for the Army Secretariat and Staff; rather, the Army headquarters organizations we reviewed use authorized personnel levels from the previous year as a baseline from which to generate any new requirements, and these personnel levels are ultimately based not on a workforce analysis, but on the statutory limits that were established by Congress in the 1980s. In addition, while the Army's requirements determination process does call for reassessments of personnel requirements every 2 to 5 years, Army officials stated that they do not conduct these periodic reassessments of the personnel requirements for the Army headquarters organizations in our review, in part because the U.S. Army Manpower Analysis Agency lacks the authority to initiate such reassessments or enforce their results. In the letter, the Army also noted concerns that a statement in our draft report—namely, that the organizations that support the Army Secretariat and staff are almost three times as large but are excluded from the statutory limits—may be misleading and lack appropriate context. In response to the Army's concerns and to provide additional context, we have clarified the report's language to state that only some personnel in these organizations support their military service secretariats and staffs in accomplishing their mission and are not subject to the statutory limits.

The Marine Corps noted that they conducted a full review of force structure in 2012, which included a Commandant-directed consideration to look at the functions of every headquarters and staff. We state in our report that the Marine Corps and others in the department have previously conducted efficiency-related efforts, which officials believe have allowed their organizations to reassess personnel requirements and identify opportunities for efficiencies. However, these reviews have generally been ad hoc and done in response to internally driven or directed reductions, rather than as part of an organization's systematic

requirements-determination process. Having workforce and organizational analyses as part of a systematic requirements-determination process, rather than in response to DOD-directed efficiency efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations and inform decision making during future efficiency efforts and budget reviews.

Finally, the Joint Staff stated that it utilizes its existing Joint Manpower Validation Process as a systematic requirements determination process when requesting permanent joint manpower requirements, adding that this process reviews mission drivers, capability gaps, impact assessments, and determines the correct size and characteristics of all new billets. However, as we found in May 2013, this process focuses on requests for additional positions or nominal changes in authorized positions, rather than evaluating whether authorized positions are still needed to support assigned missions.[63] Moreover, we found that personnel levels for the headquarters organizations that we reviewed, including the Joint Staff, are ultimately not based on a workforce analysis that systematically defines the size of the total workforce needed to meet organizational goals. Rather, these organizations use authorized personnel levels from the previous year as a baseline and do not take steps to systematically determine and periodically reassess them. Thus, we continue to believe that DOD should conduct a systematic determination of personnel requirements, including an analysis of missions, functions, and tasks to determine the minimum personnel needed to accomplish those missions, functions, and tasks.

DOD partially concurred with the second recommendation that the Secretary of Defense direct the submission of these personnel requirements, including information on the number of personnel within OSD and the military services' secretariats and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limit, in the next *Defense Manpower Requirements Report* to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits. DOD stated that it has ongoing efforts to refine and improve its reporting capabilities associated with these requirements, noting that the department has to update DOD Instruction 5100.73, *Major DOD Headquarters Activities* before it can

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[63]GAO-13-293.

determine personnel requirements that count against the statutory limits. In March 2012, we recommended that DOD revise DOD Instruction 5100.73, *Major DOD Headquarters Activities,* [64] but DOD has not provided an estimate of when this revised Instruction would be finalized. DOD also did not indicate in its letter whether the department would submit personnel requirements that count against the statutory limits in the *Defense Manpower Requirements Report*, as we recommend, once the Instruction is finalized. We believe that submitting these personnel requirements to Congress in this DOD report would provide Congress with key information to determine whether the existing statutory limits on military and civilian personnel are effective in limiting headquarters personnel growth.

In addition, the Marine Corps provided more specific comments in connection with the second recommendation, noting that in 2014 it had reviewed and validated all headquarters down to the individual billet level, identifying billets that should be coded as performing major DOD headquarters activities, resulting in a net increase of reported headquarters structure. The Marine Corps stated they planned to report this information as part of DOD's fiscal year 2016 budget and in the Defense Manpower Requirements Report. Our report specifically notes the review and the Marine Corps effort to more accurately report its headquarters structure for the fiscal year 2016 budget. However, until the department as a whole takes concrete steps to gather reliable information about headquarters requirements, and report this information to Congress, neither the department nor Congress will have the information needed to oversee them.

DOD partially concurred with the third recommendation that the Secretary of Defense direct the establishment and implementation of procedures to conduct periodic reassessments of personnel requirements within OSD and the military service secretariats and staffs. DOD said that it supports the intent of the recommendation, but such periodic reassessments require additional resources and personnel, which would drive an increase in the number of personnel performing major DOD headquarters activities. Specifically, DOD stated it intends to examine the establishment of requirements determination processes across the

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[64] In a previous report, we recommended that the department should revise the DOD Instruction on Major DOD Headquarters Activities to improve DOD's ability to identify how many headquarters personnel it has. See GAO-12-345.

department, to include the contractor workforce, but this will require a phased approach across a longer timeframe. However, DOD also did not provide any estimated timeframes for its examination of this process. As we noted in the report, reassessments of personnel requirements could occur periodically, not necessarily annually, thereby lessening the amount of time and labor that headquarters organizations devote to conducting reassessments. Further, until a periodic reassessment of requirements takes place, the department will lack reasonable assurance that its headquarters are sized appropriately for its current missions, particularly in light of the drawdown from Iraq and Afghanistan and its additional mission responsibilities.

In addition, the Marine Corps and the Joint Staff provided specific comments in connection with the third recommendation in DOD's letter. First, the Marine Corps noted that they conduct periodic reviews through the Quadrennial Defense Review and through force structure review boards that shape the Marine Corp to new missions and in response to combatant commander demands. However, these reviews are focused on forces as a whole and not specifically on headquarters. Second, the Joint Staff stated that it has set personnel requirements twice since 2008, and noted that it has taken reductions during various budget- or efficiency-related efforts, such as the Secretary of Defense's 2012 efficiency review and the Secretary of Defense's 20-percent reductions to headquarters budgets, which is ongoing. However, conducting periodic reassessments as part of a systematic requirements-determination process, rather than in response to ad hoc, DOD-directed efficiency efforts, would allow headquarters organizations to proactively identify any excess organizational layers or redundant operations. This, in turn, would prepare the headquarters organizations to better inform decision-making during any future efficiency efforts and budget reviews.

DOD stated that, although it appreciates our inclusion in the report of a matter calling for Congress to consider using the results of DOD's review of personnel requirements to re-examine the statutory limits, it believes any statutory limitations on headquarters personnel place artificial constraints on workforce sizing and shaping, thereby precluding total force management. Therefore, DOD states that it opposes any legislative language that imposes restrictions on the size of the department's workforce. Both the Marine Corps and Joint Staff provided specific comments in regard to GAO's matter for congressional consideration, although these comments were directed toward the specific statutory limits for their organizations, not the GAO matter for congressional consideration itself. As we noted in our report, we believe that the
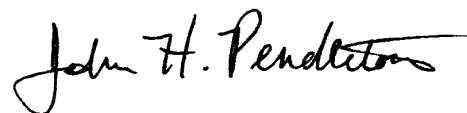
statutory limits are of limited utility. The intent of this matter is to not to prescribe specific modifications to the statutory limits on headquarters personnel to Congress but rather to suggest that Congress consider making those modifications that it considers most appropriate based on a review of personnel requirements provided by the department.

Finally, the Army also provided input regarding the overall methodology behind the report, noting that tracking contract support of headquarters organizations solely through funding source may skew attempts at general trend analysis because funding source does not always correlate to a function being performed in the headquarters. Our report notes some of the challenges in tracking contract support of headquarters organizations, but to add context and address the Army's concerns, we have modified text in Appendix V, which focuses on the resources of the Headquarters, Department of the Army. Specifically, we have modified Figure 12 to note that, according to Army officials, the costs for contracted services provided from its financial accounting systems may not accurately reflect costs incurred by the headquarters because the accounting systems show the funding for contractors but not necessarily where the contracted work was performed, which is the information displayed in DOD's Inventory of Contracted Services.

DOD also provided technical comments, which we have incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Secretaries of the military departments. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3489 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix X.

John H. Pendleton, Director
Defense Capabilities and Management

Appendix I: Prior GAO Work on DOD Headquarters

We have issued several reports since 2012 on defense headquarters and on the department's ability to determine the right number of personnel needed to perform headquarters functions.

- In March 2012, we found that while the Department of Defense (DOD) has taken some steps to examine its headquarters resources for efficiencies, additional opportunities for savings may exist by further consolidating organizations and centralizing functions. We also found that DOD's data on its headquarters personnel lacked the completeness and reliability necessary for use in making efficiency assessments and decisions.[1] In that report, we recommended that the Secretary of Defense direct the Secretaries of the military departments and the heads of the DOD components to continue to examine opportunities to consolidate commands and to centralize administrative and command support services, functions, or programs. Additionally, we recommended that the Secretary of Defense revise DOD Instruction 5100.73, *Major DOD Headquarters Activities*, to include all headquarters organizations; specify how contractors performing headquarters functions will be identified and included in headquarters reporting; clarify how components are to compile the information needed for headquarters-reporting requirements; and establish time frames for implementing actions to improve tracking and reporting of headquarters resources.[2] DOD generally concurred with the findings and recommendations in our March 2012 report. DOD officials have stated that, since 2012, several efforts have been made to consolidate or eliminate commands and to centralize administrative and command support services, functions, or programs. For example, OSD officials said that DOD has begun efforts to assess which headquarters organizations are not currently included in its guiding instruction on headquarters, but as of July 2014, it has not completed its update of the instruction to include these organizations. DOD officials also identified further progress on including contractors performing major DOD headquarters activities in headquarters reporting.

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[1]GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, GAO-12-345 (Washington, D.C.: Mar. 21, 2012).

[2]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007) (incorporating change 2, June 12, 2012) (hereinafter cited as DODI 5100.73 [Dec. 1, 2007]).

- In May 2013, we found that authorized military and civilian positions at the geographic combatant commands[3]—excluding U.S. Central Command—had increased by about 50 percent from fiscal year 2001 through fiscal year 2012, primarily due to the addition of new organizations, such as the establishment of U.S. Northern Command and U.S. Africa Command, and increased mission requirements for the theater special operations commands.[4] We also found that DOD's process for sizing its combatant commands had several weaknesses, including the absence of a comprehensive, periodic review of the existing size and structure of these commands and inconsistent use of personnel-management systems to identify and track assigned personnel. DOD did not concur with our recommendation that it conduct comprehensive and periodic reviews of the combatant commands' existing size, but we continue to believe that institutionalizing a periodic evaluation of all authorized positions would help to systematically align manpower with missions and add rigor to the requirements process. DOD concurred with our recommendation that it revise its guiding instruction on managing joint personnel requirements—Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program*—to require the commands to improve its visibility over all combatant command personnel. DOD has established a new manpower tracking system, the Fourth Estate Manpower Tracking System, that is to track all personnel data, including temporary personnel, and identify specific guidelines and timelines to input/review personnel data. Additionally, DOD concurred with our recommendation to develop and implement a formal process to gather information on authorized manpower and assigned personnel at the service component commands and to revise DOD's Financial Management Regulation. As of September 2014, the process outlined by DOD to gather information on authorized and assigned personnel at the service component commands is the same as the one identified during our prior work. DOD concurred with our recommendation to revise volume 2A,

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[3]DOD has nine combatant commands with an assigned geographic region or assigned function. The six geographic commands have defined areas of operation, a distinct regional military focus, and provide unity of command over all the United States forces in a specific region. They are U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command.

[4]GAO, *Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources,* GAO-13-293 (Washington, D.C.: May 15, 2013).

chapter 1 of DOD's Financial Management Regulation 7000.14R to require the military departments, in their annual budget documents for operation and maintenance, to identify the authorized military positions and civilian and contractor full-time equivalents at each combatant command and provide detailed information on funding required by each command for mission and headquarters support, such as civilian pay, contracted services, travel, and supplies. As of September 2014, DOD plans to prepare an exhibit that reflects the funding and full-time equivalent information by combatant command and include it in an update to the DOD Financial Management Regulation prior to preparation of the fiscal year 2016 budget estimate submission.

- In June 2014, we found that DOD's functional combatant commands[5] have shown substantial increases in authorized positions and costs to support headquarters operations since fiscal year 2004, primarily to support recent and emerging missions, including military operations to combat terrorism and the emergence of cyberspace as a warfighting domain.[6] Further, we found that DOD did not have a reliable way to determine the resources devoted to management headquarters as a starting point for DOD's planned 20 percent reduction to headquarters budgets, and thus we concluded that actual savings would be difficult to track. We recommended that DOD reevaluate the decision to focus reductions on management headquarters to ensure meaningful savings and set a clearly defined and consistently applied baseline starting point for the reductions. Further, we recommended that DOD track the reductions against the baselines in order to provide reliable accounting of savings and reporting to Congress. DOD partially concurred with our recommendation to reevaluate its decision to focus reductions on management headquarters, questioning, in part, the recommendation's scope. We agreed that the recommendation has implications beyond the functional combatant commands, which was the scope of our review, but the issue we identified is not limited to these commands. DOD generally concurred with our two other

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[5]The three functional commands have unique capabilities and operate in support of DOD's worldwide military missions to meet evolving national security challenges. They are U.S. Special Operations Command, U.S. Strategic Command, and U.S. Transportation Command.

