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INSTITUTE FOR DEFENSE ANALYSES

**Potential Savings from Substituting
Civilians for Military Personnel
(Presentation)**

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May 2014

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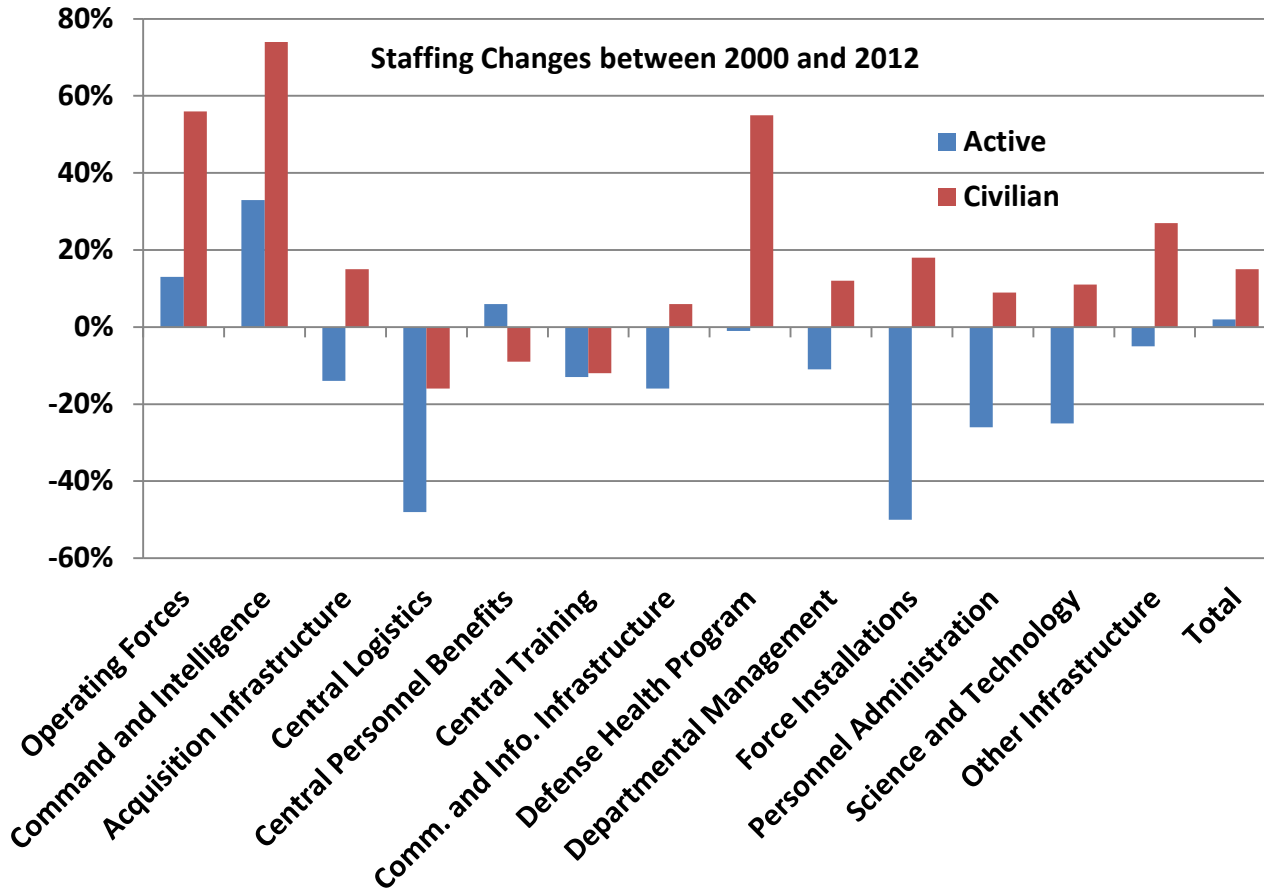
June 2014

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

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

- Background and motivation
- Areas of opportunity
 - Medical
 - Cyber
 - Infrastructure
- Conclusions and suggestions



- In almost all force and infrastructure categories, civilian staffing has risen more or fallen less than military staffing
- In FY 2012 there were still > 500,000 active duty personnel in infrastructure positions

