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**HUMAN CAPITAL MANAGEMENT:  
A HIGH-RISK AREA FOR THE  
DEPARTMENT OF DEFENSE**

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COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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HEARING HELD  
JULY 14, 2011



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## **HUMAN CAPITAL MANAGEMENT: A HIGH-RISK AREA FOR THE DEPARTMENT OF DEFENSE**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC, Thursday, July 14, 2011.*

The subcommittee met, pursuant to call, at 1:05 p.m. in room 2118, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon (chairman of the committee) presiding.

### **OPENING STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, COM- MITTEE ON ARMED SERVICES**

The CHAIRMAN. Good afternoon, ladies and gentlemen. Thank you for joining us today as we look at the Department of Defense's human capital planning efforts.

Unfortunately, because most of the Federal Government, particularly the Department of Defense, has done such a woeful job in this area, it landed on the GAO's [Government Accountability Office's] high-risk list in 2001.

After 10 years, it is still listed as high risk.

Improvement in DOD's [the Department of Defense's] management of its strategic human capital resources is an absolute must. As the Defense Business Board pointed out, we have active duty military serving in positions that might otherwise be suitable for civilians.

This could result in a serious misapplication of the special training and skills of our Armed Forces.

In contrast, too often we have seen contractors serving in positions that should be staffed by civilians or military.

The potential for waste and mismanagement is enormous when one considers the 718,000 DOD civilians and the several thousand of private sector contractors.

Recognizing this, Congress mandated that DOD conduct a thorough analysis of its manpower requirements and develop a strategic plan of action for shaping its civilian workforce to address shortfalls in critical skills and competencies that affect performance of DOD's operations and the readiness of its forces.

The analysis isn't about insourcing versus outsourcing. These are just planning tools, like military to civilian conversions, to ensure the appropriate element of the workforce, be it military, civilian or contractor, is being used and that adequate oversight is in place.

I believe this is simple common sense, so I find it disheartening that Congress actually had to step in and require this analysis, because DOD paid little or no attention to something so logical and so critical as workforce management.

This is particularly true in the area of acquisition management, where a continuing shortage of trained acquisition personnel impedes DOD's capacity and capability to oversee its increasingly complex contracts.

As GAO noted in its 2011 high-risk report, I quote, "The lack of well-defined requirements, the use of ill-suited business arrangements, and the lack of an adequate number of trained acquisition and contract oversight personnel contributes to unmet expectations and placed the Department at risk of potentially paying more than necessary."

Over the past several years Congress has provided the Department with various flexible authorities aimed at improving the Department's acquisition workforce.

However, on a broader workforce level, we were informed last year that several significant manpower policies were on the verge of being signed out. But to date, we have seen nothing.

Instead, arbitrary decisions are being made without sufficient analysis being conducted or guiding principles in place.

As a result, the committee has included several provisions in this year's authorization bill to force a more effective human capital planning and total force management approach.

An improved manpower requirements and termination process should ensure that DOD has the right people with the right skills doing the right jobs in the right places at the right time.

Again, this is just simple common sense.

And I look forward to our discussion here today.

Ranking Member Smith.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 31.]

**STATEMENT OF HON. ADAM SMITH, A REPRESENTATIVE FROM WASHINGTON, RANKING MEMBER, COMMITTEE ON ARMED SERVICES**

Mr. SMITH. Thank you, Mr. Chairman.

And thank you for the witnesses for being here today and for their work. This is obviously a critical piece of the Department of Defense.

Human capital is the most important thing in whether or not our military functions well. That is true for both civilian and active duty. Here today we are going to talk mostly about the civilian side of it, but I think it is important whenever we think of human capital think of the total operation—everybody who is working—bless you—for the DOD should be part of our calculation.

How do we get the most out of people that we hire? They are our most valuable asset. Add to that the fact that we are entering very, very difficult budget times and comparatively over the course of the last decade we have had a fair amount of money. We have seen the defense budget grow.

And there are challenges there as well. As it grows that fast, sometimes you are not as careful as you should be with how you spend the money. And I think we have witnessed that.

Now, we are going to enter into a phase where we have the opposite problem—tighter resources, tougher choices to be made. And I

think what this committee wants, while we understand that you have to make those budget choices.

And I always, you know, as someone who had to try to deal with the budgets here on the Federal level, always love it when people say, "You know, this is just too important; cost shouldn't be an issue."

That is a noble sentiment. And I wish I lived in that world. But we don't. Cost will always be an issue.

But when you are looking at cost, you also want to make sure that you don't just throw up your hands and arbitrarily go, "Let us just cut it at this point and move on."

Try to be strategic in how we make those decisions, because a lot of times excessive cuts can wind up costing more money. I think that, you know, is arguably the case with what happened with our acquisition force, as the chairman mentioned.

You know, we did a pretty substantial cut in our acquisition force over the course of about 10 years. And when you look at the last decade of acquisitions in the Department of Defense, you see a very spotty record, at best.

Clearly, there was money that could have been saved.

And recapitalizing that force, getting more trained acquisition people in the DOD is critically important.

So we have to try and balance all of those things. I know you don't have an easy job in trying to do that. And I look forward to your testimony explaining to us how we are going to go about doing it. And we offer any support we can give from this committee.

Thank you, Mr. Chairman. I yield back.

[The prepared statement of Mr. Smith can be found in the Appendix on page 33.]

The CHAIRMAN. Thank you.

And thank you all for being here today. We are going to have a problem. At about 2 to 2:30 they are going to call for votes. And that is probably going to bring an end to our hearing. So if I could ask you to please make your statements as succinct as possible, to give as much time as we can for questions, I would appreciate that.

Again, thank you for being here.

We have with us today Ms. Brenda Farrell, the director of defense capabilities and management in the Government Accountability Office; Mr. John Hutton, director, Acquisition and Sourcing Management Team from the U.S. Government Accountability Office; Mr. Pat Tamburrino, Jr., Deputy Assistant Secretary of Defense for Civilian Personnel Policy, and Mr. Keith Charles, Director of Human Capital Initiatives, Acquisitions, Technology, & Logistics.

Let us start with Ms. Farrell.

**STATEMENT OF BRENDA FARRELL, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, AND JOHN HUTTON, DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. FARRELL. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member Smith and members of the subcommittee, thank you for the opportunity for my colleague Mr.

Hutton and myself to be here today to discuss our work on DOD's human capital management of its large, diverse civilian workforce.

Strategic workforce planning, an integral part of human capital management, helps organizations to determine if they have staff with the necessary skills and competencies to accomplish their strategic goals.

Since 2001, as you noted, Mr. Chair, we have listed human capital management for Federal civilians as a Government-wide high-risk area. Although some progress has been made, GAO reported last February the area remains on our high-risk list due to the need for agencies, including DOD, to address current and emerging skill gaps that are undermining their ability to fulfill their vital missions.

Also, within DOD, the workforce-related issues have contributed to challenges in several of DOD's high-risk areas, including contract management.

Over the years, Congress has required DOD to conduct human capital planning efforts for its overall civilian, senior leader, and acquisition workforces and provided various tools to help manage the Department's use of contractors, which augments DOD's total civilian workforce.

While the specific requirements vary for each category, legislation required DOD to assist the skills, competencies and gaps, projected workforce trends and needed funding, among other things.

The legislation also required us to assess DOD's plans. And we have responded to that legislation with three reports to date. Our workers found in general DOD's efforts to address legislative reporting requirements have produced mixed results.

Today our written statement primarily summarizes the findings of our September 2010 report and is divided into three parts. The first addresses DOD's overall civilian workforce plan. We found that DOD assessed the critical skills of its existing workforce.

The plan discusses 22 mission-critical occupations which, according to DOD, represents the results of the Department's assessment.

However, DOD had not completed, one, an assessment of gaps in the existing or the projected workforce; two, identification of recruiting and retention goals and, importantly, funding; and, three, an assessment of its progress using results-oriented performance measures.

For example, DOD's plan shows that DOD had started competency gaps for only three of its 22 mission-critical occupations: language, logistics management and information technology.

The plan does not discuss competency gaps for the other 19 mission-critical occupations.

The second part of our statement addresses the senior leader workforce plan. We found that the plan identified changes needed in the number of senior leaders authorized and, at the time of our review, stated that it expected executive requirements to increase by more than 400 by fiscal year 2015.

However, in a separate review, we found that DOD did not document its analysis or summarize its results. Further, while DOD reported to Congress that this was a rigorous analysis, we found that some components' information was incomplete.



Also, DOD's workforce plan did not assess the critical skills for its existing or its future senior leader workforce needs.

Finally, the last part of our statement addresses DOD's acquisition workforce plan. We found that DOD identified the need to increase the size of this workforce, which consisted of about 118,000 civilians as of September 2009, by 20,000 personnel by fiscal year 2015.