[6]GAO, *Defense Headquarters: DOD Needs to Reevaluate Its Approach for Managing Resources Devoted to the Functional Combatant Commands*, GAO-14-439 (Washington, D.C.: June 26, 2014).

recommendations that it set a clearly defined and consistently applied baseline starting point and track reductions against the baselines. To address these two recommendations, DOD said that it planned to use the Future Years Defense Program[7] data to set the baseline going forward. DOD stated that it was enhancing data elements within a DOD resource database to better identify management headquarters resources to facilitate tracking and reporting across the department.

[7]DOD's Future Years Defense Program is the official document and database summarizing forces and resources associated with DOD programs. It is updated and published at least two times during an annual Planning, Programming, Budgeting, and Execution process to coincide with submission of recommendations from the services and defense agencies to the Secretary concerning how they plan to allocate resources to meet planning and programming guidance, budget estimate submissions, and the President's budget.

Appendix II: Objectives, Scope, and Methodology

House Report 113-102 mandated GAO to review the military, civilian personnel, and contracted services resources devoted to the Office of the Secretary of Defense (OSD), the Joint Staff, and the military departments' secretariats and military staffs from fiscal year 2001 through fiscal year 2013.[1] This report (1) identifies past trends, if any, in personnel resources devoted to OSD, the Joint Staff, and the secretariats and staffs of the military services and any plans for reductions to these headquarters organizations; and (2) evaluates the extent to which the Department of Defense (DOD) determines and reassesses personnel requirements for these headquarters organizations.

To conduct this work and address our objectives, we identified sources of information within DOD that would provide data on the resources devoted to OSD, the Joint Staff, and secretariats and staffs for the military services.[2] To identify trends in personnel resources devoted to OSD, the Joint Staff, and secretariats and staffs for the military services, we obtained and analyzed available data on authorized military and civilian positions, and operation and maintenance obligations, from each of these organizations from fiscal years 2001 through 2013. We focused on these nine organizations—OSD, the Joint Staff; the Offices of the Secretary of the Army and Army Staff; the Office of the Secretary of the Navy and Office of the Chief of Naval Operations; Headquarters, Marine Corps; and the Offices of the Secretary of the Air Force and Air Staff—because these components represent some of the highest headquarters organizations within DOD and are responsible for overseeing, directing, and controlling subordinate organizations or units. The fiscal year 2001 through 2013 time frame allowed us to assess trends in resources without including nonwar years prior to fiscal year 2001 and to include the most recent data available, for fiscal year 2013. We focused our review on authorized positions, as these reflect the approved, funded personnel requirements at each of the organizations. Only OSD, the Army, and the Air Force were able to provide authorized positions for the entire time frame. The Joint Staff was unable to provide personnel data before fiscal year 2005 because of a change in databases in fiscal year 2004. Additionally, the

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[1]See H.R. Rep. No. 113-102 (June 7, 2013) accompanying H.R. 1960, a proposed bill for the National Defense Authorization Act for Fiscal Year 2014.

[2]In addition to OSD, the Joint Staff, and the secretariats and staffs of the military departments, other headquarters organizations include portions of the defense agencies, DOD field activities, and the combatant commands, along with their subordinate unified commands and respective service component commands.

Joint Staff J-2 (Intelligence), which receives its personnel and funding
from the Defense Intelligence Agency, provided personnel data that it
deemed sensitive but unclassified, so we excluded it from this report. The
Navy was unable to provide complete personnel data prior to fiscal year
2005 due to a change in personnel management systems used by the
Office of the Chief of Naval Operations. Similarly, Headquarters, Marine
Corps, was unable to provide personnel data prior to fiscal year 2005 due
to a change in personnel management systems. We requested available
data on contracted services performing functions for the organizations
within our review, but we were only able to obtain and analyze information
from OSD and the Army. We compared these data to data we had
obtained from OSD and the Army on authorized military and civilian
positions. We present DOD data on contracted services for context as a
comparison against authorized military and civilian positions. Because we
did not use these data to support our findings, conclusions, or
recommendations, we did not assess their reliability. DOD is still in the
process of compiling complete data on contractor full-time equivalents.

Our review also focused on operation and maintenance obligations—
because these obligations reflect the primary costs to support the
headquarters operations of OSD, the Joint Staff, and secretariats and
staffs for the military services—including the costs for civilian personnel,
contracted services, travel, and equipment, among others. Our review
excluded obligations of operation and maintenance funding for DOD's
overseas contingency operations that were not part of DOD's base
budget. Unless otherwise noted, we reported all costs in this report in
nominal dollars. Only the Air Force was able to provide historical data for
the entire fiscal year 2001 through fiscal year 2013 time frame, so we
provided an analysis of trends in operation and maintenance obligations
at the individual organizations included in our review for the fiscal years
for which data were available. OSD was unable to provide cost data prior
to fiscal year 2008 because, per National Archives and Records
Administration regulations, it does not maintain financial records older
than 6 years and 3 months. The Joint Staff was unable to provide cost
data prior to fiscal year 2003 due to a change in financial systems. The
Army was unable to provide cost data for fiscal year 2001 in the time
frame we requested for inclusion in this report. The Navy Secretariat was
able to provide cost data for fiscal years 2001 through 2013. However,
the Office of the Chief of Naval Operations was only able to provide cost
data for fiscal years 2009 through 2013 because the Office of the Chief of
Naval Operations did not exist as an independent budget-submitting
office until fiscal year 2009, and it would be difficult to separate out the
Office of the Chief of Naval Operations' data from other Navy data prior to

fiscal year 2009 in the Navy's historical data system. Headquarters, Marine Corps, was unable to provide cost data prior to fiscal year 2005 due to a change in financial systems. Our analyses are found in appendixes III through VIII.

The availability of historical data limited our analyses of both authorized military and civilian positions and operation and maintenance obligations for the reasons identified by the individual included organizations. To assess the reliability of the data we collected, we interviewed DOD officials about the data they provided to us and analyzed relevant personnel and financial-management documentation to ensure that the data on authorized military and civilian positions and operation and maintenance obligations were tied to mission and headquarters support. We also incorporated data-reliability questions into our data-collection instruments and compared the multiple data sets received from the included organizations against each other to ensure that there was consistency in the data that they provided. We determined the data were sufficiently reliable for our purposes of identifying trends in the personnel resources and headquarters support costs of OSD, the Joint Staff, and secretariats and staffs for the military services.

To identify DOD's plans for reductions to these headquarters organizations, we obtained and reviewed guidance and documentation on steps to implement DOD's 20 percent reductions to headquarters budgets starting in fiscal year 2015, the first full budget cycle for which DOD was able to include the reductions, such as the department-issued memorandum outlining the reductions and various DOD budget-related documents. We also obtained data, where available, on the number of positions at OSD, the Joint Staff, and the secretariats and staffs for the military services for fiscal year 2013 (the most recent fiscal year for which data were available during our review), as well as the number of positions deemed by these organizations to be performing headquarters functions and included in DOD's planned headquarters reductions for fiscal years 2015 through 2019, the time frame DOD identified in its reduction plans. We assessed the reliability of the personnel and cost data given these and other limitations by interviewing DOD officials about the data they provided to us and analyzing relevant personnel and financial-management documentation. We determined that the data were sufficiently reliable for our purposes of identifying trends in the personnel resources and headquarters support costs, and DOD's plans for reductions to OSD, the Joint Staff, and secretariats and staffs for the military services.

To evaluate the extent to which DOD determines and reassesses personnel requirements for these headquarters organizations, we obtained and reviewed guidance from OSD, the Joint Staff, and the secretariats and staffs for the military services regarding each of their processes for determining and reassessing their respective personnel requirements. For example, we reviewed the Chairman of the Joint Chiefs of Staff Instruction 1001.01A (*Joint Manpower and Personnel Program*); Air Force Instruction 38-201 (*Manpower and Organization, Management of Manpower Requirements and Authorizations*); Army Regulation 570-4 (*Manpower and Equipment Control, Manpower Management*); Office of the Chief of Naval Operations Instruction 1000.16K (Navy Total Force Manpower Policies and Procedures); and Marine Corps Order 5311.1D (*Total Force Structure Process*). We also interviewed officials from each of these organizations to determine how their processes are implemented, the results of any studies that were conducted on these processes, and any changes being made to these processes. We then compared the information we obtained on these processes to key elements called for in DOD Directive 1100.4 (*Guidance for Manpower Management*) and the military services' guidance we had previously obtained; specifically, that personnel requirements should be established at the minimum essential level to accomplish the required workload, and should be periodically reviewed. We also compared this information to key elements of a systematic personnel requirements-determination process, which we obtained from documents that address leading practices for workforce planning. Specifically, we reviewed prior GAO work on effective strategic workforce planning,[3] DODs guidance on manpower management,[4] and workforce planning guidance issued by the

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[3]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003). To identify strategic workforce planning principles, we reviewed our own guidance, reports, and testimonies on federal agencies' workforce planning and human-capital management efforts, and guidance available through the Internet and leading human-capital periodicals. We also met with officials from organizations with government-wide responsibilities for or expertise in workforce planning, such as the Office of Personnel Management and the National Academy of Public Administration, to identify additional guidance available and to obtain their recommendations of federal agencies engaged in effective workforce planning. We synthesized information from these meetings, reports, and guidance documents and our own experiences in human-capital management to derive key principles that appeared most important to effective strategic workforce planning.

[4]Department of Defense Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005) (hereinafter cited as DODD 1100.4 [Feb. 12, 2005]).

Office of Personnel Management.[5] We then synthesized common themes
from these documents and summarized these as key elements that
should be included in organizations' personnel requirements-
determination processes, namely, that an organization should have a
requirements process that identifies the organization's mission, functions,
and tasks; determines the minimum number and type of personnel
needed to fulfill those missions, functions, and tasks by conducting a
workforce analysis; and reassesses these requirements on a periodic
basis to determine the most efficient choices for workforce deployment.
We also reviewed DOD Instruction 5100.73 (*Major DOD Headquarters
Activities*), which guides the identification and reporting of headquarters
information. Finally, we identified a standard on information and
communications from internal-control standards for the federal
government[6] and compared this standard to the headquarters-related
information provided to Congress in the fiscal year 2015 *Defense
Manpower Requirements Report*.[7]

We obtained and assessed data on the number of management
headquarters personnel in the organizations in our review for fiscal year
2013 and on the Army's field operating agencies for fiscal years 2001
through 2013. We assessed the reliability of the personnel data through
interviews with Army officials about the data they provided to us and by
conducting data-reliability assessments of the Army personnel data and
the information systems that produced them. We determined that the data
were sufficiently reliable for our purposes. We also met with OSD and the
military services to discuss how these organizations identify these
headquarters personnel. Finally, we reviewed the legislative history of the
statutory personnel limitations for OSD, the Joint Staff, and the services
contained in sections 143, 155, 3014, 5014, and 8014 of Title 10 of the
U.S. Code, and discussed these limits with knowledgeable officials in
OSD, the Joint Staff, and the military services.

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[5]Office of Personnel Management, *Human Capital Assessment and Accountability
Framework Practitioners' Guide*, (September 2005).

[6]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1
(Washington, D.C.: November 1999).

[7]Department of Defense, *Defense Manpower Requirements Report, Fiscal Year 2015*
(June 2014).

We interviewed officials or, where appropriate, obtained documentation
from the organizations listed below:

Office of the Secretary of Defense

- Office of the Director of Administration and Management;
- Office of Cost Assessment and Program Evaluation; and
- Washington Headquarters Services, Financial Management
  Directorate.

Joint Staff

- Directorate of Management, Comptroller;
- Manpower and Personnel Directorate; and
- Intelligence Directorate.

Department of the Air Force

- A1, Joint and Special Activities Manpower Programming Branch.

Department of the Army

- Assistant Secretary of the Army for Manpower and Reserve Affairs;
- G8, Program Analysis and Evaluation; and
- Business Operations Directorate, Army Office of Business
  Transformation.

Department of the Navy

- U.S. Navy

  - Assistant Secretary of the Navy for Manpower and Reserve
    Affairs;
  - Assistant for Administration;
  - Office of the Chief of Naval Operations, Deputy Chief of Naval
    Operations for Integration of Capabilities and Resources,
    Programming Division;
  - Office of the Chief of Naval Operations, Manpower Management;
  - Office of the Chief of Naval Operations, Assessment Division; and
  - U.S. Fleet Forces Command.

- Headquarters, U.S. Marine Corps

  - Marine Corps Combat Development Command, Combat
    Development and Integration / Total Force Structure Division;
  - Budget and Execution Division, Programs and Resources; and
  - Manpower and Reserve Affairs.

We conducted this performance audit from July 2013 to January 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix III: Resources of the Office of the Secretary of Defense (OSD)

OSD is responsible for assisting the Secretary of Defense in carrying out his or her duties and responsibilities for the management of the Department of Defense (DOD).[1] These include policy development, planning, resource management, and fiscal and program evaluation responsibilities. The staff of OSD comprises military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the OSD organization, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 2 shows the organizational structure and composition of OSD for fiscal year 2013, including both authorized military and civilian positions, as well as estimated contractor full-time equivalents.

Table 2: Fiscal Year 2013 Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents within the Office of the Secretary of Defense

| Office of the Secretary of Defense (OSD) organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Secretary of Defense immediate office	31	41	**72**	0
Office of the Under Secretary of Defense (Acquisition, Technology and Logistics)	93	481	**574**	2,347.19
Office of the Under Secretary of Defense (Policy)	144	420	**564**	110.89
Office of the Under Secretary of Defense (Comptroller)	6	162	**168**	19.23
Office of the Under Secretary of Defense (Personnel and Readiness)	130	151	**281**	65.34
Office of the Under Secretary of Defense (Intelligence)	27	194	**221**	228.94
Office of the Deputy Chief Management Officer	2	97	**99**	49.71
Director of OSD Cost Assessment and Program Evaluation	30	141	**171**	162.33
Office of General Counsel	3	51	**54**	0
Director of Operational Test and Evaluation	17	88	**105**	0.36
Office of the Assistant Secretary of Defense for Legislative Affairs	13	26	**39**	1.87

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[1]10 U.S.C. § 131.