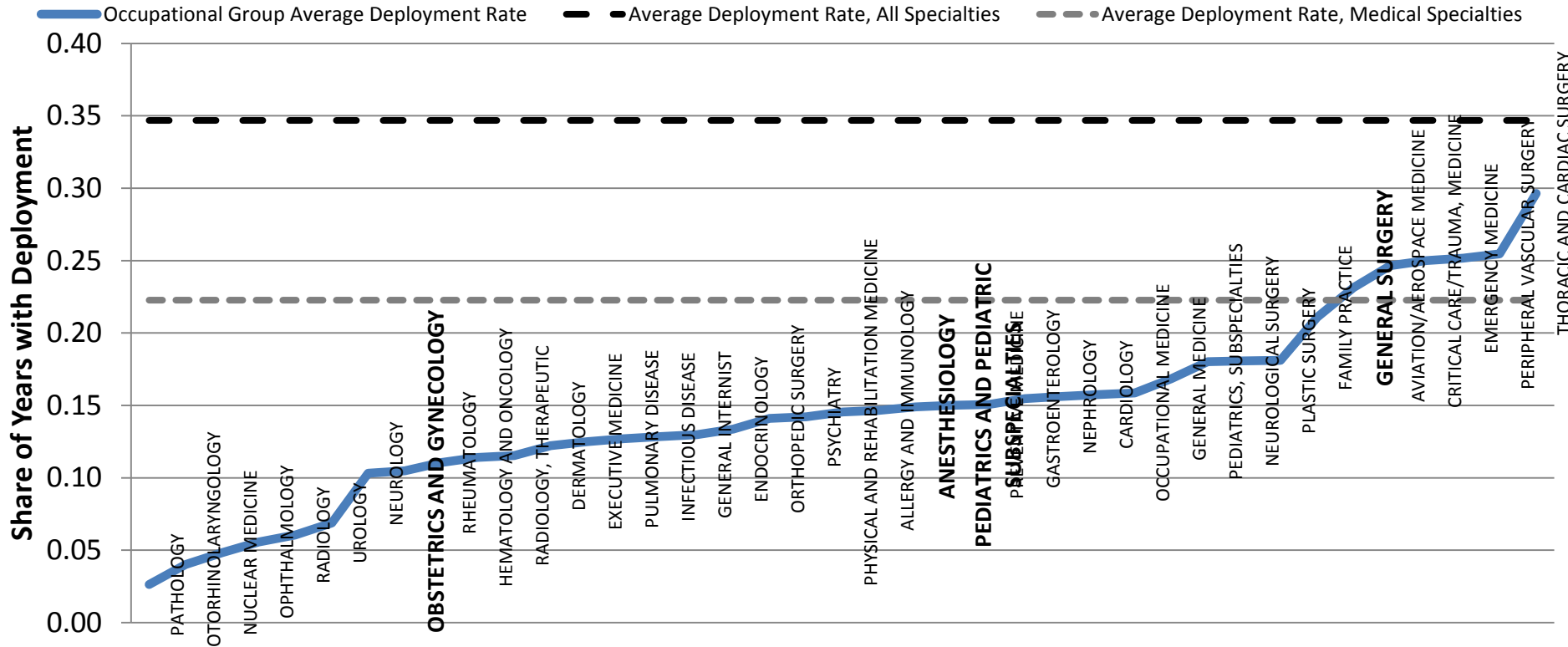
- There is pressure to cut civilian staff – management by input??
 - Medical: ban on mil-to-civ conversion; directed reduction in Army civilians
 - Continuing civilian personnel caps
 - FY 2013 NDAA emphasis on achieving savings in civilian workforce
 - H.R. 4257: “Rebalance for an Effective Defense Uniform and Civilian Employees Act” – 15% cut in civilians by 2021
 - American Enterprise Institute (AEI): “Hagel must rein in DoD civilian workforce”
- DoD Policy (Instruction 1100.22) provides proper framework
 - Identify mission requirements
 - Determine whether inherently governmental
 - Determine military essentiality
 - Identify most efficient performer for non-military essential positions
- Civilian personnel are generally less expensive than equivalent military
 - DoDI 7041.04: compare full marginal costs
 - Example in the instruction shows civilians cost 75% to 80% of military
- Many military personnel seem to be in non-military essential jobs
- The pressure to cut civilians may be revealed to be misguided