In the plan, DOD outlines its strategies for growing this workforce. However, DOD had not completed: one, assessments of the skills and competencies of its acquisition workforce; two, identified what the appropriate mix of its total acquisition workforce needs should be; or, three, included information needed, such as funding.

In summary, Mr. Chairman, while DOD has taken some positive steps, such as identifying mission-critical occupations and projecting workforce trends, DOD has made limited progress, however, in identifying the skills and competency gaps that its workforce needs.

Until DOD identifies the critical skills and competencies and the actual gaps and the root causes of those gaps, it will be difficult, for example, for the Department to develop effective recruitment, retention and investment strategies.

Thank you, Mr. Chair. That completes our statement. We will be happy to take questions when you desire.

[The joint prepared statement of Ms. Farrell and Mr. Hutton can be found in the Appendix on page 35.]

The CHAIRMAN. Thank you very much. That takes both—okay.  
Mr. Tamburrino.

**STATEMENT OF PASQUALE (PAT) TAMBURRINO, JR., DEPUTY ASSISTANT SECRETARY OF DEFENSE (CIVILIAN PERSONNEL POLICY)**

Mr. TAMBURRINO. Chairman McKeon, Ranking Member Smith and members of the committee, my name is Pat Tamburrino Jr. I am the Deputy Assistant Secretary of Defense for Civilian Personnel Policy reporting to the Under Secretary of Defense for Personnel and Readiness, Dr. Clifford Stanley.

On behalf of the Secretary of Defense, Leon E. Panetta, and Dr. Stanley, I would like to thank you for inviting the Department of Defense to appear at this hearing today to discuss the Department's effort to enhance strategic human capital management in support of its critical missions.

Allow me to offer that, while our efforts in the last 2 to 3 years have resulted in steady improvement, such as in the management of our senior leaders, there is significant room for enhancement.

I take seriously my responsibility of DOD leadership and the Congress to deliver cogent analysis and a rational plan to manage our workforce of greater than 780,000 employees.

At the organizational level, leadership is relying on our strategic workforce plan to accurately map our current workforce skill set at all levels and to develop the tools and methodologies which will allow us to understand the demand signal for personnel resources, implement analytically-based methods which support long-term workforce planning, and identify the strengths and weaknesses in the skill portfolio, and develop targeted programs and strategies.

At the individual level, employees are counting on DOD leadership to deliver career road maps which allow them to develop their functional and leadership skills in response to mission needs and implement corresponding individual development plans.

To accomplish this, we need to leverage the successful workforce planning efforts made by the Department's acquisition community. We need to build upon the improvements we have made in managing the utilization of our senior leaders and we must develop a DOD-wide implementation plan for an integrated total force planning framework.

Over the past several years, the Government Accountability Office has offered very constructive feedback of the Department's strategic workforce plan. I agree with the GAO's comments.

To address GAO concerns, I am working a multidimensional strategy, including expanding coverage of the strategic workforce plan from 40 percent to 80 percent of the DOD civilian workforce; defining the market basket of functional competencies that employees in each career field should possess from entry through senior levels, based on current and emerging mission requirements; determining the proficiency levels each employee should have for their respective functional competency; developing career road maps that outline the training, education and job expectations across all of the occupational skill sets; implementing common planning and forecasting processes and tools that drive the consistent and efficient Department-wide plans; and, finally, tracking progress against the result-oriented performance measures which are identified in our fiscal year 2010 through 2018 strategic workforce plan.

Fiscal 2012 will be a transitional year for DOD workforce planning as we implement this new strategy. In fiscal year 2013 through 2015, I expect DOD's workforce planning capability effort to have matured to meet Congress's requirements.

In conclusion, the Department acknowledges that our evolution is not yet complete, but we have a vision for how to meet the requirements directed by Congress. The Department is committed to enhancing strategic human capital management in support of its mission. It is a top DOD priority.

Thank you again for your interest in this critical area and for the opportunity to speak with you today. I am pleased to take your questions.

[The prepared statement of Mr. Tamburrino can be found in the Appendix on page 56.]

The CHAIRMAN. Thank you very much.

Mr. Charles.

**STATEMENT OF KEITH CHARLES, DIRECTOR, HUMAN CAPITAL INITIATIVES (ACQUISITIONS, TECHNOLOGY AND LOGISTICS), U.S. DEPARTMENT OF DEFENSE**

Mr. CHARLES. Chairman McKeon and Ranking Member Smith and members of the committee, my name is Keith Charles. I am the Director of Human Capital Initiatives, directly responsible to the Honorable Ashton B. Carter, Under Secretary of Defense for Acquisition, Technology and Logistics; and Mr. Frank Kendall, his Principal Deputy, for providing leadership and management to all Department-wide matters for defense and acquisition workforce.

Thank you for the invitation to appear before you here today. I am pleased to be here with an important colleague in our workforce efforts, Mr. Pat Tamburrino, Deputy Assistant Secretary of Defense for Civilian Personnel Policy.

I also look forward to working with the General Accounting Office as we continue to improve our efforts to strengthen the acquisition workforce and improve acquisition outcomes.

I ask that you include my written statement in its entirety.

The CHAIRMAN. All of your written statements will be included in the record. With no objection, so ordered.

Mr. CHARLES. All right. Thank you.

My prior work in DOD included establishing the first acquisition corps in the Department of Defense when I was with the Department of the Army.

The predecessor to the program implemented by DAWIA, the Defense Acquisition Workforce Improvement Act.

My return to the Department in March of 2011 is indeed an honor, and I look forward to serving the Nation by strengthening not only today's acquisition workforce, but strategically ensuring the readiness of the future acquisition workforce.

We must not only address the immediate challenges and risks; we must also ensure readiness of the mid-career acquisition workforce in the 5- to 10-year horizon.

If there is one take away today, it is this. The shortage we have is in the 5- to 10-year horizon. We need to focus—focus on that and fix that before it becomes a disaster.

While action has been taken to rebuild and improve the acquisition workforce, significant efforts remain. Secretary Panetta and Under Secretary Carter are leading efforts to maintain a strong national defense while improving our discipline and managing taxpayer resources.

The Department must increase its buying power and deliver on efficiencies and affordability imperatives while modernizing and resetting our military force.

We must maintain a core acquisition capability and continuously improve the acquisition outcomes to ensure our warfighters always have the decisive edge.

To achieve these imperatives, the Department must have high-quality military and civilian acquisition workforce and appropriately use talent of federally funded research and development centers, FFRDCs, and university-affiliated research centers, UARCs, and contracting support.

Since 2009, DOD leadership reversed the decline in acquisition workforce by establishing and filling new capacity positions. The Department's initiative to grow the workforce is continuing. We have achieved 8,600 of the original 20,000 target in new work force capacity.

There are two parts to the growth initiative. Ten thousand of the workforce growth is supported by the Defense Acquisition Workforce Development Fund. We will finish this growth.

Another 10,000 is part of the Department's insourcing initiative.

We have completed 3,200 of this growth now; however, remaining insourcing will be on a case-by-case basis.

Our growth to date is aligned with strategy. We have strengthened in-house systems engineering, tests, program management, contracting, cost estimating and contract pricing capacity.

We have also increased the capacity of the Defense Contract Management Agency and the Defense Contract Audit Agency.

As we complete efforts to restore size, we must place major emphasis on having a qualified and ready workforce. One of our greatest imperatives is to ensure the readiness of the smaller mid-career acquisition workforce to succeed the larger senior career workforce. Many in the senior career workforce are retirement age now or near retirement.

The mid-career group needs the capacity, capability and experienced readiness to be acquisition leaders and take on major acquisition responsibilities. We must strengthen the mid-career workforce through coaching, mentoring and mastering practitioners from the senior workforce.

We must ensure not only continuous learning, but continuous career development. We must ensure mid-career development which builds on early career certification, creates the next generation of masters in our acquisition profession.

The Department's collective efforts to strengthen the acquisition workforce represents a sound and effective approach to reducing risk. GAO found that DOD's April 2010 plan addressed five of the statutory report requirements, partially addressed another 10, and did not address one, which required input on statutory needs.

Our next chapter of initiatives will strengthen our strategy, reduce risk, and continue progress to meet statutory requirements.

We appreciate the support from this committee on the President's proposed fiscal year 2012 budget request to continue the acquisition workforce improvement program. We also appreciate this committee's support of the President's proposal to create a consistent 3-year availability of all credits to the Department of Defense workforce development fund.

We are very concerned about the \$200 million reduction to the DAWDF [Defense Acquisition Workforce Development Fund] in the House fiscal year 2012 defense appropriations bill. We need full restoration, or we will need to use the internal DOD collection process to obtain funds needed in order to fully accommodate the painful reductions of O&M [Operations and Maintenance] accounts across the components. You have my commitment to make sure that these funds are judiciously used to meet our highest priorities.

In conclusion, I believe the Department has taken decisive actions to address human capital risks by rebuilding and strengthening the acquisition workforce. However, we must apply lessons from the past and follow through with strategies that continuously build a high-quality acquisition workforce.