Office of the Secretary of Defense (OSD) organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Office of the Assistant Secretary of Defense for Public Affairs	29	61	**90**	18.46
Office of the Department of Defense (DOD) Chief Information Officer	23	127	**150**	203.02
Office of the Director of Administration and Management	0	39	**39**	24.79
Office of Net Assessment	4	6	**10**	55.06
Assistant to the Secretary of Defense for Intelligence Oversight	0	9	**9**	0.01
Total	**552**	**2,094**	**2,646**	**3,287.2**

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: OSD officials provided contractor full-time equivalents from DOD's fiscal year 2013 Inventory of Contracted Services and included only those contracts managed by Washington Headquarters Services / Acquisition Directorate. In May 2013, we found that the data supporting DOD's Inventory of Contracted Services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO, *Defense Acquisitions: Continued Management Attention Needed to Enhance Use and Review of DOD's Inventory of Contracted Services*, GAO-13-491 (Washington, D.C.: May 23, 2013). We are presenting OSD's estimates of its contractor full-time equivalents for the purposes of comparison against authorized military and civilian positions. Because the data supporting OSD's estimates were not used to support findings, conclusions, or recommendations, we did not assess their reliability.

Figure 5 illustrates annual changes in the number of authorized personnel positions since fiscal year 2001. According to DOD officials, both authorized military and civilian positions remained relatively unchanged until fiscal year 2010, when the number of authorized civilians increased mainly due to the conversion of contracted services to civilian positions and the conversion of military to civilian positions. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 5: Authorized Military and Civilian Positions in the Office of the Secretary of Defense (OSD), Fiscal Years 2001 through 2013
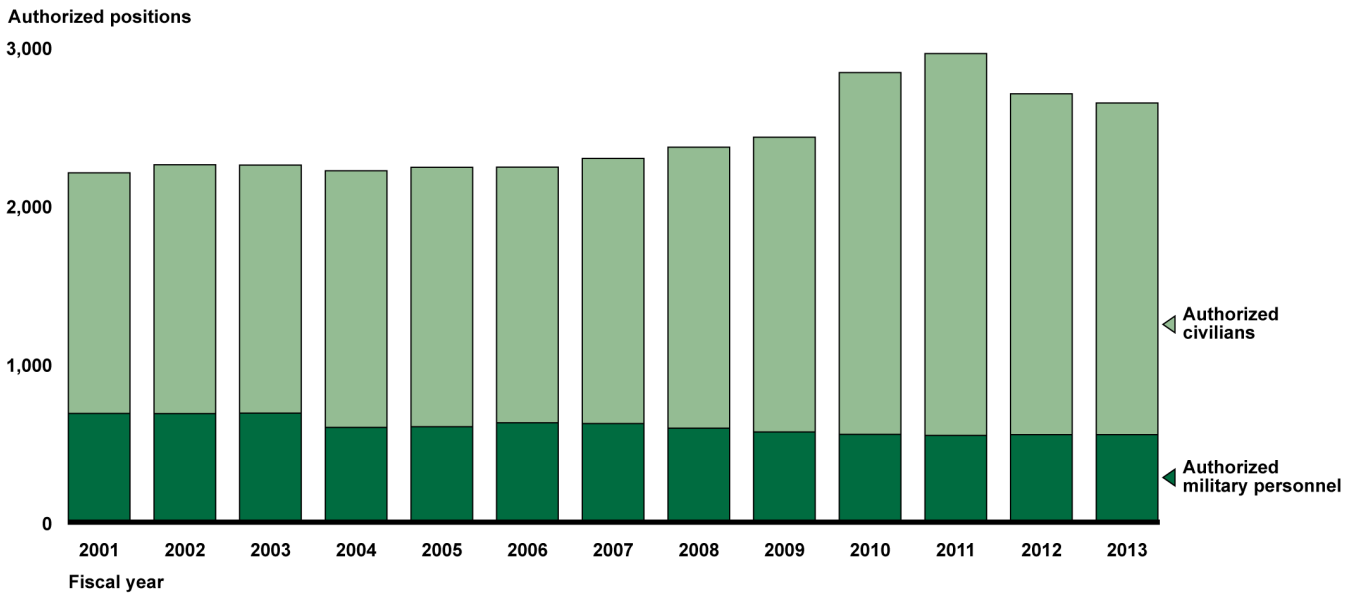
Authorized positions

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at OSD and do not include personnel performing contracted services.

Figure 6 shows the headquarters support costs changes associated with OSD for fiscal year 2008 through fiscal year 2013. Headquarters costs have experienced an overall increase during the 5-year period, primarily due to costs for contracted services, but have recently begun to decline, according to OSD officials, because of sequestration and furloughs.

Figure 6: Office of the Secretary of Defense (OSD) Headquarters Support Costs for Fiscal Years 2008 through 2013
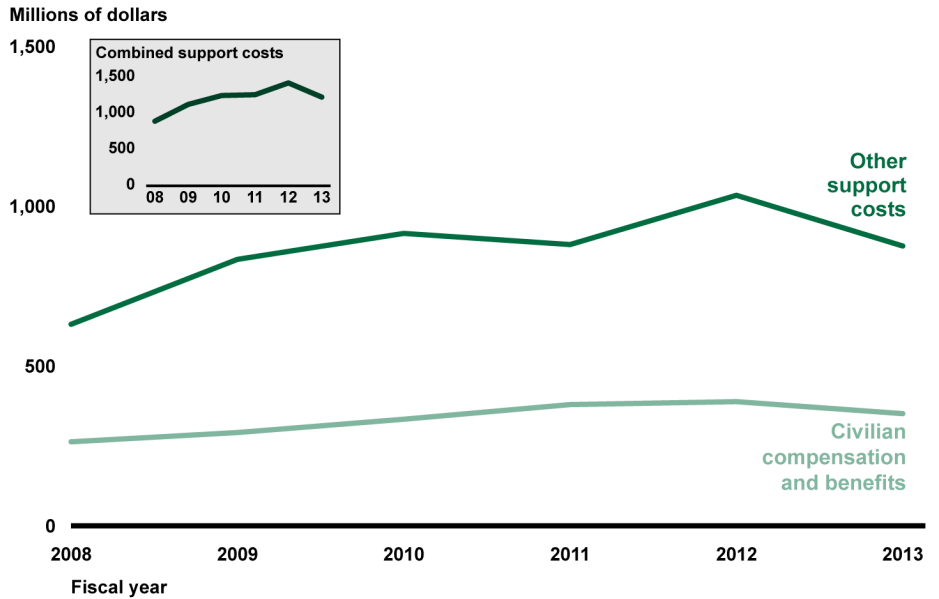
Millions of dollars

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations for operation and maintenance funding reported by OSD. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

The Joint Staff is responsible for assisting the Chairman of the Joint Chiefs of Staff, military advisor to the President, in accomplishing his responsibilities for the unified strategic direction of the combatant forces; their operation under unified command; and their integration into a team of land, naval, and air forces.[1] The Joint Staff is tasked to provide advice and support to the Chairman and the Joint Chiefs on matters including personnel, intelligence doctrine and architecture, operations and plans, logistics, strategy, policy, communications, cyberspace, joint training and education, and program evaluation. In addition to civilian personnel and personnel performing contracted services, the Joint Staff comprises military personnel who represent, in approximately equal numbers, the Army, Navy and Marine Corps, and Air Force. This appendix shows how these resources are distributed in the Joint Staff, as well as the changes in these resources from fiscal year 2003 through fiscal year 2013. Table 3 shows the organizational structure and composition of the Joint Staff for fiscal year 2013, including both authorized military and civilian positions.

Table 3: Fiscal Year 2013 Authorized Military and Civilian Positions within the Joint Staff

Joint Staff directorates	Authorized military positions	Authorized civilian positions	Total
Office of the Chairman of the Joint Chiefs of Staff	103	35	**138**
Office of the Director, Joint Staff	13	11	**24**
Directorate of Management	42	139	**181**
J-1: Manpower and Personnel	53	42	**95**
J-2: Intelligence	N/A[a]	N/A[a]	**N/A[a]**
J-3: Operations	364	126	**490**
J-4: Logistics	68	26	**94**
J-5: Strategic Plans and Policy	212	54	**266**
J-6: Command, Control, Communications, Computers/Cyber	142	260	**402**
J-7: Joint Force Development	342	362	**704**
J-8: Force Structure, Resources, and Assessment	116	62	**178**
Total	**1,455**	**1,117**	**2,572**

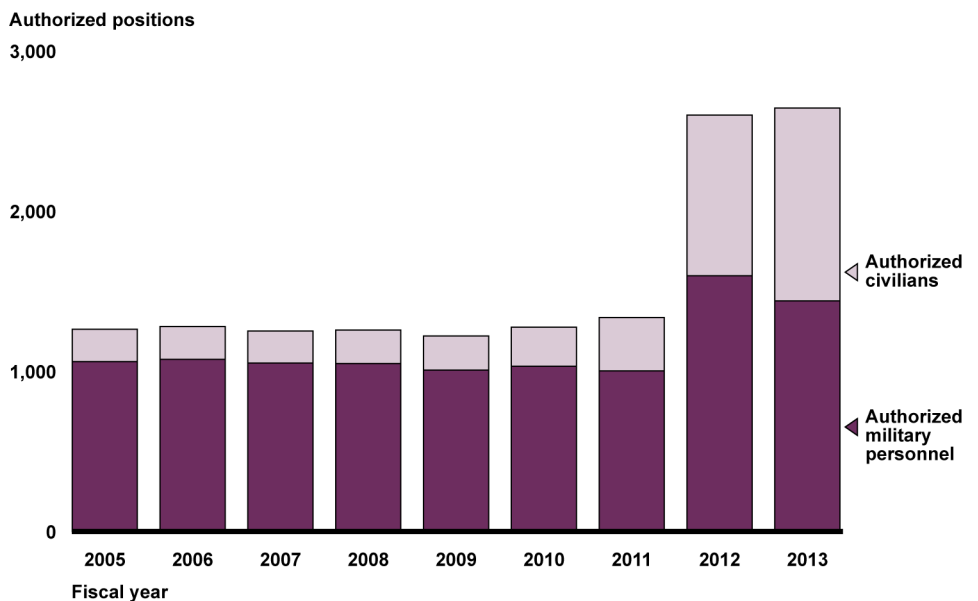Source: GAO analysis of Department of Defense data. | GAO-15-10

[1]10 U.S C. §§ 151 and 155.

Note: In addition to the above totals, there are 110 military and civilian positions that were not filled in the Joint Staff and, according to a Joint Staff official, many of these unfilled positions will likely be subjected to the 20 percent headquarters reductions. The Joint Staff was not able to provide data on the number of contractor full-time equivalents within the Joint Staff.

[a]N/A = Not available. Information on the authorized military and civilian positions at the Joint Staff's J-2 (Intelligence Directorate) is sensitive but unclassified, so we excluded it from this report.

Figure 7 illustrates annual changes in the overall number of authorized personnel positions since fiscal year 2005. Both military and civilian positions remained relatively unchanged until fiscal year 2012, when, according to Joint Staff officials, U.S. Joint Forces Command was disestablished and some of its responsibilities and personnel were moved to the Joint Staff. According to documentation and interviews with Joint Staff officials, of those positions acquired by the Joint Staff in fiscal years 2012 and retained in 2013, most of the military positions (415 authorized positions) and civilian positions (690 authorized positions) are stationed at Hampton Roads, Virginia, to manage and support the Combatant Command Exercise Engagement and Training Transformation program reassigned to the Joint Staff when U.S. Joint Forces Command was disestablished.

Figure 7: Authorized Military and Civilian Positions in the Joint Staff, Fiscal Years 2005 through 2013
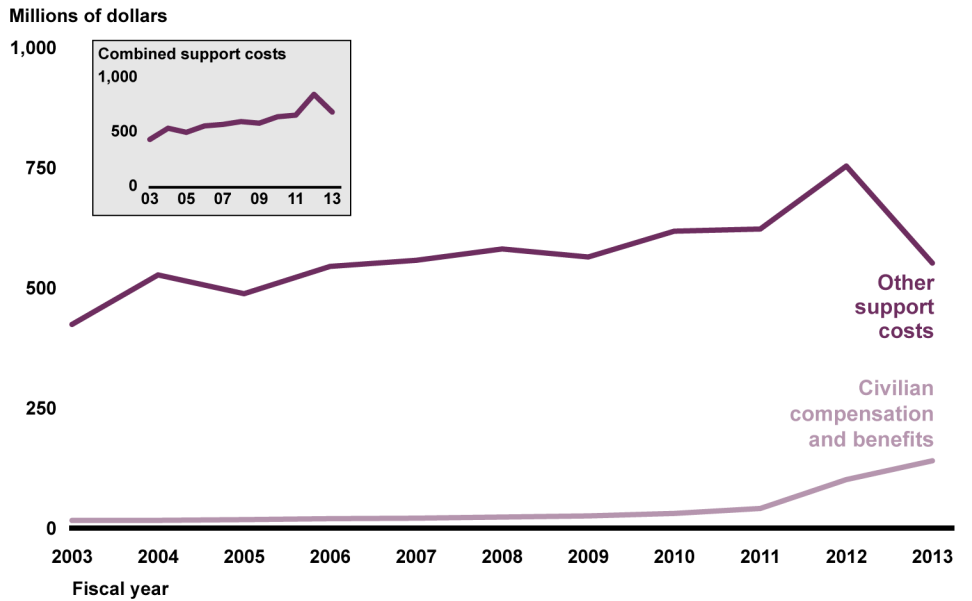

Source: GAO analysis of Department of Defense data. | GAO-15-10

Notes: Authorized military and civilian positions represent approved, funded personnel requirements at the Joint Staff and do not include personnel performing contract services. Information on the

authorized military and civilian positions at the Joint Staff's J-2 (Intelligence Directorate) is sensitive but unclassified, so we excluded it from this report.