- Functions where many do not deploy
 - Less compelling case for military essentiality
 - Generating forces; e.g., training, personnel administration, acquisition support
 - Non-deploying combat-related forces: e.g., many cyber, non-operational medical, intelligence, UAVs
- Expanding, non-deploying functions where we are soon likely to substantially increase the number of military personnel
 - It's easier to influence something before it exists
 - Cyber and UAV workforce, for example

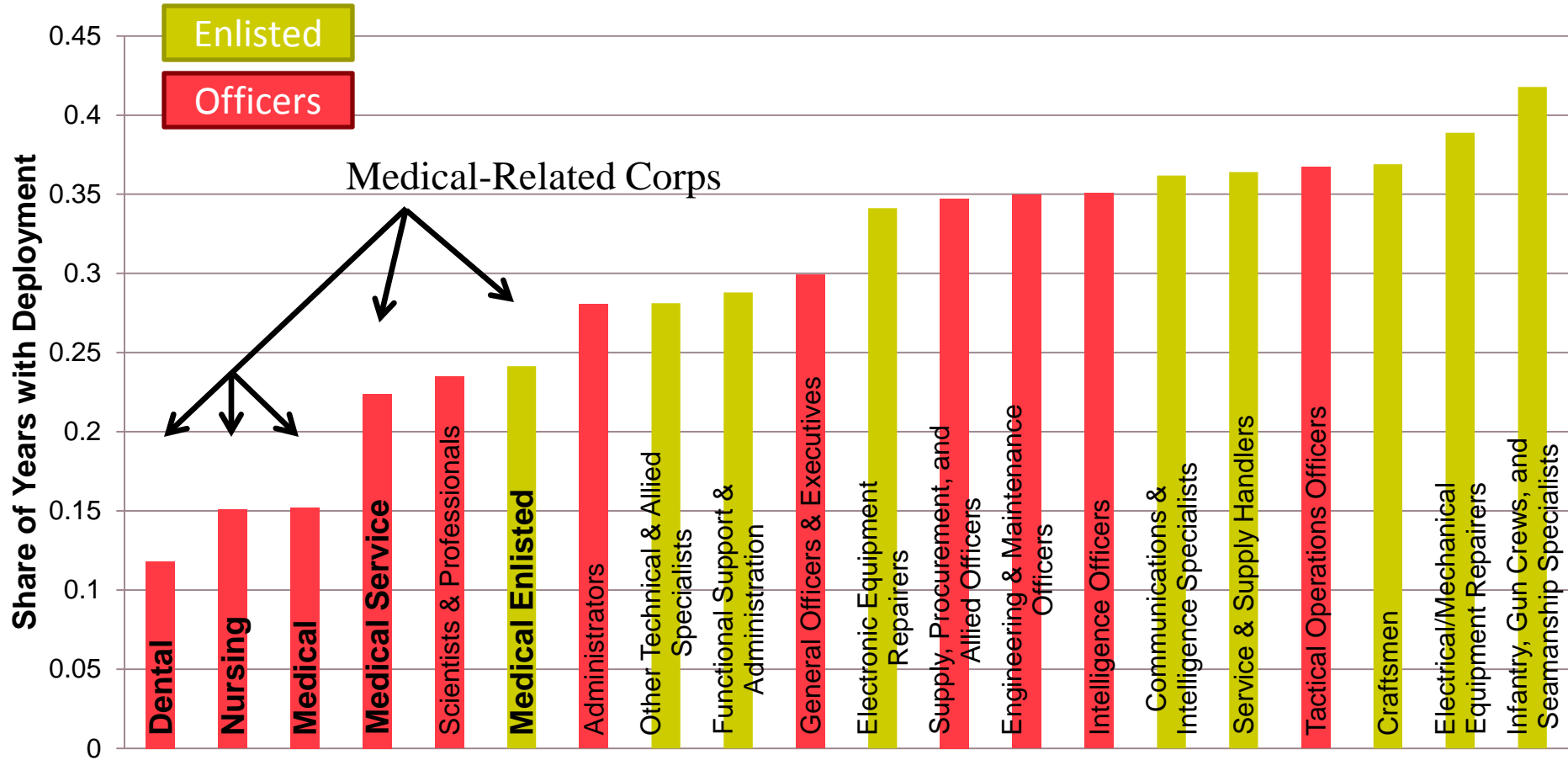
IDA | Army Medical Deployment Rates (2001–2012)

- Fraction of man-years with at least one day deployed in the year.