Acquisition is a core function of good government and of national security. We must increase our buying power and deliver on efficiency and affordability imperatives, while modernizing and resetting our military force. We must always ensure that our warfighters have the products and services they need to maintain this decisive edge.

To achieve these imperatives, the Nation and the Department must have a consistently right-sized, high-quality acquisition work-

force. We must act now to ensure readiness of the mid-career acquisition workforce in the 5- to 10-year horizon.

I thank you for this opportunity, and I welcome your questions.

[The prepared statement of Mr. Charles can be found in the Appendix on page 72.]

The CHAIRMAN. Thank you very much.

We are concerned about some of those budget cuts, too. Some of the appropriators cut more deeply than we did. And there have been a lot of cuts in defense in the last year-and-a-half that we have a lot of concerns about.

Mr. Tamburrino, what initiatives are being undertaken to ensure that the Department's workload and missions are prioritized, eliminated where feasible, or made more efficient to ensure that the Department aligns the right persons with the right skills at the right time and the right quantity to perform the right tasks?

Mr. TAMBURRINO. Mr. Chairman, thank you for that question.

In our total force management plan we are pursuing exactly that rubric. We are taking in the Department's missions, prioritizing them and trying to match them across three dimensions: warfighting platforms, supporting infrastructure, and people.

For people we have three choices: civilian, military and contractors. Trying to always determine where is the best mix, where is the best talent set, and how do we effectively meet the mission—the Department's mission needs?

And the efficiency efforts undertaken in the past year all drive towards prioritization of mission, identification of overhead administrative functions, and other low-value work that can be eliminated so we can apply the resources effectively to the workload in the priority that the Department determines meets the national needs.

The CHAIRMAN. It is hard to do all of this. Like, for right now I would like to have the lawnmowers—

[Laughter.]

The CHAIRMAN. Cut someplace else at this—at this particular time. But that is kind of the way we are.

Thank you.

Ranking Member Smith.

Mr. SMITH. Thank you.

Ask you about the contracting out issue and the A-76 process and sort of what goes into that. That has sort of been a vexing issue for some time. It seems like a fairly simple concept. You know, you make an economic decision as any business would do. You know, what makes the most sense, what is the most cost effective to do, and how something makes the most sense to do contracting out?

Unfortunately, there are all kinds of ideological and stakeholders involved. So it—the process becomes horribly messed up.

Is there any hope that we just have a sensible approach when it comes to civilian employees and fairly accurately measure, “Okay, this makes sense to contract out, this makes sense to keep in-house?” Are we making any progress in being able to do that, understanding that a lot of what drives it, of course, is, you know, the civilian workforce wants everything in-house, you know, the business community wants everything contracted out to them.

And they are unbelievably clever in generating their arguments as to why they are right, and I mean that quite sincerely. If you listen to either side you are absolutely convinced that they are correct.

How are we doing in trying to strike a balance there? And if folks at GAO have anything to say about that, as well, I would be interested.

Mr. Tamburrino, why don't you take the first crack there?

Mr. TAMBURRINO. Mr. Congressman, thank you for that question.

We recently submitted a report to Congress on A-76 studies supporting the lifting of the moratorium on those studies. We believe they are an effective tool for helping to manage our workload and balance that workload against our resources.

That report has several ideas for improved processes on how to make that program more efficient, more effective, take less time and educate managers how to use it. We think it is an effective tool to help us manage the workload appropriately.

So we look forward to having continued discussion with you on that report once you have a chance to review it.

Mr. SMITH. Okay.

So you think an apples-to-apples comparison is possible, because that is always one of the difficulties there? Because, you know, I mean, contractors do things differently than, you know, civilian workforce.

Mr. TAMBURRINO. Sir, I think the Department's efforts are to make sure that those efforts which are inherently governmental, closely inherently governmental, or efforts that are inappropriate to do in the private sector for other regulatory reasons are in fact presented as opportunities for insourcing.

When that is not true, we look at where is the best place to get that work done at the most efficient cost. And when it is outsourced we apply the Federal acquisition regulations and related.

I think our report offers some ideas on how we can do that more efficiently and effectively. It is a good tool for managers to use.

Mr. SMITH. Okay.

Mr. Hutton, did you want to—

Mr. HUTTON. Yes, I would like to say that at first you want to know what your total force is. You want to know what the mix should be. But to do that you have to know what your current capacity is. What are people, whether it be civilian, military, what kind of things are they actually doing, what are their competencies?

But just as importantly, to what extent are you relying on contractors for activities as well? And when you break it down to looking at what are the contractors doing, and in particular the total force workforce mix, that was one of the points we made in a report last September that just with respect to acquisition workforce, there was a focus on the civilian, but not the entire total force. And that would be something that we would hope to see as we move forward with their next plan and when we review that plan.

But there are various tools the Government can use to get better insights on how they are using contractors. And Congress has been encouraging DOD for several years to come up with these inven-

tories of their service contracts. And we have been reporting on that for the last couple years.

We have identified issues of just the nature of collecting that kind of information so you know what they are doing and what you are actually paying for those activities. But there are also requirements for them to review those inventories and make these independent decisions as to what are the contractors doing.

Are they doing activities that we are comfortable with? Are they doing things that we are concerned about because they are inherently governmental? Are they doing things that are closely supporting inherently governmental functions, because all those things present risks to the Government.

Mr. SMITH. Thank you.

One final, hopefully, quick question. It is the instances where active duty in most cases or civilian personnel go from being, you know, either active duty or civilian personnel to contractor.

And, you know, we have heard this complaint from our constituents. I don't know if it is an urban myth or not, but you know, you are not saving any money, you are a guy who is doing the job for a lower salary. Gets their 20 years, retires, starts getting paid that and then turns right around the next day and becomes a contractor at a higher level.

And not necessarily the exact same job, but there is no question that there are a fair number of people, you know, on the active duty side, in particular, who have gone from being active duty to being contractors, obviously bringing similar skills to the table.

And it just seems like you are paying more at that point. Is that a problem, or is that just something that, you know, shows up in an anecdote or two?

Mr. Tamburrino, if you want—

Mr. TAMBURRINO. Mr. Congressman, thank you for that question.

In terms of—I cannot address that particular issue, but in terms of contracted services, our approach is we do not buy individual people or we do not buy employees specifically, we buy work. We evaluate the competitive nature of the effort based on the work that is going to be performed for us. And that is what guides our selection processes.

As to your specific question, I couldn't answer that without additional research.

Mr. SMITH. Okay.

Anybody got anything beyond that?

If not, that is—

Mr. HUTTON. I think from the GAO perspective, one of the important things we would want—that if there was a decision that—to provide this service—is going to be provided by a contractor that the Government gets a good outcome. And that requires sufficient acquisition workforce staff to make sure that they do a sound business arrangement, that they have the sufficient oversight to make sure that the contractor performs as the contract would specify.

What you point out are things that I have heard as well, but I don't have any empirical data or other further analysis.

Mr. SMITH. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Bartlett.

Mr. BARTLETT. Thank you, Mr. Chairman.

Dr. Parkinson was a very keen observer of human behavior, particularly in the workforce. He observed, for instance, that work expands to fill the time available for its completion. I think you could have no better example of that than the U.S. Congress.

He also noted that as an organization grew, more and more of its energies were consumed with internal communication. The larger the organization got, the more their energies were consumed with communicating with each other. And finally at some point, a different point depending on the kind of organization it was, essentially all of their energies were consumed with internal communication. They got little or nothing done.

How far is DOD along this continuum? They are really big and really complex. Is it closer to 25 percent, 50 percent, 75 percent? I would just like for you to go down the line and each of you tell me how far you think DOD is along this continuum.

Ms. FARRELL. I think from a GAO perspective, we would be looking at how much attention has top leadership paid to strategic human capital management? And although it is cited in the 2010 QDR [Quadrennial Defense Review] of DOD that strategic human capital management is of growing interest, and a recognition that civilians are part of the total force, we do not see much communication throughout DOD about that attention, of what is it?

The plan is another example. DOD has been working on this plan for several years, but it is still not complete. I don't know if that is due to a lack of communication within, but as an outsider there doesn't seem to be the attention at the leadership level to drive forward with the efforts needed to finish this workforce plan.

Mr. HUTTON. Likewise, as a GAO auditor, I am driven by data. And when I tackle a problem, the first thing I want to know is: What is the condition? And that would entail: What are we doing? What types of activities are we doing? Who is doing it? Are we doing it well? What types of competencies and skills do we need? And carrying it forward.

But until you have that foundation and baseline, it is hard to make some kind of comparison like that. So that would be my answer.

Mr. TAMBURRINO. Mr. Congressman, I think it is a priority for DOD and it has the attention of senior leadership such as Dr. Stanley. We are creating a total force rubric to guide us in the next budget cycle. In our efficiency reviews over the past year, a lot of emphasis was placed on low-value-added activities, overhead and administrative burden, and calibrating our workforce accordingly.