Figure 8 shows the changes in headquarters support costs for the Joint Staff for fiscal year 2003 through fiscal year 2013. The increase in overall headquarters support costs from fiscal years 2011 through 2013 was, according to Joint Staff officials, due to the previously mentioned influx of civilian personnel to the Joint Staff from U.S. Joint Forces Command following its disestablishment in fiscal year 2011.

Figure 8: Joint Staff Headquarters Support Costs for Fiscal Years 2003 through 2013

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations of operation and maintenance funding reported by the Joint Staff, excluding the J-2 (Intelligence Directorate). The personnel within the Joint Staff J-2 are managed and funded by the Defense Intelligence Agency, and those costs are not reflected in the figure. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

The Office of the Secretary of the Army has sole responsibility within the Office of the Secretary and the Army Staff for the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] Additionally, there is an Army Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Army. Headquarters functions to be performed by the Army Staff include, among others, recruiting, organizing, training, and equipping of the Army.[2] The staff of the Office of the Secretary of the Army and the Army Staff comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Army, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 4 shows the organizational structure and composition of the Army Secretariat and Staff for fiscal year 2013, including both authorized military and civilian positions, as well as estimated contractor full-time equivalents.

Table 4: Fiscal Year 2013 Authorized Military and Civilian Positions and Estimated Contractor Full-Time Equivalents within the Office of the Secretary of the Army and the Office of the Chief of Staff of the Army

Office of the Secretary of the Army organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Immediate Office of the Secretary	20	15	**35**	0
Office of the Deputy Under Secretary	8	22	**30**	0
Office of the Assistant Secretary of the Army (Financial Management and Comptroller)	22	282	**304**	162
Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs)	7	54	**61**	270
Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology)	11	238	**249**	24
Office of the Assistant Secretary of the Army (Installations and Environment)	3	59	**62**	62
Office of the Assistant Secretary of the Army (Civil Works)	2	22	**24**	0
Office of the Administrative Assistant to the Secretary of the Army	3	27	**30**	0

[1]10 U.S.C. § 3014.

[2]10 U.S.C. §§ 3031 and 3032.

Office of the Secretary of the Army organizations	Authorized military positions	Authorized civilian positions	Total	Estimated contractor full-time equivalents
Office of the Chief Legislative Liaison	24	58	82	0
Office of the Inspector General	5	3	8	0
Office of the Chief of Public Affairs	23	54	77	28
Office of Small Business Programs	0	9	9	3
Office of the Auditor General	1	7	8	0
Office of General Counsel	7	43	50	0
Office of the Chief Information Officer (CIO/G-6)	29	244	273	251
U.S. Army Office of Business Transformation	27	29	56	7
Office of the Executive Director, Army National Military Cemeteries	4	0	4	N/A
Total	**196**	**1,166**	**1,362**	**807**
Office of the Army Chief of Staff Organizations				
Office of the Chief of Staff	95	108	203	11
Office of the Deputy Chief of Staff, G-1	75	243	318	210
Office of the Deputy Chief of Staff, G-2	52	235	287	100
Office of the Deputy Chief of Staff, G-3/5/7	272	305	577	137
Office of the Deputy Chief of Staff, G-4	43	151	194	4
Office of the Deputy Chief of Staff, G-8	118	242	360	70
Office of the Chief of Chaplains	24	19	43	2
Office of the Surgeon General	45	49	94	66
Office of the Chief of Engineers	9	3	12	1
Office of the Assistant Chief of Staff, Installation Management	20	83	103	0
Office of the Judge Advocate General	35	30	65	0
Office of the Provost Marshal General	13	8	21	20
Total	**801**	**1,476**	**2,277**	**621**

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: The Army provided estimated contractor full-time equivalents from the Army's Contractor Manpower Reporting Application. In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not assess their reliability. Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions. The Office of the Chief Information Officer and the Office of the Chief of Staff of the Army's G-6 are consolidated organizationally, but located under the Office of the Secretary of the Army.

Based on data collected by the Army using the Contractor Manpower Reporting Application for use in DOD's fiscal year 2013 Inventory of Contracted Services,[3] the Army estimated that, in addition to authorized military and civilian positions, approximately 28 percent of its workforce, or 1,428 contractor full-time equivalents, served in the Army Secretariat and Army Staff in fiscal year 2013, as shown in figure 9.

Figure 9: Percentage of Authorized Military and Civilian Personnel and Estimated Contractor Full-Time Equivalents in the Army Secretariat and Staff, Fiscal Year 2013
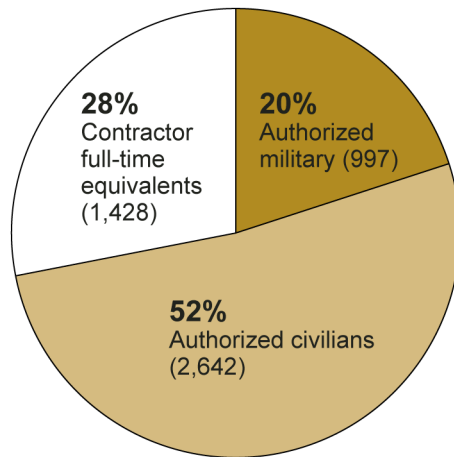
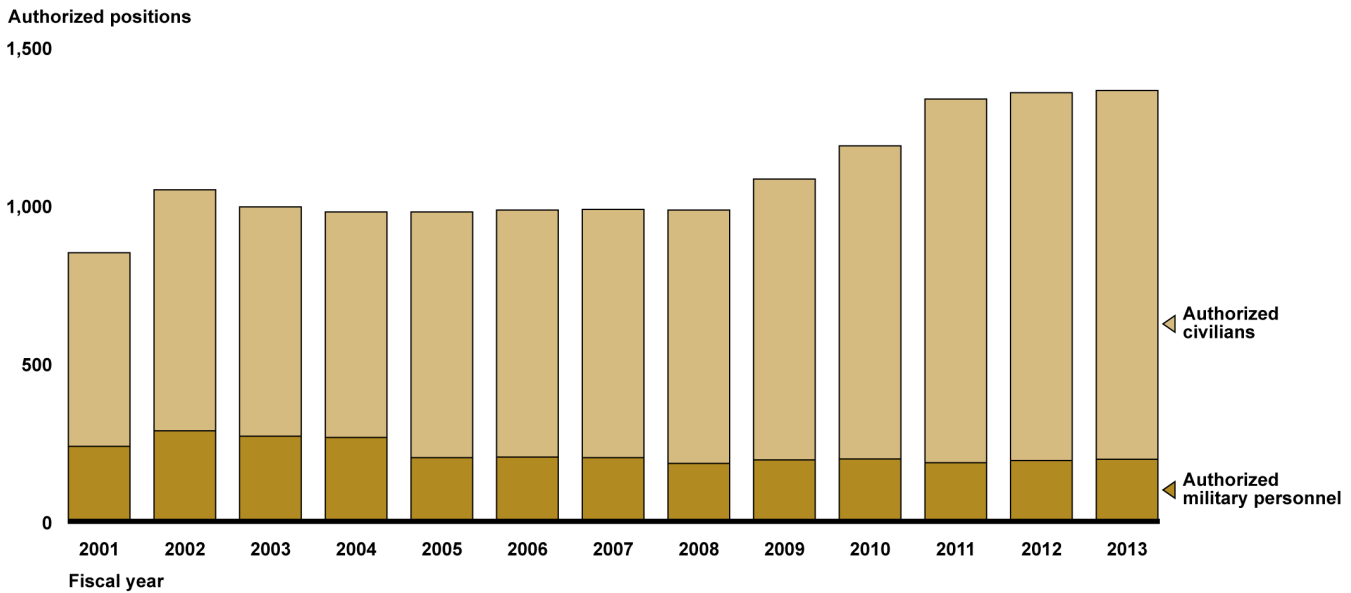Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not independently assess the its accuracy or reliability.

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[3]In May 2013, we found that the data supporting the inventory of contracted services has several limitations, including the inability to identify more than one type of service in a contract or the number of contractor full-time equivalents, which limit its utility for purposes of compiling a complete and accurate inventory. See GAO-13-491. However, in January 2011 we found the Army's Contracted Manpower Reporting Application to have fewer limitations than the data source used by the rest of DOD for the inventory of contracted services. See GAO-11-192. Because the data the Army provided from its Contractor Manpower Reporting Application were not used to support our findings, conclusions, or recommendations, we did not independently assess the its accuracy or reliability. Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions.

Rather, we present the data in this appendix for purposes of comparison against authorized military and civilian positions.

Figure 10 illustrates annual changes in the number of authorized personnel positions in the Office of the Secretary of the Army since fiscal year 2001. Both military and civilian positions remained relatively unchanged until fiscal year 2009. According to Army officials, the main drivers for the increase in the number of authorized civilians between fiscal years 2001 and 2013 were to support increased missions within Headquarters, Department of the Army, efforts to convert contracted services to civilian positions, and the conversion of military to civilian positions. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 10: Authorized Military and Civilian Positions in the Office of the Secretary of the Army, Fiscal Years 2001 through 2013
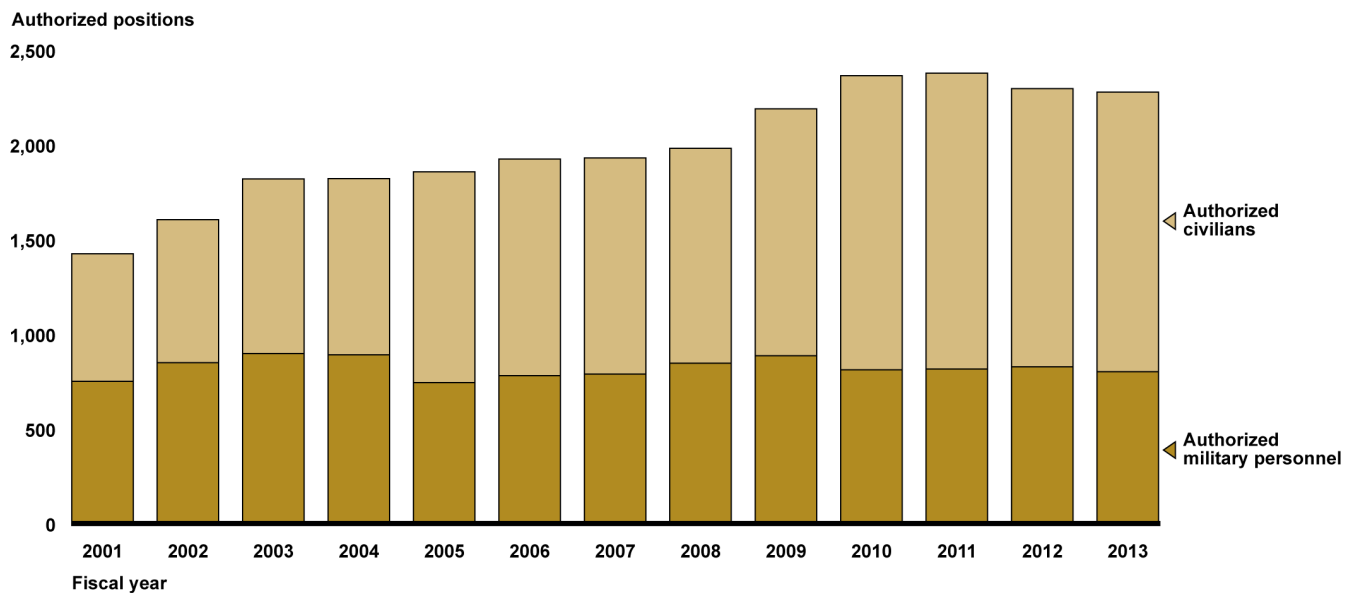

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Army and do not include personnel performing contracted services.

Figure 11 illustrates annual changes in the number of authorized personnel positions the Office of the Chief of Staff of the Army since fiscal year 2001. As shown, authorized military personnel reached a peak in fiscal year 2003, while—according to Army officials—the number of authorized civilians peaked in fiscal year 2011 due to the conversion of

contracted services to civilian positions and the conversion of military to
civilian positions. This increase in authorized civilian positions, according
to DOD officials, is the result of attempts to rebalance workload and
become a cost-efficient workforce. Army and DOD officials stated that,
since fiscal year 2011, total authorized positions have gradually
decreased due to direction from the Secretary of Defense to hold the
number of civilian positions at or below fiscal year 2010 levels and to cut
civilian positions that had yet to be filled after they had converted
contracted services to civilian positions in previous years.