Army Medical Corps Specialties by Deployment Rate

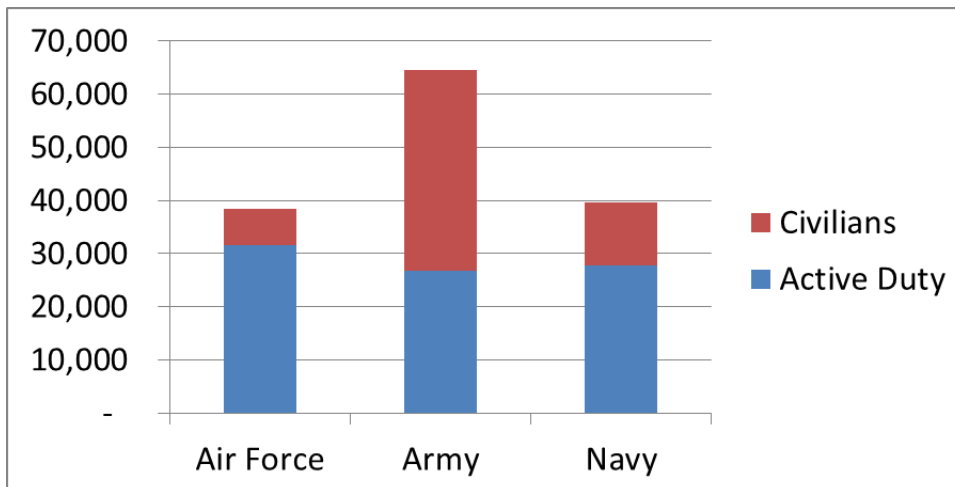


- Operationally required specialties deploy more than those primarily associated with beneficiary care
- Even the most deployed medical specialties had deployment rates below the Army average
- Other medically related corps display similar patterns