And we have reinvigorated the functional community management discipline inside of DOD, so I have a senior person at the executive level responsible for every major occupational series in DOD now. And I am working with them individually to build the plan for your community.

Because I do agree with the GAO. This has taken us a long time, and we need to do much better, and we are committed to doing much better.

Mr. CHARLES. Mr. Bartlett, I would suggest to you that I honestly believe in what I do and what my organization does, that it



does not exceed more than 25 percent of non-productive spinning around in circles. I truly believe we do 75 percent of real work.

Mr. BARTLETT. Thank you.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman.

And thank you, guys, for being with us today.

Ms. Farrell, you were talking about earlier on in high-risk job classifications that only 3 out of 22 categories—can you expand on that a little bit? What—define “high-risk.” The 3 out of 22, what are the other 19? How have we gotten here, or not gotten here?

Ms. FARRELL. Okay, I believe there are a couple of questions in there. One, I want to make it clear that the high-risk list that I referred to is GAO’s high-risk list that we started in 1990, where we surveyed programs or agencies that were subject to fraud, waste and abuse. And then later on, we enhanced that criteria to include areas of concern that needed transformation in order to be more cost-effective or efficient.

Mr. KISSELL. So the reason that you got on this list to be in high-risk is because of great concern is as to how the job was being done?

Ms. FARRELL. The reason that strategic human capital management was put on the list originally was due to lack of leadership over strategic human capital planning. That we felt there was a lack of leadership in terms of looking toward the future of exactly what skills would be necessary.

There were also issues regarding developing a results-oriented culture; that you would have a line of sight of what the individual did was aligned with the organization’s goals. In February of this past year, GAO shortened the reasons that strategic human capital management was on our high-risk list to acknowledging there have been significant improvements.

Congress has passed legislation, for example, regarding telework. OPM [the Office of Personnel Management] has put out guidance regarding human capital flexibilities to help the agencies understand what tools were already at their disposal. But we still felt that there was a need for agencies, including DOD, and the acquisition workforce in particular was highlighted in our February report, that they needed to do a better job of gap analysis.

In other words, determining what your needs are today, if there are any gaps in those needs today, what your needs are for the future and if there are any gaps. And by “gaps,” it is not just the numbers. The numbers obviously are important. It is important to project the trends and know what your retention and your attrition rates are. But it is also important to know that you have a workforce composed of the right skills that you need.

There have been emerging needs that we have seen develop in the last decade. When you look at the medical, it is in the paper everyday about traumatic brain injury. And DOD obviously has a need for medical providers to take care and do research in that area. What we wish for DOD to do, as well as Congress, it is in line, the same criteria that we are looking at for workforce plans are actually outlined in the legislative requirements for DOD to do

a better job of determining what their needs are today and associated gaps, as well as in the future.

Mr. KISSELL. And what was the 3 out of 22 number?

Ms. FARRELL. Yes, those are the 22 what DOD has termed "mission-critical occupations." They are very general categories that within them contain a range of specific occupations. One is financial management; another could be medical. One is, in addition to the 22 I mentioned, acquisition management has 2 functional areas itself. These are occupations that DOD feels that it needs to do its mission.

And what we are saying is when we looked at their plan of last fall, and the next plan's coming, so we are hoping to see progress, there were only—they had identified 22 mission-critical occupations. That is the start, what is your need, but of those 22, they had only done gap analysis, started those. At the time of our review, they were not completed for three.

Mr. KISSELL. Do you have concerns about, okay, we have identified 22 and we have got progress on 3. Do you think we have picked the right three? Or do you have concerns about how we go about picking this? Or is this the three, the path of least resistance and maybe there are two or three others that we should have done first and didn't do? Or how would you assess the 3 that were chosen, versus the process of the 19 that haven't been done yet?

Ms. FARRELL. Well, we would say all 22. If they feel that 22 mission-critical occupations currently exist with the skills and competencies that their workforce needs, we would want to see all 22 completed.

Now, they can prioritize that and have a plan, and I believe they do have a plan. It is just that it is going to take years. Whereas, we would like to see more of a how can you go ahead and complete this earlier.

Mr. KISSELL. Okay, thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Charles, if I could direct a number of questions to you. I will just make a statement and then the questions, and let you respond.

In April, I guess, of 2010, the workforce strategy indicated that DOD intended to grow its workforce by some 20,000 individuals through 2015, through a combination of half new hires, half insourcing functions that were currently being performed by contractor personnel.

Since the report was issued, though, the Secretary has announced a limit to DOD's budget growth and announced that insourcing decisions are now going to be made on a case-by-case basis.

Number one, is DOD's intention to still grow its acquisition force by 20,000? If not, what growth do you anticipate?

Number two, are there enough funds budgeted to sustain the growth? And what is the current status of DOD's insourcing initiative? I know some of my colleagues have already addressed it, but I would be interested in knowing what factors led to the Secretary's decision to limit insourcing efforts.

Mr. CHARLES. Well, let me start from the beginning. With regard to the civilian workforce, we have 152,000 people in our workforce now. That is 134,000 civilians and 18,000 military. That number is what we wanted to have at this stage of where we are.

It varies a lot. It varies a lot in military and civilian, especially since we are in more than one armed conflict and we are doing rotations with military a lot. And therefore, that puts more pressure on the civilians and more pressure on the uniformed as well.

So we don't have a magic solution and we don't spin a bottle and say, "This is the direction we are going to go at this time." We have plans. If we can execute them, we do. If we don't have the assets to execute, then we can't.

It is a difficult—it is a difficult process.

Mr. MILLER. So do you or don't you anticipate continuing growth through 2015?

Mr. CHARLES. We are going to continue growth, but it is not going to be at the rate that we have done so far.

Mr. MILLER. And is that for budgetary reasons or—

Mr. CHARLES. It is for budgetary reasons. It is for consumption of people reasons, both military and civilian.

Mr. MILLER. And could you just touch on what factors led to the Secretary's decision to limit insourcing efforts?

Mr. CHARLES. Well, I can't really speak for the Secretary, but I believe that part of the reason for that is financial.

Mr. MILLER. That is all.

The CHAIRMAN. Mr. Andrews.

Mr. ANDREWS. Thank you, Mr. Chairman.

The work that Congressman Conaway and I and our colleagues did on the defense acquisition reform panel made me want to come here today, because the work that you ladies and gentlemen are doing is so important.

To put this in some perspective, the United States Department of Defense acquisition workforce will buy more goods and services this year than most of our State governments combined. Most of our State governments combined.

To put it in further perspective, if they could improve their performance and we could improve our system to the point where we have a 5 percent savings in acquisition—you know, the person getting a Sam's Club membership, or a person being a little more careful by clipping coupons.

If we could get a 5 percent improvement in acquisition, over 10 years that would amount to about 10 percent of the budget savings that the Congressional leadership and the President are looking for at the meetings at the White House this afternoon. This is a big deal.

And one thing that Mr. Conaway and I found is that we could write all the good laws we wanted and design all the good systems we wanted and crack down on all the fraud we wanted, but we didn't have really talented, well-trained, well-compensated, well-motivated people in the acquisition reform—in the acquisition workforce—this all wouldn't work.

So I am very interested, on page 12 of the GAO document for today. Ms. Farrell and Mr. Hutton reported that in September of this year they are going to give us another update on the issues

of the critical skills and competencies of the civilian workforce and gaps in that workforce.

Now, not to get ahead of our September review, but if you had to name, let us say, two critical areas of gaps in the acquisition workforce—in other words, we are missing people with skills A or B—what would those two most glaring areas be?

Mr. HUTTON. Thank you, Mr. Andrews. And I had the pleasure of testifying before your panel—

Mr. ANDREWS. Did a very good job.

Mr. HUTTON. I would like to offer three.

Mr. ANDREWS. That is even better.

Mr. HUTTON. One would be expertise in the area of pricing. I might look at the actual contracting function and the associated activities that go along with that. And the third—gosh, I know I had three—oh, things like systems engineers and things like that are going to help with the acquisition.

Mr. ANDREWS. Let us briefly walk through those three things. What do you mean when you say “pricing”? Do you mean people with experience in a given marketplace who could tell a good deal from a bad one?

Mr. HUTTON. I would say that. Also, you have the auditors, like DCMA [Defense Contract Management Agency], DCAA [Defense Contract Audit Agency], that provide a function to support the acquisition community, whether it be in contract administration, or in supporting a contracting ops, or in things like looking at proposals and doing analyses of the contractors’ proposals and things like that, that auditing function—

Mr. ANDREWS. What about pricing information? One of the astonishing anecdotes which came out of our review was that the Navy had bought a refrigeration system for I want to say \$14,000, and 18 months later bought precisely the same system for \$37,000. And the main reason was that the acquisition official did not have a database in front of him or her that let them see what we had paid for it a year-and-a-half-ago.