Figure 11: Authorized Military and Civilian Positions in the Office of the Chief of Staff of the Army, Fiscal Years 2001 through 2013
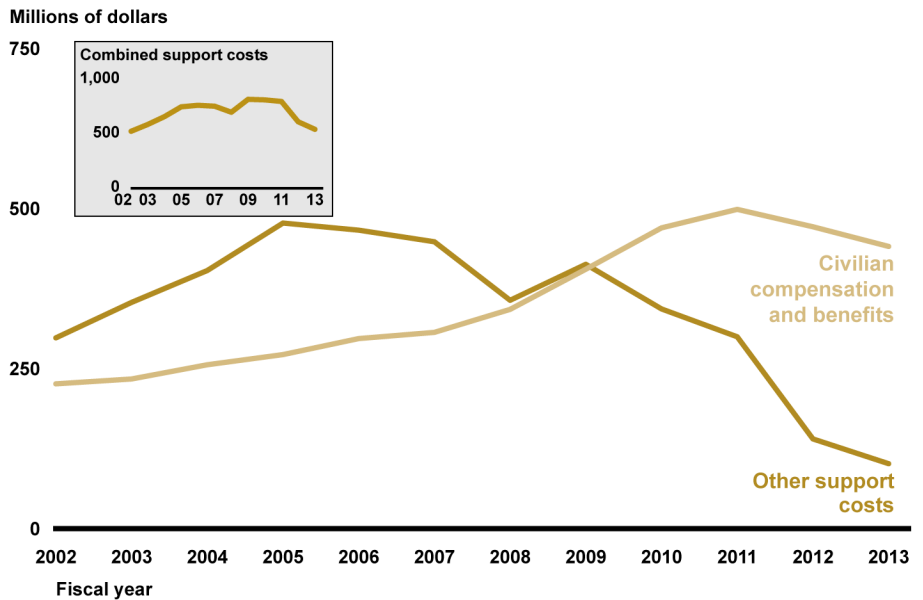

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at
the Office of the Chief of Staff of the Army and do not include personnel performing contracted
services.

Figure 12 illustrates the changes associated with Army Secretariat and
Army Staff headquarters support costs for fiscal year 2002 through fiscal
year 2013. According to the data provided by the Army, there has been a
slight overall increase in headquarters support costs during the period,
but these costs have recently begun to decline. Specifically, overall costs
for civilian pay have increased, but have fallen since fiscal year 2011.
According to GAO analysis of Army data, this increase in costs aligns with
Army efforts to convert contracted services to civilian positions as well as

increased missions within Headquarters, resulting in higher costs for civilian pay, among other factors.

Figure 12: Army Secretariat and Army Staff Headquarters Support Costs for Fiscal Years 2002 through 2013

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations for operation and maintenance funding reported by Army components. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contracted services, among other costs. Army officials stated that the costs for contracted services provided from its financial accounting systems may not accurately reflect costs incurred by the headquarters because the accounting systems show the funding for contractors but not necessarily where the contracted work was performed, which is the information displayed in DOD's Inventory of Contracted Services. However, the inventory only contains data from fiscal year 2010 to the present, so in order to conduct a more comprehensive comparison, our analysis used the Army's financial accounting systems data because it included the entire fiscal year 2001 through 2013 period and was also the authoritative source for the Army's civilian compensation and benefits data.

Appendix VI: Resources of the Offices of the Secretary of the Navy and Chief of Naval Operations

The Office of the Secretary of the Navy is solely responsible among the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps, for oversight of the following functions: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] The Office of the Chief of Naval Operations is to provide professional assistance to the Secretary and Chief of Naval Operations in preparing for the employment of the Navy in areas such as: recruiting, organizing, supplying, equipping, and training.[2] The staffs of Office of the Secretary of the Navy and the Office of the Chief of Naval Operations comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Navy, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 5 shows the organizational structure and composition of the Navy Secretariat and Office of the Chief of Naval Operations for fiscal year 2013, including both authorized military and civilian positions.

Table 5: Fiscal Year 2013 Authorized Military and Civilian Positions by Selected Organization within the Offices of the Secretary of the Navy and Chief of Naval Operations

Office of the Secretary of the Navy organizations	Authorized military positions	Authorized civilian positions	Total
Secretary of the Navy	20	24	**44**
Under Secretary of the Navy	2	3	**5**
Assistant Secretary of the Navy (Research, Development, and Acquisition)	23	92	**115**
Assistant Secretary of the Navy (Manpower and Reserve Affairs)	14	28	**42**
Assistant Secretary of the Navy (Financial Management and Comptroller)	30	153	**183**
Assistant Secretary of the Navy (Installations and Environment)	8	25	**33**
General Counsel of the Department of the Navy	3	48	**51**
Chief of Information	32	30	**62**
Chief of Legislative Affairs	34	17	**51**
Auditor General	0	11	**11**
Chief Information Officer	2	40	**42**

[1] 10 U.S.C. § 5014.

[2] 10 U.S.C. §§ 5031 and 5032.

Appendix VI: Resources of the Offices of the
Secretary of the Navy and Chief of Naval
Operations

Office of the Secretary of the Navy organizations	Authorized military positions	Authorized civilian positions	Total
Judge Advocate General of the Navy	11	20	**31**
Naval Inspector General	28	39	**67**
Other[a]	81	442	**523**
Total	**288**	**972**	**1,260**
Office of the Chief of Naval Operations functional directorates			
N00—Chief Naval Operations (CNO)	46	6	**52**
N01—Director Navy Staff	40	38	**78**
N09—Vice CNO	12	4	**16**
N093—Surgeon General of the Navy	10	-	**10**
N097—Chief of Chaplains	19	-	**19**
N1—Deputy CNO for Manpower	27	2	**29**
N2/N6—Deputy CNO for Information Dominance	88	59	**147**
N3/N5—Deputy CNO for Operations, Plans, and Strategy	120	24	**144**
N4—Deputy CNO for Fleet Readiness and Logistics	68	95	**163**
N80—Director Programming	42	18	**60**
N81—Director Assessments	58	28	**86**
N83—Director Joint Capabilities and Integration	2	-	**2**
N84—Office of Naval Research	10	5	**15**
N89—Director Special Programs	6	12	**18**
N9—Deputy CNO for Warfare Systems	8	4	**12**
N95—Director Expeditionary Warfare	26	11	**37**
N96—Director Surface Warfare	41	26	**67**
N97—Director Undersea Warfare	33	11	**44**
N98—Director Air Warfare	34	17	**51**
N9I—Director Warfare Integration	15	9	**24**
RPN CNO—Reserve Personnel	42	-	**42**
Total	**747**	**369**	**1,116**

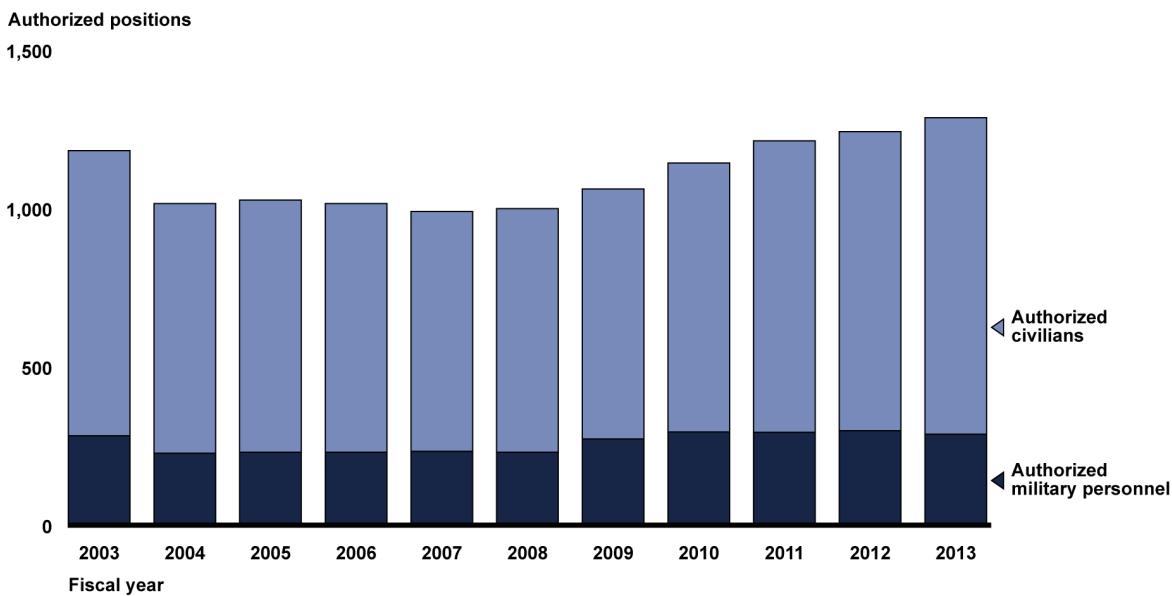Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: The Navy was not able to provide data on the number of contractor full-time equivalents within the Secretariat or the Office of the Chief of Naval Operations.

a"Other" includes the Department of the Navy Assistant for Administration, headquarters elements of the Naval Criminal Investigative Service, the Office of Civilian Human Resources, and the Naval Center for Cost Analysis.

Figure 13 illustrates annual changes in the number of authorized military and civilian positions within the Navy Secretariat since fiscal year 2003. From fiscal years 2003 through 2008, the total number of authorized

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positions within the secretariat decreased from fiscal year 2003 to 2004 and remained relatively constant through fiscal year 2008 due to reductions in its baseline budget, recalculation of civilian pay and benefits, and internal reorganizations within the Navy, according to officials within the Navy Secretariat. From fiscal years 2009 through 2013, authorized civilian positions within the Navy Secretariat have steadily increased. Navy Secretariat officials attributed this increase primarily to reorganization of functions across the Department of the Navy that moved positions into the secretariat and the conversion of contracted services to civilian positions.

Figure 13: Authorized Military and Civilian Positions in the Office of the Secretary of the Navy, Fiscal Years 2003 through 2013

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, the Navy Secretariat was only able to provide authorized positions back to fiscal year 2003. Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Navy and do not include personnel performing contracted services.

Headquarters support costs for the Navy Secretariat have generally increased from fiscal years 2001 through 2013, as seen in the inset of figure 14. According to Navy officials, significant drivers of this overall increase include continued increases in civilian personnel costs, and additional contracted services costs to support both a 2005 DOD initiative and compliance in fiscal years 2011 and 2012 with congressional direction to improve the auditability of its financial statements.

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Secretary of the Navy and Chief of Naval
Operations

Figure 14: Office of the Secretary of the Navy Headquarters Support Costs for Fiscal Years 2001 to 2013
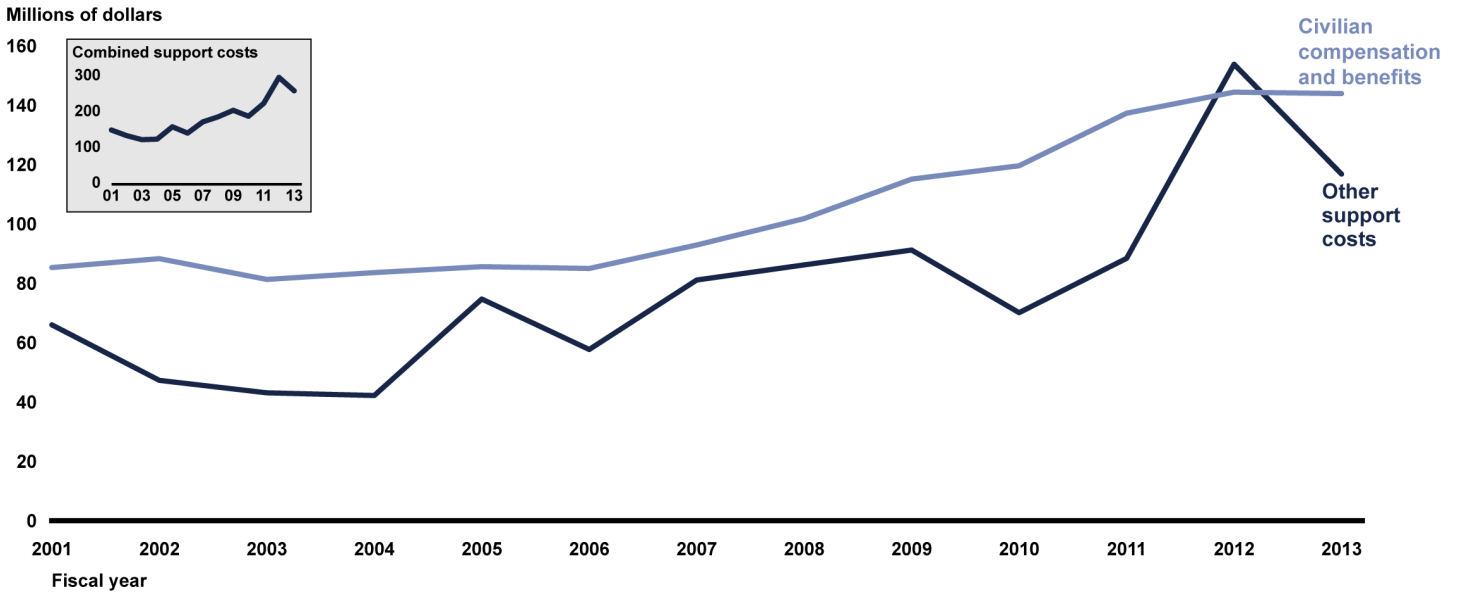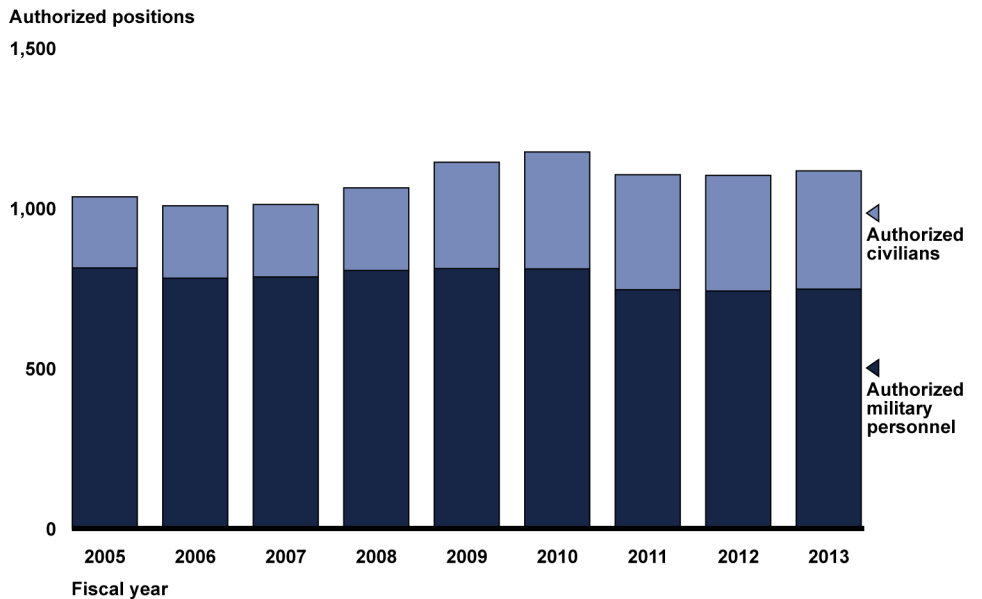