IDA | Potential to Use More Medical Civilians

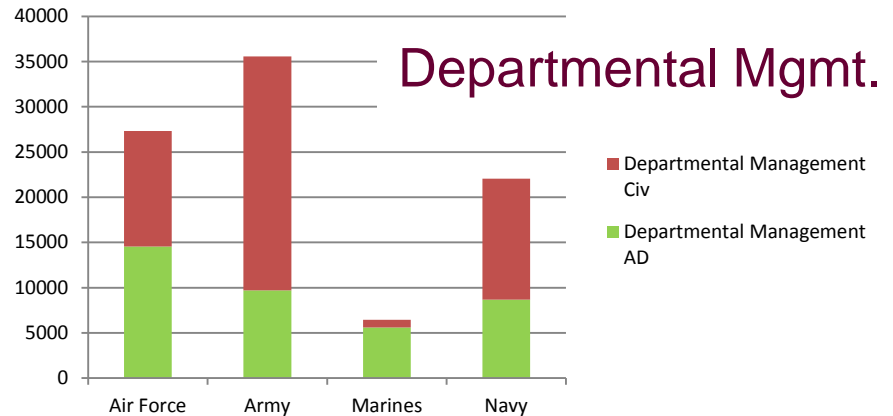
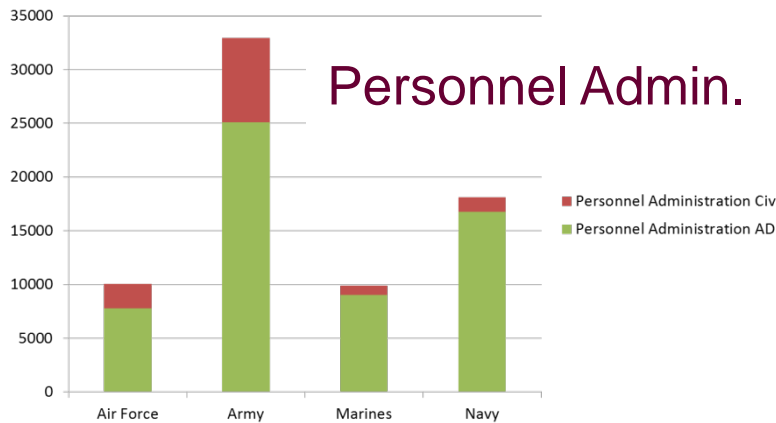
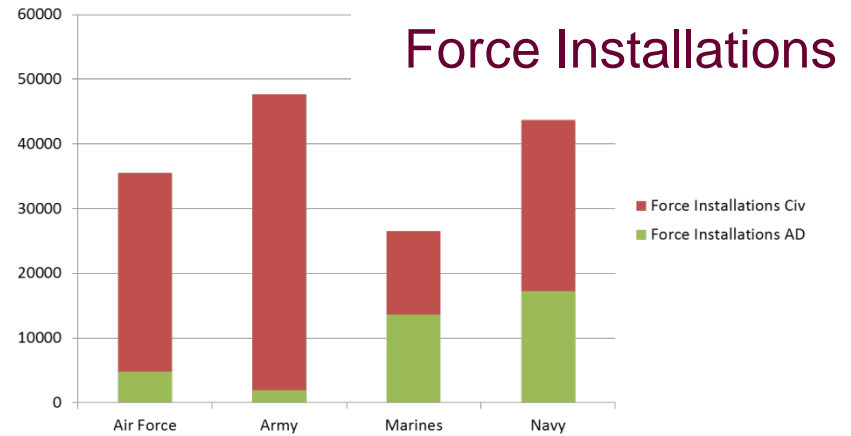
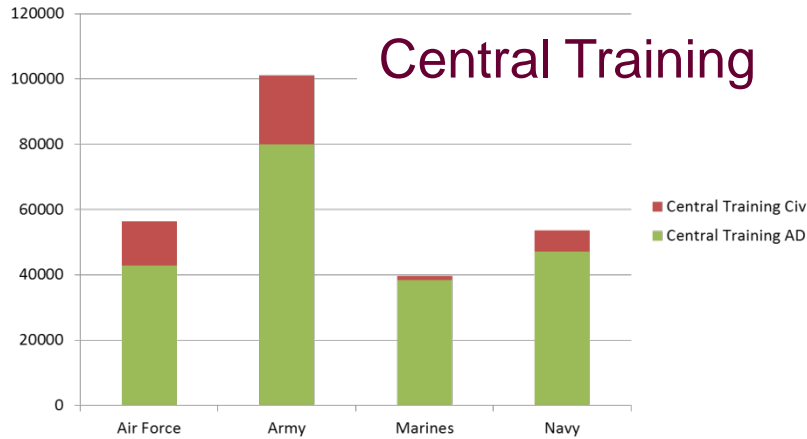
- Military medical staffing is greater than required to meet deployment/readiness requirements
- Civilian medical personnel are cheaper than military
 - Composite rate understates special pays and training costs
 - Full (or any) cost is not evident to users of military personnel
 - Civilian personnel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



- Army has most aggressively civilianized
- Moving others to Army ratio could save \$500M/year (double in the long run)

- Management information, incentives, and constraints inhibit choosing the most efficient mix of personnel
- Recommendations
 - Develop annual estimates of training cost by specialty
 - Move more of the cost of military personnel into MILPERS account, so programmers see it
 - Develop pilot projects to allow organizations to trade expenditures on military, civilian, and contractor personnel
 - Remove prohibition to mil-civ conversion

- The cyber workforce is expanding rapidly
- Services are forming various kinds of cyber teams
- USCYBERCOM provided guidance that this workforce should be 80% military
- Service policies vary, but some meet or exceed the 80% guidance
- Most cyber work is done in CONUS offices
- We are examining the extent to which the positions are military-essential
- Savings may be possible. Training costs may be high and retention difficult



- Army usually has the highest fraction of civilians relative to military
- Moving all Services to same ratio as the highest Service could save \$1.6B/year
- Examine rationales for military personnel; e.g., sea-shore rotation

- Since 2000 we have been substituting civilians for military personnel
- It likely saved a good deal of money
- There is strong, continuing pressure to reduce the use of civilians in DoD under any circumstances. This is misguided
- There are opportunities for further civilianization in the medical area, in other infrastructure activities, and probably in the cyber workforce
- Fairly modest increases in civilianization would save several billion dollars a year – CBO agrees

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