Have we made strides in improving transparency of that information for our buyers and decisionmakers?

Mr. HUTTON. I can’t speak to that specific issue, but I do believe that if that was a recent example, and given the challenges the acquisition workforce has across the board, I would suspect that if there was any progress, it was incremental—

Mr. ANDREWS. Now, when you say contracting functions, what does that mean? Does it mean access to lawyers who know how to draft good contracts? What does that mean?

Mr. HUTTON. I am thinking of things like the contracting officers, contract specialists, people that support the development of things like statement of work and, you know, some of the contract administration functions.

Mr. ANDREWS. And finally, let me ask you, one of the things we wanted to do is create a career path for our uniformed personnel, where excellence in the acquisition field was rewarded with appropriate promotion and opportunity. Do you think we have made any progress in that area?

Mr. HUTTON. I am sorry, Mr. Andrews—

Mr. ANDREWS. Our uniformed people. Very few of our uniformed people want to go into acquisition as a career—

Mr. HUTTON. Right.

Mr. ANDREWS [continuing]. Because the rewards are not so great.

Mr. HUTTON. Right.

Mr. ANDREWS. We want to fix that and make it a desirable area. Have we done any progress on that?

Mr. HUTTON. It is hard for me to say, because it is my understanding of the most recent acquisition workforce plan that came over here were focused largely on civilians and less so on the military and the contractors. But—

Mr. ANDREWS. Thank you. Thank you.

Mr. Chairman, if I may, that is one area I think we do want to focus on, is that this is a joint effort between our civilians and our uniformed personnel. We want to be—Mr. Conaway put it in that law, as we did—we want to be sure that a good career path for a uniformed person is this as well.

Mr. THORNBERRY. [Presiding.] Yes.

Mr. ANDREWS. Thank you.

Mr. THORNBERRY. I think the gentleman makes a great point.

Mrs. Hartzler.

Mrs. HARTZLER. Thank you. Thank you, Mr. Chairman.

I wanted to follow up, Ms. Farrell, on your opening testimony, and also my colleague Mr. Kissell's question. I think it was the same area. You identified 3 areas out of 22, I believe, that you share are needs, language, logistics and information technology. Is that right?

Ms. FARRELL. Those were 3 areas that DOD had started their gap analysis on, of their 22 mission-critical occupations. The occupations that they had designated as mission-critical.

Mrs. HARTZLER. Okay. Very good.

I wanted to ask Mr. Tamburrino, do you have problems filling open positions right now? And if so, what are those positions and why do you think, if you do have problems?

Mr. TAMBURRINO. Madam Congressman, thank you for that question.

We don't have problems filling our vacancies right now.

There are many, many applicants for all of our jobs.

That our challenge is to respond to the GAO is absolutely right. They have asked us to do critical skill gap analysis. That takes quite a while. And I am obligated to find a way to do that quicker.

We want every person that comes to work for us to know from the day they start at the entry level until they go to the most senior level, this is the career path they can expect to follow, these are the functional skills we expect them to accrue, and these are the proficiency levels we expect them to have.

That takes a lot of intense management. And we are making progress across more than three areas in that, but we agree we have to do a little bit more to show due diligence here.

Mrs. HARTZLER. How long do you think it would take for just, say, one of these jobs, say, let us take logistics, to rise in proficiencies and to the skill levels that you need?

Mr. TAMBURRINO. It takes dedication of senior leadership and several subject matter experts. I think it takes on the order of—

I would have to go back and check—but it is on the magnitude of months.

But then there are surveys that we use with OPM to assess those, and we assess the entire workforce for what they actually do when they go to work in the morning, what skills, knowledges and abilities they use.

Those are much more complicated and they take quite a while, and we are working with OPM on how to make that quicker, because those are complicated surveys at the detailed level of what a person does on a day-to-day basis.

Mrs. HARTZLER. Well, I am a small-business owner with my husband, and I have written job descriptions before, and I know this is beyond a job description. But it is hard for me to fathom and understand why it would take months to basically write a job description. It seems like the DOD needs more business-minded people and more business experience.

Mr. TAMBURRINO. Yes, ma'am. Job descriptions are part of it. These are getting down to the skills they need, what training they need to accrue those skills, and what proficiency levels they must demonstrate.

So we can write the job description pretty quickly, but getting to what does the person actually need to do when they sit at their desk, it almost varies by what service they are in and what occupation they are doing.

So we have several communities that have done a really excellent job—financial management community is a good place, logistics is a good place—but it has taken them a long time to take the general domain of financial management and parse it across all the functions a financial manager does in the Federal Government. There are dozens of functions they do.

Mrs. HARTZLER. Do you presently have targets set that with these skill levels we want to have this done by October, we are going to have this skill set description done by November? Is there end-date goals that have been set on these things?

Mr. TAMBURRINO. I would like to take that specifically as a research question. Some there are, some we have to develop them. So I would like to get back to you on that.

[The information referred to can be found in the Appendix on page 83.]

Mrs. HARTZLER. Yes. Because I think that is important in goal setting to get things done, rather than just say we need to do a better job, or we—down the road we need to do it faster.

Yes, Ms. Farrell.

Ms. FARRELL. In our February 2009 report for Mr. Tamburrino, and it is one that I was referring to, and we would be happy to discuss these issues, we did make a recommendation that DOD develop a performance plan to help them move forward in the development to meet all of the legislative requirements. And we agree, if there is a—if it is going to take years to do all 22 mission-critical occupations, then what is the plan?

And it is quite involved, as Mr. Tamburrino said. It is identifying the skills, that is the first step, but then identifying, well, do you have needs today that are beyond what you have on board, besides

what you need in the future? And it is from that that you develop your gap analysis.

And, again, we keep coming back, the gap analysis is critical to have a road map to determine how to recruit, how to develop your people, how to train them. And those strategies must be flexible so they can adjust with emerging needs.

Mrs. HARTZLER. I would just say, my final comment, this needs to be done quickly, or else by the time you get done the skills will have changed that you need, and then you are just doing a perpetual loop.

So thank you.

The CHAIRMAN. Thank you.

Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And I am sorry that I missed your testimony earlier. And I am trying to understand better what the appropriate mix of military, civilian and contractors are, and whether you could take that into an example, perhaps?

I am sure this varies greatly by what people are doing, but I am also wondering if there are some general ways of looking at that, and whether there is some assessment, sort of understanding and analyzing how that worked—you know, whether the skill sets that people bring are different, whether accountability measures are different for someone who is a civilian employee versus a military, oversight functions and as well as contracting?

Obviously a contractor can be fired, I would assume. I don't know what their contract might say.

But how does that work together? And what issues do you see around that? Does—and what do we learn if we really try and study that? Has it been, and under what circumstances?

Mr. HUTTON. First, I would like to say that GAO has done a lot of work in this area, but I have to preface my comments by saying it is hard to come up with a magical ratio of appropriate mix.

We have done a lot of work looking at the use of, say, contractors as contract specialists, just to use an example. If you are in a—and that is considered a closely supporting an inherently governmental function.

From the work we have done, it is important that when an agency decides they want to use, say, a contractor for that type of activity, they have got to stand back and say, "Okay, what is it exactly we want that contracting—contractor to do? Are we going to ask him to write statements of work?"

If you are going to write statements of work, what implications does that have downstream in terms of organizational conflicts if they are from a firm that wants to bid on that contract? Just to illustrate the point.

If it is something that might be more plain vanilla of a contracting support, like supporting some administrative function or something like that, you still might want to ask yourself—and you should ask yourself—"Okay, if I ask the contractor to do that, they are going to be providing an input to some Government official eventually that is going to have make a decision. Will that Government official know that that came from a contractor?"

If not, that presents risk.

Will that Government official be properly trained to understand the implications of what they are asking the contractor to do? If not, that is going to present risk to the Government.

And in those situations, when you are getting into risky and riskier situation, you are putting the Government at risk of losing Government control and accountability over its decisionmaking.

So there is no magical ratio, but I think that you have to look at each individual decision.

But to start, though, I think you still need some kind of strategic vision as to what you do or you may not want contractors to do for policy reasons.

Mrs. DAVIS. Are there decisions made as well that I think would indicate over time that that is a function that should be brought, essentially, in-house? I mean, if we don't have those—those skill sets.

I am thinking, even about, you know, medical needs within the military going out to the civilian workforce and then eventually having to contract, because those skills aren't there. Clearly, in the world that we live in today, we don't have all the people that we could have in any of the services.

But I am just trying to get a handle, I think, on that decision-making process and at what point those questions are asked, whether, in fact, truly, those skills are not in-house? And, again, what—what the accountability is and how that differs in the way jobs are delivered themselves?

Mr. HUTTON. Well, I will try to be brief. But I don't want to steal the thunder of DOD. Perhaps they have a view.