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

Figure 15 illustrates annual changes in the number of authorized military and civilian positions within the Office of the Chief of Naval Operations since fiscal year 2005. The Office of the Chief of Naval Operations has experienced some increase in authorized civilian positions over that period, which Navy officials attributed to conversion of contracted services to civilian positions and reorganizations of the Office of the Chief of Naval Operations under new Chiefs of Naval Operations. Our analysis shows that much of the overall increase in authorized civilian positions at the Office of the Chief of Naval Operations was offset by decreases in military positions since fiscal year 2010.

Appendix VI: Resources of the Offices of the
Secretary of the Navy and Chief of Naval
Operations

**Figure 15: Authorized Military and Civilian Positions in the Office of the Chief of
Naval Operations, Fiscal Years 2005 through 2013**
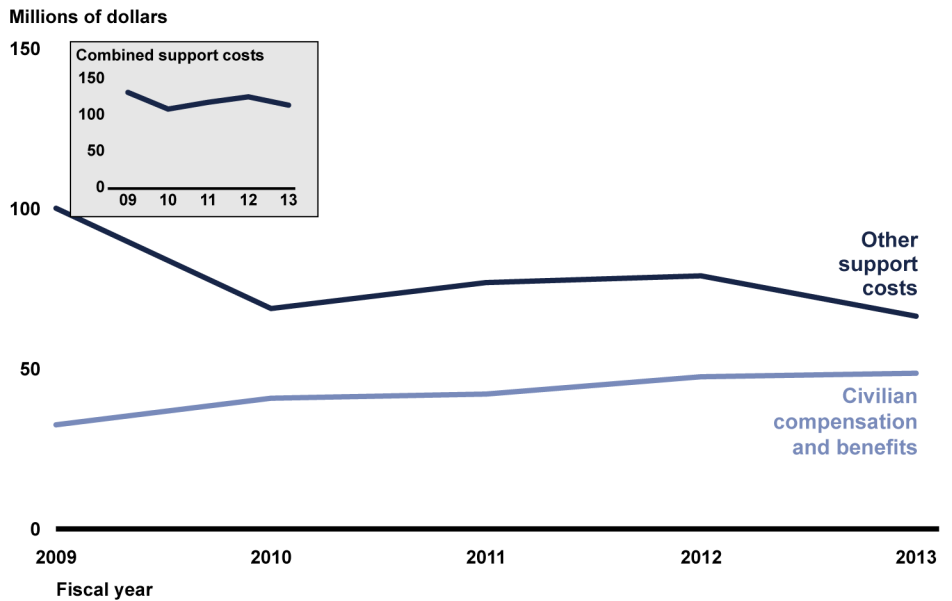
Authorized positions

1,500

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, the Office of the Chief of Naval
Operations was only able to provide authorized military and civilian positions back to fiscal year 2005.
Authorized military and civilian positions represent approved, funded personnel requirements at the
Office of the Chief of Naval Operations and do not include personnel performing contracted services.

Headquarters support costs for the Office of the Chief of Naval
Operations have generally decreased from fiscal years 2009 through
2013, as seen in the inset of figure 16. According to Office of the Chief of
Naval Operations' officials, the decrease in costs in fiscal 2010 was the
result of the removal of some centrally managed costs from the Office of
the Chief of Naval Operations budget in 2010 and efforts to convert
contracted services to civilian positions. As seen in figure 16, civilian
personnel costs have increased over the period, which Office of the Chief
of Naval Operations' officials attributed to the conversion of contracted
services to civilian positions and organizational restructuring that moved
additional civilian positions to the Office of the Chief of Naval Operations
headquarters staff, resulting in higher civilian personnel costs.

Figure 16: Office of the Chief of Naval Operations Headquarters Support Costs for Fiscal Years 2009 through 2013

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: The Office of the Chief of Naval Operations was only able to provide cost data for fiscal years 2009 through 2013. Officials from the Office of the Chief of Naval Operations told us that it could not extract data for earlier fiscal years because the financial system it uses does not contain data prior to fiscal year 2009 and it would be difficult to separate out the Office of the Chief of Naval Operations' data from other Navy data prior to fiscal year 2009 in the Navy's historical data system. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

The Marine Corps also operates under the authority, direction, and control of the Secretary of the Navy. Headquarters, Marine Corps, consists of the Commandant of the Marine Corps and staff who are to provide assistance in preparing for the employment of the Marine Corps in areas such as recruiting, organizing, supplying, equipping, and training.[1] The staff of Headquarters, Marine Corps, comprises military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Marine Corps, as well as the changes in these resources from fiscal year 2005 through fiscal year 2013. Table 6 shows the organizational structure and composition of Headquarters, Marine Corps, for fiscal year 2013, including both authorized military and civilian positions.

Table 6: Fiscal Year 2013 Authorized Military and Civilian Positions within Headquarters, U.S. Marine Corps

Headquarters, U.S. Marine Corps organizations	Authorized military positions	Authorized civilian positions	Total
Office of Marine Corps Reserves	7	0	**7**
Deputy Commandant, Combat Development and Integration	165	171	**336**
Marine Corps Separate Offices	98	51	**149**
Deputy Commandant, Manpower and Reserve Affairs	399	325	**724**
Director, Administration and Resources	48	195	**243**
Director, Command, Control, Communication, and Computers	39	100	**139**
Deputy Commandant, Installations and Logistics	93	165	**258**
Deputy Commandant, Programs and Resources	69	95	**164**
Deputy Commandant, Plans, Policy and Operations	170	82	**252**
Staff Judge Advocate	38	10	**48**
Deputy Commandant, Aviation	95	12	**107**
Director, Intelligence	31	36	**67**
Director, Public Affairs	26	12	**38**
Director, Safety	8	19	**27**
Inspector General of the Marine Corps	17	8	**25**
Total	**1,303**	**1,281**	**2,584**

Source: GAO analysis of Department of Defense data. | GAO-15-10

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[1] 10 U.S.C. §§ 5041 and 5042.

Headquarters, Marine Corps, experienced an increase in its overall number of authorized military and civilian positions from fiscal years 2005 to 2013, as shown in figure 17, but there have been variations within those years. Headquarters, Marine Corps, officials attributed some of the increases in authorized positions to the conversion of military positions to civilian positions, and additional personnel requirements needed to support the Foreign Counterintelligence Program and National Intelligence Program and to stand up and operate the National Museum of the Marine Corps. Headquarters, Marine Corps, officials also explained that some of the decreases in authorized positions were due to a number of organizational realignments that transferred civilian positions from Headquarters, Marine Corps, to operational or field support organizations.

Figure 17: Headquarters, U.S. Marine Corps, Authorized Military and Civilian Positions for Fiscal Years 2005 through 2013
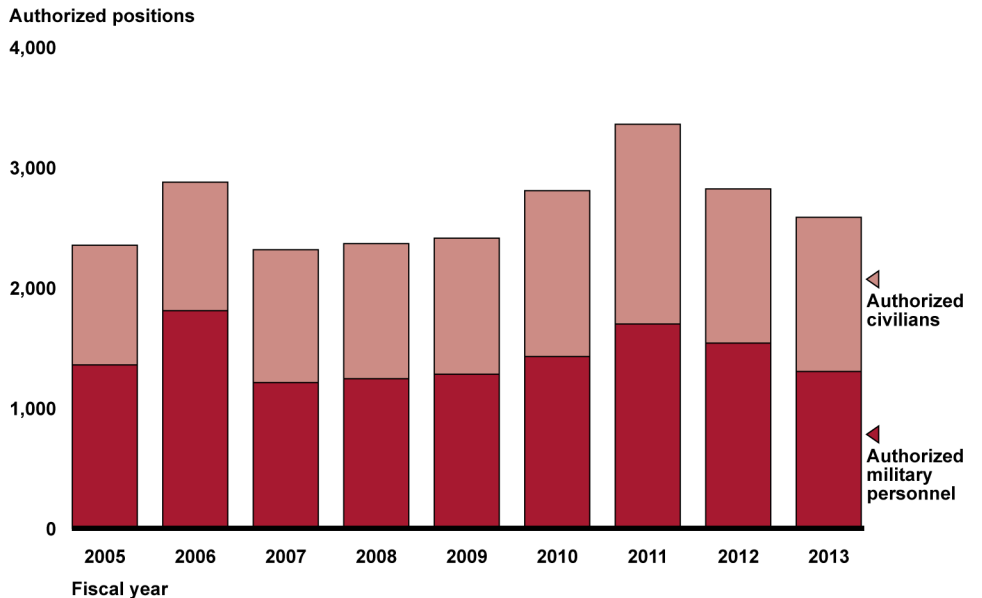
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Due to a change in personnel management systems, Headquarters, Marine Corps, was only able to provide data back to fiscal year 2005. Authorized civilian positions represent positions directly funded by Headquarters, Marine Corps,' operation and maintenance appropriations only, and authorized military positions represent the authorized strength, as reflected on a Headquarters, Marine Corps,' Table of Organization and Equipment (T/O&E), and which have been allocated for funding. This does not include personnel performing contracted services.

From fiscal years 2005 through 2013, the total headquarters support costs for Headquarters, Marine Corps, have slightly increased, as seen in the inset in figure 18, but there has been variation in total costs year-to-

year, and costs are down from their peak in fiscal year 2012. As seen in figure 18, there has been a consistent increase in costs for civilian personnel from fiscal year 2005 through fiscal year 2012, which the Marine Corps attributed to the conversion of military positions to civilian positions, organizational realignments that moved civilian positions to Headquarters, Marine Corps, and recalculation of civilian pay and benefits, all of which increased costs for civilian personnel. From fiscal years 2005 through 2013, other headquarters support costs generally decreased due to transfers and realignment of resources from Headquarters, Marine Corps, to other organizations and operating forces.

Figure 18: Headquarters, Marine Corps, Support Costs for Fiscal Years 2005 through 2013
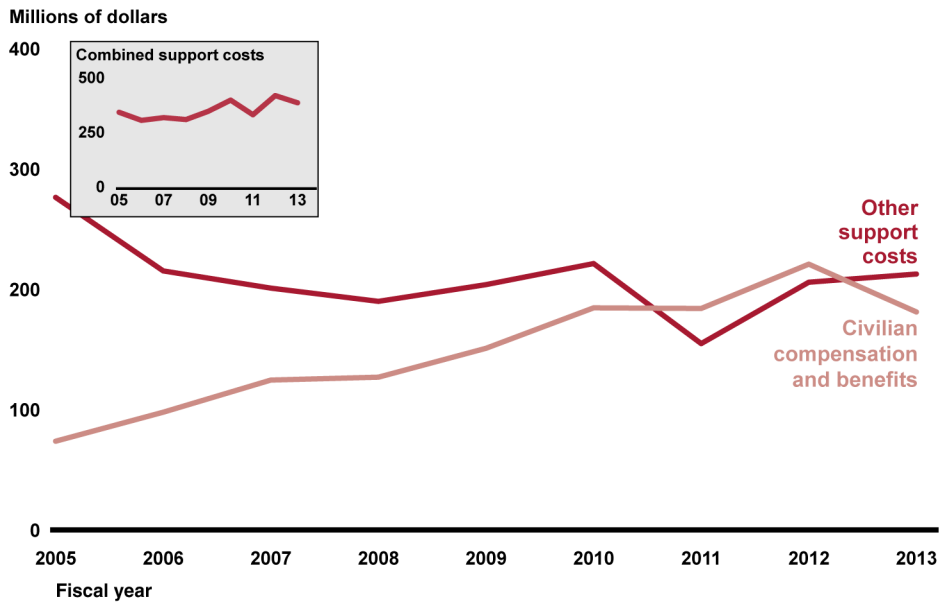
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among others.