But I still think you need a strategic vision and view of how you want to use—and in this case, we are talking about contractors.

Congress has been pushing and urging the agencies to provide these inventories of service contracts. That is the first step. That is just getting a basic understanding of how we are using contractors, to what extent we are using contractors, and then looking at them on an individual basis and saying, "What do we ask them to do? And are we okay with that or not?"

Is it an enduring need, is it episodic, is it expertise? I mean, all these different factors come into play.

But I think the inventory process ultimately is a tool that may help the agencies, and particularly DOD, get a better handle on that workforce mix that you are talking about.

Mr. TAMBURRINO. Madam Congresswoman, thanks for that question.

The mix between the military, civilian and contractor, as you said, is almost local. What is the mission on the ground for that local commander, and who does he need to perform that mission in terms of skill sets?

I think if you are at the waterfront or on the ground deployed, it is principally military. And we understand that.

If you are at a systems command or a buying command, I submit you are going to find mostly career civil servants, because that is an enduring proposition that needs a deep skill set in systems engineering, contract management, logistics management, financial management.



The decision to award a service contract is generally predicated on we are not going to need that skill set for an enduring period, so let us just buy the packet of work we need that—for that given moment in time. Or, we just don't have that skill in the Government and we don't need that skill in the Government on an enduring basis. And that is how I think most local commanders go about making that decision.

And I agree with the GAO. We take seriously this annual service contract inventory. And Dr. Stanley is putting a lot of emphasis on the amount of analysis that is going into that every year, so we can make an informed decision of what needs to stay inside the Government, because it is inherently governmental, or closely aligned that way, or more cost-effective that way, and what can we take into the private sector, because that just represents a proposition we are able to deal with at that point in time.

The CHAIRMAN. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

I would like to thank the witnesses for joining us today. I appreciate your efforts and your enlightenment into what I think is probably one of the more challenging aspects of what all of us are going to have to deal with going in the future, especially in days of what I call resource challenges.

So let me ask this. I am going to pick up from where Mrs. Davis left off, and that is the whole idea of the proper mix, in which you look in the military, if you look at uniformed services, civilian and contractors, there has been a lot of back and forth, from insourcing to outsourcing and trying to find that right balance.

And just as many of you have spoken about, it is trying to find out which fundamental elements the Government truly needs somebody in a Government position, where do we have a need elsewhere? I want to make sure that there is the right balance there.

The key, I think, going in the future is to have the adaptability and flexibility in workforce to meet changing needs. And let us face it, we are in a pretty dynamic world and a pretty dynamic area of resources. If we can't redirect pretty quickly to meet those needs, that is going to hurt us. And it also adds to cost. And I think it takes away from our ability to be really efficient.

Can you give me some indication, as we go down the road—and there has been a lot of back and forth, as you know, in the whole debate about insourcing versus outsourcing, a certain number of positions being converted to the Government side.

Can you give me an indication about where you believe we need to be, and are we there with the construction of our Federal workforce as it relates to defense matters?

And, if we are not, what do we need to do to make sure we have that right mix and that we can be flexible enough in making decisions in a fairly short timeframe to make sure we have that right mix of human capital?

Mr. TAMBURRINO. Mr. Congressman, thanks for that question.

I think the Department of Defense efficiency initiatives launched us down that pathway. I think we were directed to critically examine our mission, prioritize mission sets, and rid ourselves of functions we did not—we did not have a need to do anymore, because,

as you said, we are headed into a resource-constrained environment.

So it is a matter of each component looking at that mission set, deciding what is important, making that very critical decision of what they are not going to do anymore in a resource-constrained environment because it is duplicative, it doesn't add value, or it just doesn't fit with what we are being told to do as the Nation's Armed Forces.

And after that, it is literally making sure that the Government has the core capabilities it needs to be an intelligent buyer of goods and services. And that is very enduring. And I think that is the point of the annual inventory of contract services.

So I couldn't tell you where the balance point is, other than I can tell you it is a critical focus right now to try and figure that out and develop some kind of analytical tool that would help us predict that on an ongoing basis, which we—we don't, frankly, have right now.

Mr. WITTMAN. Well, let me ask you this, on a scale of 1 to 10, 10 being where you would like to be in a perfect world, where do you believe you are on that continuum of creating that right mix of workforce in human capital?

Mr. TAMBURRINO. Sir, I think we have been working the strategic human capital plan for 3 years. Each year we have made progress. I think now we really do have a good sense of where we want to go.

So I would say I am right in the middle. I have a good basis. I think we have done a great job with the acquisition workforce. I think we have done an exceptional job with our senior executives, the 1,300 or 1,400 of those in the Department. And those are good launching pads.

And I think several of our communities—financial management, logistics and medical—are in very good standing.

So I think we have a good line of sight of where we have to go right now.

Mr. WITTMAN. Could you give just some indication, a timeframe, about when you think you would ultimately get to where you would like to be or where you need to be?

Mr. TAMBURRINO. Sir, as I said in my oral statement, I have kind of benchmarked 2015 as the—as being done.

It is a large workforce. It is 780,000 people, spanning greater than 600 unique job series. So it is—it has got a large number of moving parts.

But I have a tremendous obligation to get this right, and I take that very seriously.

Mr. WITTMAN. Very good.

Anybody else on the panel like to add their thoughts on that?

Ms. Farrell.

Ms. FARRELL. We agree with Mr. Tamburrino, but the very first thing, before you start talking about how you use these tools, such as insourcing and outsourcing, is to determine your needs.

And we keep going back to the first step is to assess your existing needs, and assess what you need for the future as well as what my colleague has pointed out about the inventory with the contract services.

But first develop this, assess what your needs are, then look at what tools you have and what should be inside DOD and what should be going outside.

Mr. WITTMAN. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you very much.

Mrs. Hanabusa.

Ms. HANABUSA. Thank you, Mr. Chairman.

Let us continue along those lines, Ms. Farrell.

On page 6 of your report, you make a reference to basically the DOD has to provide a metric for measuring progress toward DOD's goal of having a mission-ready workforce.

I guess this reminds me of another hearing that we had when we were going over the 30-year shipbuilding plans of the Navy. And we happened to have three graduates before us of the Naval Academy, all graduated the same year, and it was 36 years ago. So I asked them, "From where you sit today, would you have guessed 30 years ago what your needs were?" And of course, they said, "No."

I mean, you know, it is a dynamic process, and it is one that changes. I am not defending the DOD, but the thing is that if you are holding them to a criteria of a mission-ready workforce, how are you going to know—how are they to know what the mission is going to be like 5 years, 10 years from now?

And I can tell you, I represent Hawaii. Who would have thought that we would have gone from a conventional type of military to Strykers, all within a period of 5 years? How are they to know?

And what I also want you to answer to me is it seems like if this requirement is put upon them and they can't project it, you are almost seem to be proposing outsourcing, because then you don't have to have a military-ready or a civilian workforce that can address things if you don't know what the mission is going to look like. I think we have seen in the past 10 years how different this mission is—if you can comment to that?

Ms. FARRELL. Sure. I think it is DOD that has made the statement many times that you have a plan to make a plan. And we emphasize that the strategies contained in their workforce plan when they develop them to meet their needs, needs to be flexible in order to address emerging needs.

It is actually the legislative requirement that mandates that DOD look forward 7 years, starting with the year after they submit their workforce plan to Congress. It used to be 10 years. And there is a lot of debate about how far forward can an organization be without losing some sense of reality and just along the lines of what you are saying.

But there are emerging needs. Again, I will use my example that I had earlier of traumatic brain injury that developed and kept growing. And that was an emerging need several years ago, and it was the kind of need that needed to be built into the medical plan in order for the people to have the right medical provider.

So it is—there are emerging needs that when, like Mr. Tamburrino talks about surveying for the existing. It is also a lot of knowledge about here is what is starting to break through. There is going to be issues for DOD in the future.

Ms. HANABUSA. I understand that, Ms. Farrell. And I understand that Congress in its wisdom thinks we are doing the right things a lot of times. So that is why we have you doing reports to tell us, you know, "You are off the mark." If you think that, you know, we are asking the DOD to do something that it can't do, you know, you should point it out.

But it still begs the issue, which is that to define a mission-ready—I can understand a trauma situation like that, but let us talk about mission-ready. Basically what type of workforce are we going to need, for example, for the shipyards, for anything else into the future, when we are changing what they need to have the skills for?

So civilian, for example. We may need welders today, but who knows whether that technology is going to change in 5 years. And what do we do? Should there be a component of retraining? Should there be an assessment? What is it that when you say "mission-ready workforce" that you expect the DOD to be able to do when you made that statement?

Ms. FARRELL. I think that was their metric that they were using, saying that they would have the—

Ms. HANABUSA. But you're judging—

Ms. FARRELL. But again, we believe in metrics. Whether it is congressionally mandated or not, we would believe that they need to have metrics for what they are trying to achieve. And we would believe that they need to look forward about their future workforce and what those needs are.

Ms. HANABUSA. And that is my question. How do you determine, or how, in your mind, have they looked to the future workforce when we may not know what that future workforce is going to be like? You are almost like telling them—like the 30-year plan. It is like, okay, just put something out there and say if they did that, would they satisfy the, "metric" by saying "this is what we think it is going to be like and this is what we are doing"?

Ms. FARRELL. Well, again, we would want an assessment.

Ms. HANABUSA. Thank you, Mr. Chair.

The CHAIRMAN. Thank you.

Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

And thank you all for being here. And I apologize for not being here earlier, but we have these conflicting schedules here.

Having had the experience of serving in the Border Patrol and being a chief in the Border Patrol back in the 1980s when the A-76 program first came out, and wanting to test the concept of contracting out services because it was going to save money. And having gone through that, which conclusively proved that it did not save money.

We were a law enforcement agency, so we had a requirement of 24 hours, weekends, holidays; it didn't matter. We found out very quickly that we were limited in terms of after hours, because it would affect the budget that had been set up for the A-76 contract.

We were limited in terms of vehicles, patrol vehicles that broke down unexpectedly, and we would have to wait until the contract hours kicked in, which were normally between 8 and 5 during the day, which meant we had to make a decision whether or not we

left the vehicle in isolated areas where it could be vandalized or compromised or some other way.

So there are many, many issues like that, that came up in that process that we quickly determined, hey, A-76 may work someplace else, but it sure doesn't work in the law enforcement area.

Having had that experience and then having gone through the experience of largely contracting out huge portions of the effort in Iraq and to a lesser degree in Afghanistan, I think, at least my opinion, what I have learned throughout—through this process—is that contracting out isn't all it is cracked out to be.

And then I tried to mitigate that with my experience when I was in the Army, having had to pull K.P. [kitchen patrol]. It would have been nice to have contracted out the kitchen duties and all of those kinds of things.

So in today's world, with the kinds of challenges that I think members have articulated here, and the kinds of things that we are trying to do to try to maximize efficiency and hold down costs, it really is a guessing game, because we don't know what requirements of the workforce are going to be in 3 years, 5 years, or 10 years.

So studies done about the things that have worked and the things that haven't worked where there has got to be a balance or a mixture of Federal employees to contract employees is very important.

Mr. Chairman, I know you and I have discussed it, that we don't want to just jump off and do, without making sure we know exactly, or at least we think we know what the results are going to be. But it is always important to look at history to be able to make those informed decisions.

Being a 26½-year Federal employee, obviously I have great respect for the institutional knowledge, the dedication, the professionalism that Federal employees bring to the process. Nothing against contract employees, but they have—Federal employees have a vested interest in the career, where they are counting on—where they are counted on—to carry out the mission, wherever that mission takes them.

In today's world, the other thing we have to consider is that we are facing asymmetric threats that make it necessary for DOD and intelligence to work closer and closer together, which makes it imperative, I think, that we put in the mix the kinds of duties that would be risk jobs—high-risk jobs—that can't be done readily by contractors.

So I hope all of these things we can take into account. I definitely want to thank you for the work that you do in this area, but I think we are a long ways from finding that right balance or that right combination. I think there is much more work to be done, so I hope we are able to continue in a much slower pace so that like that old rule of the carpenter, "measure twice and cut once," because it is expensive if you don't. We learned that in the Iraq war.

Thank you, Mr. Chairman.

And thank you all again.

The CHAIRMAN. I am still trying to find out why you wanted to contract out K.P.?

[Laughter.]

Mr. REYES. Oh, because I hated getting up at 3 o'clock.

The CHAIRMAN. Start peeling those potatoes.

Well, we didn't run into the problem I was concerned about. The members all had an opportunity to ask their questions and still make their votes.

So thank you very much for being here.

And with that, the committee will stand adjourned.

[Whereupon, at 2:23 p.m., the committee was adjourned.]

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**A P P E N D I X**

JULY 14, 2011

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**PREPARED STATEMENTS SUBMITTED FOR THE RECORD**

JULY 14, 2011

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**Statement of Hon. Howard P. “Buck” McKeon  
Chairman, House Committee on Armed Services**

**Hearing on**

**Human Capital Management: A High-Risk Area for the  
Department of Defense**

**July 14, 2011**

Good afternoon, ladies and gentlemen. Thank you for joining us today as we look at the Department of Defense’s human capital planning efforts. Unfortunately, because most of the Federal Government, particularly DOD, has done such a woeful job in this area, it landed on GAO’s high-risk list in 2001. After 10 years, it is still listed as high risk.

Improvement in DOD’s management of its strategic human capital resources is an absolute must. As the Defense Business Board pointed out, we have active duty military serving in positions that might otherwise be suitable for civilians. This could result in a serious misapplication of the special training and skills of our Armed Forces. In contrast, too often we have seen contractors serving in positions that should be staffed by civilians or military. The potential for waste and mismanagement is enormous when one considers the 718,000 DOD civilians and the several thousands of private sector contractors.

Recognizing this, Congress mandated that DOD conduct a thorough analysis of its manpower requirements, and develop a strategic plan of action for shaping its civilian workforce to address shortfalls in critical skills and competencies that affect performance of DOD’s operations and the readiness of its forces. The analysis isn’t about insourcing versus outsourcing. These are just planning tools, like military to civilian conversions, to ensure the appropriate element of the workforce—be it military, civilian or contractor—is being used and that adequate oversight is in place.

I believe this is simple common sense, so I find it disheartening that Congress actually had to step in and require this analysis because DOD paid little or no attention to something so logical, and so critical, as workforce management.

This is particularly true in the area of acquisition management where a continuing shortage of trained acquisition personnel impedes DOD’s capacity and capability to oversee its increasingly complex contracts. As GAO noted in its 2011 high-risk report, “The lack of well-defined requirements, the use of ill-suited business arrangements, and the lack of an adequate number of trained acquisition and contract oversight personnel contribute to unmet expect-

tations and place the Department at risk of potentially paying more than necessary.”

Over the past several years, Congress has provided the Department with various flexible authorities aimed at improving the Department’s acquisition workforce.

However, on a broader workforce level, we were informed last year that several significant manpower policies were on the verge of being signed out. But to date, we have seen nothing. Instead, arbitrary decisions are being made without sufficient analysis being conducted or guiding principles in place. As a result, the committee has included several provisions in this year’s authorization bill to force a more effective human capital planning and total force management approach.

An improved manpower requirements determination process should ensure that DOD has the right people, with the right skills, doing the right jobs, in the right places, at the right time. Again, that is just simple common sense.

**Statement of Hon. Adam Smith**  
**Ranking Member, House Committee on Armed Services**  
**Hearing on**  
**Human Capital Management: A High-Risk Area for the**  
**Department of Defense**  
**July 14, 2011**

Thank you to all our witnesses for appearing here today to discuss strategic planning for the Department of Defense's most valuable resource: its military and civilian workforce.

While I recognize that the focus of today's hearing is management of DOD's civilian workforce, I intentionally included our military members in my first statement because what we would like to see is a strategic workforce management plan that covers the Department's total force—its military, civilian Federal employees, and contractor personnel.

Simply put, as GAO has stated, the Department needs to have “the right people, with the right skills, doing the right jobs, in the right places, at the right time.”

I understand that the Department of Defense is dealing with extreme budgetary challenges. Arbitrary hiring freezes or manpower reductions in the absence of a requirement-based strategic plan for managing the workforce are counterproductive. Requirement-based manpower planning should allow the Department to reshape the workforce and achieve necessary savings without negatively affecting mission attainment.

As you note in your testimony, Mr. Tamburrino, the global security demands placed on the Department will not abate just because resources are constrained. The Department must structure a total force that allows you to successfully execute the full range of missions in the National Defense Strategy at prudent levels of risk, and achieve the best possible return on investment.

One area where the Department can better leverage that return on investment and, as Mr. Charles noted, increase its buying power and deliver on efficiency and affordability is through the regeneration of its acquisition workforce. The Congress bears responsibility in this regard, because we mandated the downsizing of the Department's “shoppers” in the 1990s. The void of expertise this downsizing created has resulted in situations such as one we learned of this week, where the DOD Inspector General assessed the Air Force spent \$94.3 million on eight contracts “that constituted work so closely supporting inherently governmental functions as to create significant risk that the contractors could influence or direct decisions that are not in the best interest of the Air Force.” This work included developing and recommending policy changes, governing, strategic planning for the Air Force, creating and submitting budget requests, and evaluating other contractors' cost proposals.

The Department must maintain a core acquisition capability and continuously improve acquisition outcomes to ensure our

warfighters always have the decisive edge. So I am pleased to see that the Department has reversed the decline and is filling positions, adding some 8,600 personnel to date of the 20,000 positions announced.