Appendix VIII: Resources of the Headquarters, Department of the Air Force

The Office of the Secretary of the Air Force has sole responsibility and oversight for the following functions across the Air Force: acquisition, auditing, financial management, information management, inspector general, legislative affairs, and public affairs.[1] Additionally, there is an Air Staff, which is to furnish professional assistance to the Secretary and the Chief of Staff of the Air Force. The headquarters functions to be performed by the Air Staff include recruiting, organizing, training, and equipping of the Air Force, among others.[2] The staffs of Office of the Secretary of the Air Force and the Air Staff comprise military and civilian personnel and personnel performing contracted services. This appendix shows how these resources are distributed in the Air Force, as well as the changes in these resources from fiscal year 2001 through fiscal year 2013. Table 7 shows the organizational structure and composition of the Air Force Secretariat and Staff for fiscal year 2013, including both authorized military and civilian positions.

Table 7: Fiscal Year 2013 Authorized Military and Civilian Positions in the Offices of the Secretary of the Air Force and the Air Force Chief of Staff

Office of the Secretary of the Air Force headquarters organizations	Authorized military positions	Authorized civilian positions	Total
Secretary of the Air Force, immediate office	5	5	**10**
Under Secretary of the Air Force (Chief Management Officer)	7	6	**13**
Administrative Staff	7	26	**33**
Office of the Inspector General	20	9	**29**
Office of the Auditor General	1	4	**5**
Office of the Legislative Liaison	22	4	**26**
Office of Public Affairs	31	25	**56**
Office of General Counsel	4	48	**52**
Air Force Small Business Programs	0	6	**6**
Assistant Secretary of the Air Force, Manpower and Reserve Affairs	13	15	**28**
Assistant Secretary of the Air Force, Management and Comptroller	46	139	**185**
Deputy Under Secretary of the Air Force, Space Programs	9	2	**11**
Assistant Secretary of the Air Force, Acquisition	144	119	**263**
Deputy Under Secretary of the Air Force, International Affairs	68	75	**143**

[1] 10 U.S.C. § 8014.

[2] 10 U.S.C. §§ 8031 and 8032.

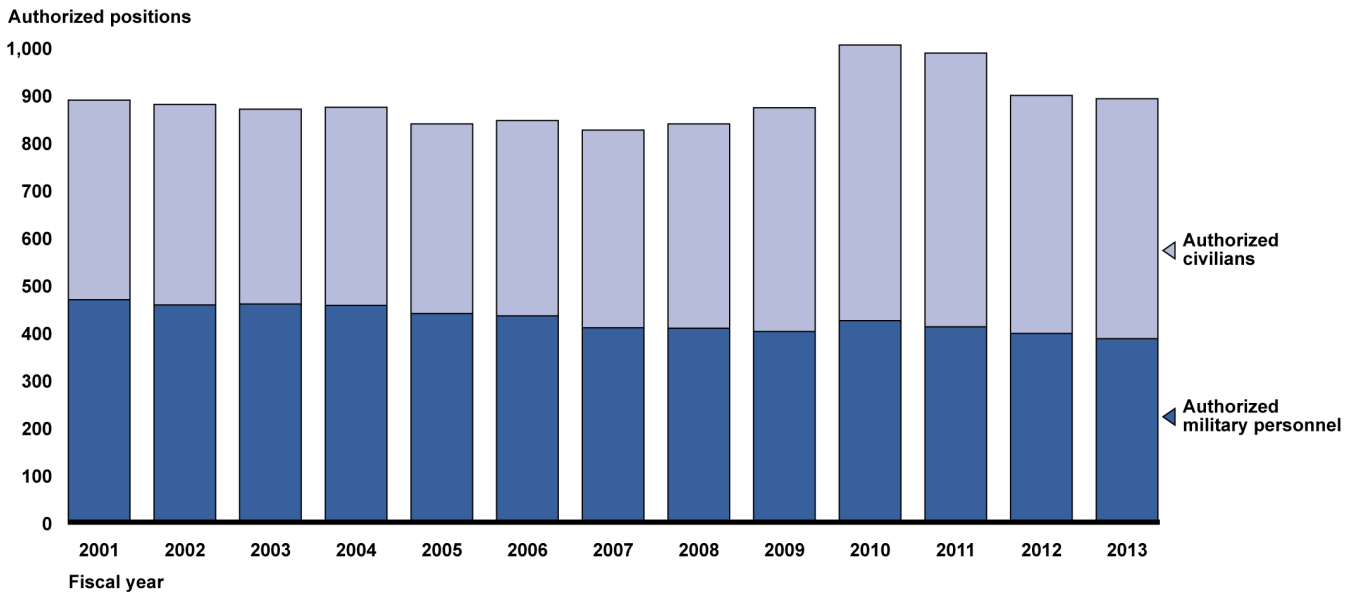| Office of the Secretary of the Air Force headquarters organizations	Authorized military positions	Authorized civilian positions	Total
Assistant Secretary of the Air Force, Installations, Environment, and Logistics	8	22	**30**
Information Dominance and Chief Information Officer (CIOA6)	80	54	**134**
Total	**465**	**559**	**1,024**
Joint Offices for the Secretary and Chief of Staff			
Secretary of the Air Force and Chief of Staff of the Air Force Executive Action Group	1	0	**1**
Air Force Strategic Studies Group	5	0	**5**
Total	**6**	**0**	**6**
Office of the Air Force Chief of Staff Headquarters Organizations			
Chief of Staff of the Air Force, Immediate Office	15	3	**18**
Office of the Vice Chief of Staff	14	6	**20**
Office of the Chief of Safety	12	11	**23**
Air Force Test and Evaluation	13	9	**22**
Judge Advocate General	34	8	**42**
U.S. Air Force Scientific Advisory Board	3	0	**3**
Office of the Chief Scientist	1	1	**2**
Office of the Surgeon General	48	20	**68**
Office of the Director of History and Museums Policies and Programs	0	6	**6**
Office of the Chief of Chaplains	10	2	**12**
Deputy Chief of Staff, Manpower and Personnel (A-1)	125	144	**269**
Deputy Chief of Staff, Intelligence, Surveillance, and Reconnaissance (A-2)	137	56	**193**
Deputy Chief of Staff, Operations, Plans, and Requirements (A-3/A-5)	251	116	**367**
Deputy Chief of Staff, Logistics, Installations and Mission Support (A-4/7)	152	124	**276**
Deputy Chief of Staff, Strategic Plans and Programs (A-8)	100	40	**140**
Studies and Analyses, Assessments and Lessons Learned (A-9)	3	3	**6**
Assistant Chief of Staff, Strategic Deterrence and Nuclear Integration (A-10)	69	23	**92**
Total	**987**	**572**	**1,559**

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Joint Offices for the Secretary and Chief of Staff are organizations that support both the Office of the Secretary of the Air Force and the Office of the Air Force Chief of Staff. The Air Force was not able to provide data on the number of contractor full-time equivalents within the Secretariat and Air Staff.

Figure 19 illustrates annual changes in the number of authorized positions in the Office of the Secretary of the Air Force since fiscal year 2001. The number of authorized military and civilian positions remained relatively unchanged until fiscal year 2010 when, according to Air Force officials, the conversion of contracted services to civilian positions and the

conversion of military to civilian positions contributed to the increasing number of authorized civilian personnel. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce. Air Force officials stated that authorized positions within the secretariat have gradually decreased from peak levels reached in fiscal year 2010 due to direction from the Secretary of Defense to hold the number of civilian positions at or below fiscal year 2010 levels and to cut civilian positions that had yet to be filled after they had converted contracted services to civilian positions in previous years.

Figure 19: Authorized Military and Civilian Positions in the Office of the Secretary of the Air Force, Fiscal Years 2001 through 2013
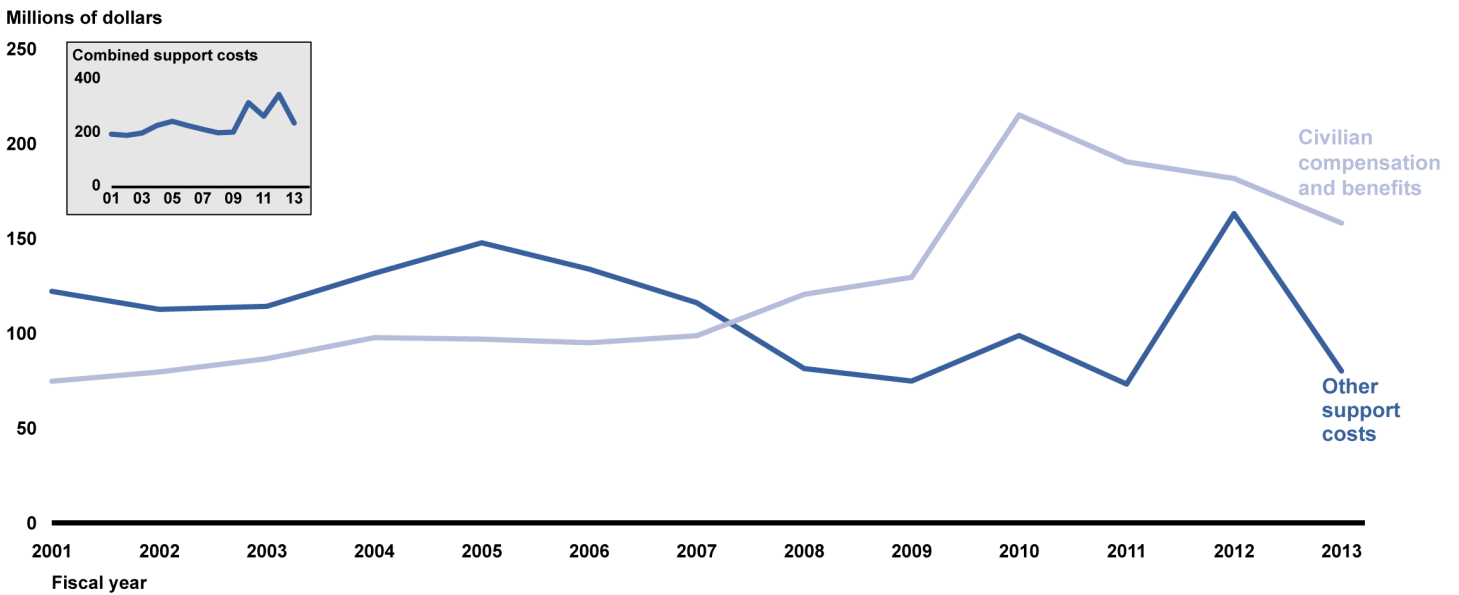

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Secretary of the Air Force and do not include personnel performing contracted services. Additionally, the Office of the Information Dominance and Chief Information Officer (CIOA6) was consolidated and administratively moved from the Air Staff to the Office of the Secretary in fiscal year 2006, but for the purposes of analyzing the personnel trends, we have continued to count that office as part of the Air Staff.

Figure 20 illustrates annual changes in the number of authorized positions in the Office of the Chief of Staff of the Air Force since fiscal year 2001. The total number of authorized military and civilian positions remained relatively stable until fiscal year 2006, when the number of authorized military personnel reached its peak level. Since then, the

number of authorized civilian personnel has generally increased, which an Air Force official said was mainly due to the conversion of contracted services to civilian positions and the conversion of military to civilian positions, although these numbers have begun to decline since fiscal year 2011. This increase in authorized civilian positions, according to DOD officials, is the result of attempts to rebalance workload and become a cost-efficient workforce.

Figure 20: Authorized Military and Civilian Positions in the Office of the Chief of Staff of the Air Force, Fiscal Years 2001 through 2013
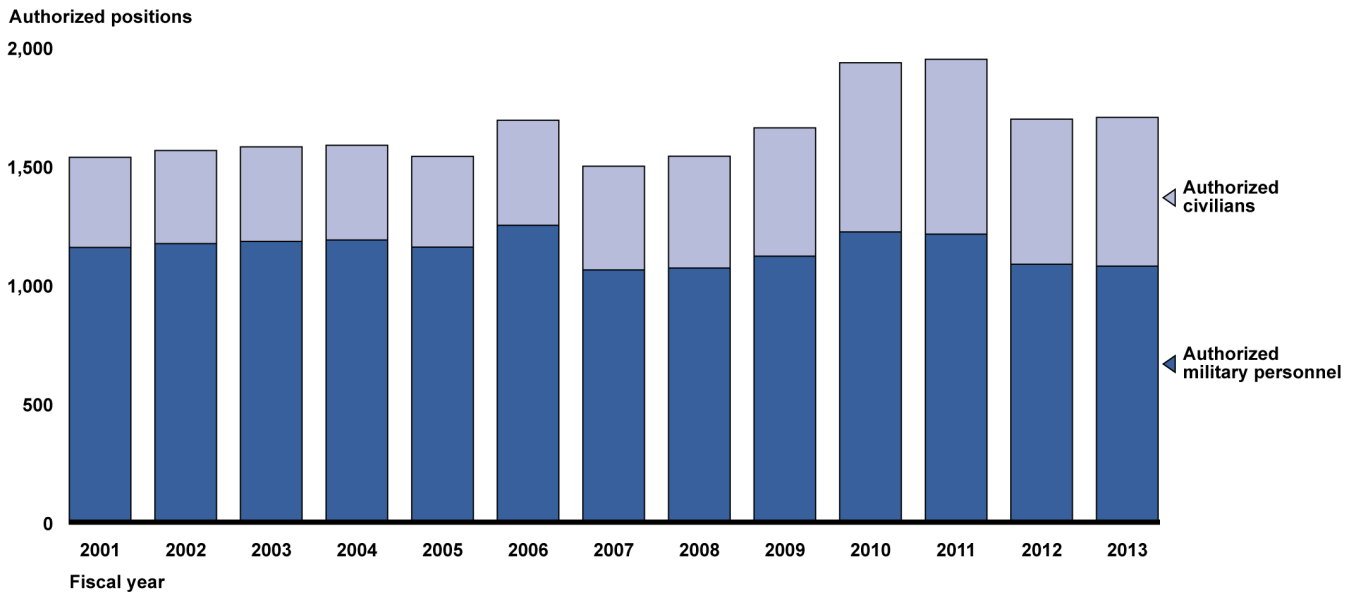
Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Authorized military and civilian positions represent approved, funded personnel requirements at the Office of the Chief of Staff of the Air Force and do not include personnel performing contracted services. Additionally, the Office of the Information Dominance & Chief Information Officer (CIOA6) was consolidated and administratively moved from the Air Staff to the Office of the Secretary in fiscal year 2006, but for the purposes of analyzing the personnel trends, we have continued to count that office as part of the Air Staff.

Figure 21 shows the changes associated with Air Force Secretariat and Air Staff headquarters support costs for fiscal year 2001 through fiscal year 2013. According to Air Force officials, the dramatic increase in civilian personnel costs in fiscal year 2010 was driven by the conversion of contracted services to civilian positions, resulting in higher costs for civilian personnel. The subsequent drop in civilian personnel costs was primarily due to restraints placed on the growth in the number of civilian positions by Secretary Gates in fiscal year 2010 and the Budget Control

Act of 2011. According to an Air Force official, the rapid spike in other support costs in fiscal year 2012 was primarily due to the costs for a civil engineering project billed to the Air Force Secretariat and Staff for renovating the Air Force Headquarters space in the Pentagon.

Figure 21: Air Force Secretariat and Staff Headquarters Support Costs for Fiscal Years 2001 through 2013

Source: GAO analysis of Department of Defense data. | GAO-15-10

Note: Costs to support headquarters operations reflect obligations of operation and maintenance funding reported by the Air Force. "Other support costs" may include costs for printing and reproduction, equipment, transportation, and contractor services, among other costs.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

DEC 15 2014

READINESS AND
FORCE MANAGEMENT

Mr. John Pendleton
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Pendleton,

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-15-10, "DEFENSE HEADQUARTERS: DOD Needs to Reassess Personnel Requirements for the Office of Secretary of Defense, Joint Staff, and Military Service Secretariats" dated October 23, 2014 (GAO Code 351839). The Department appreciates the GAO's work on this engagement, as well as the opportunity to review and comment on this draft report.

The Department is concerned that the GAO's report lacks appropriate perspective when characterizing the complexity and size of its headquarters staffs. The DoD is unrivaled in the breadth and scope of its widely varying missions – no other entity, either in government (foreign or domestic) or private sector corporation, is charged with delivering a mission as broad and far-reaching. Even the largest of global multi-national corporations doesn't touch or directly impact the lives of so many, and in so many different ways. Simply put, the Department does everything from delivering bombs to babies; has a presence above every continent, operates on and under every ocean of the world, and executes capabilities in cyber and outer space. Accordingly, it is not surprising, and actually quite appropriate, that the Department has such a complex and multi-layered headquarters structure.

Additionally, the Department is concerned there is a lack of appropriate context in the report when addressing workforce growth at the headquarters. Growth since 2001 is clearly in response to rapid mission and workload increases, as well as specific initiatives (many directed by Congress) to move to a more appropriate workforce mix of military, civilian, and contracted support. In particular, civilian workforce personnel changes have been the direct result of deliberate initiatives to reduce stress on the force by converting non-military essential jobs from military to civilian performance (either refocusing the military force on military essential operational roles or through more cost effective workforce options than continued military performance); by appropriately, and more cost effectively, realigning workload to civilian performance from contractor support (cutting costs and minimizing the chances that contractors were performing inherently governmental or closely associated tasks); and by adding civilians in specific functional areas, many at the direction of Congress, to support the warfighter and meet strategic requirements that required headquarters policy and oversight (including, but not limited

to such areas as business transformation, intelligence, cyber, family support programs, suicide prevention, sexual assault response and prevention, wounded warrior care, and transition assistance and veteran's programs).

Furthermore, the GAO's characterization of growth in many headquarters organizations does not accurately reflect the fact that much of it is the result of realignments of workload and positions to reflect a more appropriate and cost effective alignment of workforce to workload; a streamlining of operations; and the optimization of mission delivery while reducing redundancies and overhead.

RECOMMENDATION 1: Conduct a systematic determination of baseline military and civilian personnel requirements for OSD, the Joint Staff, and the military service secretariats and staff, which should include analysis of mission, functions, and tasks, and the minimum personnel needed to accomplish those missions, functions, and tasks.

DoD RESPONSE: Partially concur. The Department will continue to use the processes and prioritization that is part of the Planning, Programming, Budgeting, and Execution process and informed by leadership prioritization of missions, functions, and tasks, but will also investigate other methods for documenting and aligning headquarter manpower to missions and Secretary of Defense priorities. Additionally, the Department is currently conducting Business Process and System Reviews of the OSD Principal Staff Assistants, Defense Agencies and DoD Field Activities to aid in documenting mission responsibilities to resource requirements. However, it is important to recognize that headquarters staffs provide knowledge continuity and subject matter expertise to respond to a wide variety of requests for information from (and provide official Departmental positions for) Congressional members and their staffs, with greatly varied volume and periodicity; respond to private and public sector representatives and other interest groups; prepare appointees and educate new administration officials once confirmed; and develop posture and policy in response to rapidly emerging geo-political events. Accordingly, while a good deal of headquarters work can be quantified and qualified to the task level, a very significant portion of that workload is unpredictable, not transactional in nature, and leverages the expertise and knowledge of a highly qualified and professional staff that reflects prioritization and focus areas of the Nation's and Department's most senior leadership. In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Army noted that it has a well-established headquarters requirements determination process in the G-3, supported by the U.S. Army Manpower Analysis Agency. The Army also noted its concerns with the GAO's observation that "the organizations that support the Army Secretariat and Army Staff are almost 3 times as large as the Secretariat and Staff, but are excluded from the limits" -- without the appropriate context, the Army is concerned that this statement may be misleading. Although the Army has made the organizational decision to retain a number of organizations as Field Operating Agencies, these organizations (such as Human Resources Command, Civilian Human Resources Agency, and the Judge Advocate General centers) provide support to the entire Army, not just the headquarters.

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- The Marine Corps noted that they conducted a full review of force structure in 2012 and a Commandant-directed consideration was to look "at the functions of every headquarters and staff," to "consider burden sharing among major headquarters" and to "align staff capacity to headquarters responsibility." The Marine Corps will also comply with guidance to reduce the funding associated with management headquarters activities and strive to achieve a 20-percent reduction in personnel assigned to management headquarters activities.
- The Joint Staff already utilizes the Joint Manpower Validation Process as a systematic determination process when requesting permanent joint manpower requirements. This process reviews mission drivers, capability gaps, impact assessments, and determines the correct size and characteristics (military/civilian, rank/grade and service/skill mix) of all new billets.

RECOMMENDATION 2: Submit these baseline military and civilian personnel requirements, including information on the number of baseline personnel within OSD and the military service secretariat and staffs that count against the statutory limits, along with any applicable adjustments to the statutory limit, in the next Defense Manpower Requirements Report to Congress or through separate correspondence, along with any recommendations needed to modify the existing statutory limits.

DoD RESPONSE: Partially concur. The Department currently submits data on its headquarters personnel via the Defense Manpower Requirements Report and will also be submitting data as required by section 904 of the National Defense Authorization Act for Fiscal Year 2014, Public Law 113-66. The Department has ongoing efforts to refine and improve its reporting capabilities associated with these requirements. Determining the baseline requirement requires updating DoD Instruction (DoDI) 5100.73 to identify current Major DoD Headquarters Activities (MHA), and within each agency/command determining MHA elements, a process the Department is beginning to undertake. In reviewing the draft report, the following input was provided by a Component with regard to this recommendation:

- The Marine Corps noted that in 2014 they methodically reviewed and validated all headquarters down to the individual billet level. This review applied the definitions from DoD Instruction (DoDI) 5100.73 to identify billets that should be coded as performing MHA and resulted in a net increase of reported MHA structure. The Marine Corps will report the revised MHA numbers in conjunction with the FY16 budget to inform Congress via the budget exhibits and the Defense Manpower Requirements Report of the baseline military personnel requirements.

RECOMMENDATION 3: Establish and implement procedures to conduct periodic re-assessments of baseline military and civilian personnel requirements within the Office of the Secretary of Defense and the military service secretariats and staffs.

DoD RESPONSE: Partially concur. Periodic re-assessments like those recommended require additional resources and manpower allocation, which could actually drive an increase in MHAs. While the Department supports the intent of the GAO's recommendation, in the current fiscal environment, and in light of the specific 20-percent reduction to these headquarters activities, the Department believes that establishing a new

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standardized manpower requirements determination process in the near term would be problematic. Specifically, the Department intends to examine the establishment of an Office of the Secretary of Defense military and civilian manpower requirements determination process in the future, but expansion of this process to include the contract workforce and across the Department will need to be accomplished using a phased approach across a longer-term timeframe.

In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Marine Corps noted they conduct such periodic reviews through the Quadrennial Defense Review and through force structure review boards that shape the Marine Corps to new missions and in response to Combatant Commander demands, balanced with available budgets.
- The Joint Staff has been "baselined" twice since 2008. In addition, reductions were taken during the Program Budget Review (PBR) 2012 Secretary of Defense Efficiency review, PBR 2014 Civilian Reduction drill, and PBR 2015 Secretary of Defense 20 Percent Reductions. Additionally, manpower requests based on new or expanding missions must come through the Joint Manpower Validation Program for rightsizing. Any periodic review must be a mission review (J3/J4/J5). If the Secretary of Defense approves divestiture of a mission, J1 will work to reduce the associated manpower.

MATTER FOR CONGRESSIONAL CONSIDERATION: Congress should consider using the results of DoD's review of baseline military and civilian headquarters personnel requirements to re-examine the statutory limits. Such an examination could consider whether supporting organizations that perform headquarters functions should be included in statutory limits and whether the statutes on personnel limitations within the military services secretariats and staffs should be amended to include a prohibition on reassigning headquarters-related functions elsewhere.

DoD RESPONSE: The Department appreciates the GAO's recommendation that the current statutory limitations be re-examined by the Congress, especially in light of the significant mission increases since 2001, many mandated by Congress, that require significant policy and oversight at the headquarters levels in order to be effectively implemented. However, the Department believes the statutory limitations on headquarters personnel (as well as overall sizes of Defense Agencies and DoD Field Activities) in sections 143, 194, 3014, 5014, and 8014 of title 10, United States Code (U.S.C.), as well as section 601 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, Public Law 99-433, place artificial constraints on workforce sizing and shaping. These artificial constraints preclude effective and appropriate Total Force Management as required under section 129a of title 10, U.S.C., and could be viewed as inconsistent with the spirit and intent of section 129 of title 10, U.S.C., and annual appropriations language, most recently section 8012, Division C, of the Consolidated Appropriations Act, 2014 (Public Law 113-76). Accordingly, the Department opposes any legislative language that imposes restrictions on the size of the Department's workforce or limits our ability to manage an effective and efficient total workforce mix. The Department's sourcing of work to military, government civilian, or the private sector (contracted services) must be consistent with workload requirements,

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funding availability, readiness, and management needs, as well as applicable laws and policy.

In reviewing the draft report, the following inputs were provided by Components with regard to this recommendation:

- The Marine Corps noted that they do not use the same tiered or echelon approach to major headquarters that larger services use to reduce management span of control. While this consolidation is efficient for manpower, space requirements, and funding it does penalize the Marine Corps for major headquarters personnel counts conducted for compliance to section 5014 of title 10, U.S.C.. The Marine Corps' current structure allows for the most economic and efficient size of the headquarters staff while meeting the intent of section 5014 of title 10, U.S.C., and compliance with DoDI 5100.73. The Marine Corps will work with the Department of the Navy and the Secretariat to review and submit legislative proposals, as needed, to modify the existing statutory limits.
- As the report states, "The 1986 Goldwater-Nichols Act placed statutory limits on the Joint Staffs number of civilians and military personnel, Congress repealed these limits in 1991 to provide the Chairman of the Joint Chiefs of Staff with greater flexibility." For the last decade, the overall number of military and civilian personnel authorized for the Joint Staff has remained steady, before experiencing a sharp increase due to the realignment of existing positions from U.S. Joint Forces Command to the Joint Staff. Outside of that increase, the Joint Staff has remained steady with minimal increases in overall manpower. The 1991 repeal should remain in place.

In reviewing the draft report, the Army also provided input regarding the overall methodology behind the report. Specifically, the Army noted that tracking contract support of headquarters organizations solely through funding source may skew attempts at general trend analysis. Since funding source does not always correlate to a function being performed in the headquarters, this must be taken into account when reviewing headquarters functions.

Should you have any questions, please contact the primary action officer for this engagement, Mr. Thomas Hessel (703-697-3402 or thomas.j.hessel.civ@mail.mil).

Sincerely,

Rich Robbins
Director, Total Force Planning &
Requirements

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Appendix X: GAO Contact and Staff Acknowledgments

GAO Contact	John H. Pendleton, (202) 512-3489 or pendletonj@gao.gov
Staff Acknowledgments	In addition to the contact named above, Richard K. Geiger (Assistant Director), Tracy Barnes, Gabrielle A. Carrington, Neil Feldman, David Keefer, Carol D. Petersen, Bethann E. Ritter Snyder, Michael Silver, Amie Steele, and Cheryl Weissman made key contributions to this report.