At the same time, the Department must apply the same rigor in analyzing, costing, and validating its requirement for contractor support. A memorandum issued June 11 by former Defense Secretary Gates confirms an inconsistency in the Department's approach to filling workforce requirements. The memo directing targeted levels for combatant command manpower billets for the next three years requires that any growth in civilian and military manpower be requested through the Joint Manpower Validation Process. I would agree with our friends from the Federal employee unions that it is indefensible for DOD to require formal justification of civilian manpower requests at the same time it is not reviewing commercial functions—or even inherently governmental functions—for insourcing and when the FY12 budget request significantly increases spending on service contracts.

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**GAO**

United States Government Accountability Office

Testimony  
Before the Committee on Armed Services,  
House of Representatives

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For Release on Delivery  
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**DOD CIVILIAN  
PERSONNEL**

**Competency Gap Analyses  
and Other Actions Needed  
to Enhance DOD's Strategic  
Workforce Plans**

Statement of Brenda S. Farrell, Director  
Defense Capabilities and Management

and

John P. Hutton, Director  
Acquisition and Sourcing Management





Highlights of GAO-11-827T, a testimony before the Committee on Armed Services, House of Representatives

July 14, 2011

## DOD CIVILIAN PERSONNEL

### Competency Gap Analyses and Other Actions Needed to Enhance DOD's Strategic Workforce Plans

#### Why GAO Did This Study

Since 2001, strategic human capital management for federal agencies has been on GAO's high-risk list. Although some progress has been made, GAO reported in February 2011 that the area remains on the high-risk list because of the need for agencies, including DOD, to address current and emerging skill gaps that are undermining their ability to fulfill their missions. The Department of Defense (DOD) had about 718,000 civilians as of March 2010, which includes its senior leader and acquisition workforces. DOD has noted that approximately 30 percent of its civilian workforce—and 90 percent of its senior leader workforce—will be eligible to retire by March 31, 2015.

The National Defense Authorization Act for Fiscal Year 2010 required (1) DOD to report on plans for its overall civilian, senior leader, and acquisition workforces for 2009 through 2012; (2) DOD to address a series of legislative requirements for each workforce; and (3) GAO to review and report on these plans. DOD has informed GAO that it expects to issue its next set of plans in September 2011. In anticipation of these plans, it is helpful to understand key issues identified during GAO's review of DOD's 2009 plans.

This statement discusses DOD's progress in addressing selected legislative requirements, especially as they relate to the human capital management challenges included in GAO's 2011 high-risk report and the federal government's current budget environment. Specifically, this statement summarizes GAO's observations on DOD's plans for its (1) overall civilian, (2) senior leader, and (3) acquisition workforces.

View GAO-11-827T or key components. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov or John P. Hutton at (202) 512-7773 or huttonj@gao.gov.

#### What GAO Found

In DOD's 2009 overall civilian workforce plan, GAO found that the department had assessed the critical skills of its existing civilian workforce. Specifically, DOD's plan discussed 22 mission-critical occupations that, according to DOD, represented the results of the department's assessment of critical skills. However, GAO found that DOD had not completed (1) an assessment of gaps in the existing or projected overall civilian workforce, (2) a plan of action identifying recruiting and retention goals and funding, and (3) an assessment of its progress in implementing the legislative requirement for the plan using results-oriented performance measures. For example, DOD's plan only discussed competency gap analyses for 3 of its 22 mission-critical occupations. Moreover, while DOD's plan identified recruiting and retention goals, GAO found that some of these goals were not based on competency gap analyses and the plan lacked information regarding needed funding to achieve these goals. Additionally, GAO found that although other DOD documents—for example, *DOD's Civilian Human Capital Management Report for Fiscal Year 2009*—provided some information on performance measures, DOD's plan did not report on the progress the department made on specific goals using results-oriented performance metrics.

GAO found that DOD's senior leader workforce plan included a plan of action to address gaps in critical skills and competencies that included changes in the number of personnel authorized in categories of the senior leader workforce. Specifically, DOD's plan identified changes needed in the number of personnel authorized and, at the time of GAO's review, stated that it expected executive requirements to increase by more than 400 positions by fiscal year 2015. However, GAO found that while DOD had conducted a baseline review to assess and validate its civilian senior leader requirements, it did not document its analysis or summarize the results of its review—resulting in a recommendation that DOD do so in future reviews. DOD generally concurred with this recommendation. GAO will be evaluating DOD's progress in implementing the recommendation, especially in light of the impact of the Secretary of Defense's efficiency initiatives that propose reductions in the number of senior leaders. GAO also found that the department had not assessed the critical skills for its existing and future senior leader workforce. While the plan notes the need for skills in areas such as leadership and management, it does not provide details for these skills and does not identify skills related to senior leader or scientific and professional positions.

With regard to DOD's acquisition workforce plan, GAO found that DOD identified the need to increase the size of its acquisition workforce (totaling about 118,000 civilians, as of September 2009) by 20,000 personnel by fiscal year 2015. To do so, DOD outlined its strategies for growing the acquisition workforce through retention, new hiring, and in-sourcing, which involves the conversion of functions currently performed by contractor personnel to performance by federal civilians. DOD, however, had not (1) completed assessments of the skills and competencies of its acquisition workforce; (2) included in its plan an assessment of what the appropriate mix of its total acquisition workforce should be; and (3) at the time of our report, included information on the funding needed to achieve DOD's human capital initiatives for the acquisition workforce.



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Chairman McKeon, Ranking Member Smith, and Members of the Committee:

Thank you for providing us the opportunity to be here today to discuss our issued work on the Department of Defense's (DOD) strategic human capital management of its large, diverse civilian workforce. This workforce performs a wide variety of duties and responsibilities, including mission-essential combat support functions, such as logistics support and maintenance, that traditionally have been performed by the uniformed military. A key component of this workforce also provides deployable civilian experts to Afghanistan, Iraq, and other theaters of operation. We initially included strategic human capital management for all federal civilians on our high-risk list in 2001<sup>1</sup> because of the long-standing lack of leadership in this area. While significant steps have been taken, the area remains high risk governmentwide<sup>2</sup> because of a need to develop and implement plans to address current and emerging critical skill gaps that are undermining agencies' abilities to meet their vital missions. The federal government's current budget and long-term fiscal pressures underscore the importance of a strategic and efficient approach to human capital management—an approach that would help ensure the recruitment and retention of individuals with the needed critical skills. DOD's civilian workforce is no exception. According to the department, as of March 2010, DOD's total civilian workforce included about 718,000 full-time civilians. Approximately 30 percent of DOD's civilian workforce—and 90 percent of its senior leaders—will be eligible to retire by March 31, 2015, according to DOD.

Over the years, Congress has required DOD to conduct human capital planning efforts for its overall civilian, senior leader, and acquisition workforces<sup>3</sup> and provided various tools to help manage the department's

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<sup>1</sup>See GAO, *Major Management Challenges and Program Risks: A Governmentwide Perspective*, GAO-01-241 (Washington, D.C.: January 2001).

<sup>2</sup>GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: February 2011).

<sup>3</sup>For the purposes of this testimony, senior management, functional, and technical personnel will be referred to as the senior leader workforce. In addition, DOD has identified 13 acquisition functional career fields as constituting the acquisition workforce, consistent with the authority provided under the Defense Acquisition Workforce Improvement Act, Pub. L. No. 101-510, § 1202(a) (1990) (codified, as amended, at 10 U.S.C. § 1721 (a),(b) 2011).

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use of contractors, which augments DOD's total civilian workforce.<sup>4</sup> While the specific requirements vary for each category, recent legislation—the National Defense Authorization Act (NDAA) for Fiscal Year 2010<sup>5</sup>—required DOD to assess the skills, competencies, and gaps; projected workforce trends; and needed funding, among other things (see app. I for the specific requirements set forth in the act). The legislation also required us to assess and report on DOD's workforce plans. To date, we have issued three reports in response to prior legislation.<sup>6</sup> Our review of DOD's 2009 workforce plans found that some progress has been made by specifically addressing more than one-third of the legislative requirements. Most of the remaining requirements, however, were partially addressed—including key requirements such as conducting competency gap analyses, identifying funding needs, and assessing progress. Moreover, we have emphasized in our work that effective human capital planning can enable DOD to have the right people, with the right skills, doing the right jobs, in the right places, at the right time by making flexible use of its internal workforce and appropriately using contractors.

Furthermore, the NDAA for Fiscal Year 2010<sup>7</sup> required us to review and report on DOD's workforce plans for 2009 through 2012 no later than 180 days after DOD's submission of the plans to the congressional defense committees. DOD has informed us that it expects to issue its next set of workforce plans in September 2011. In anticipation of our review of the department's next strategic workforce plan, it is helpful to understand key issues identified during our review of DOD's 2009 plans. In today's statement, we will discuss the department's progress in addressing selected legislative requirements, especially as they relate to human

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<sup>4</sup>Pub. L. No. 109-163, § 1122 (2006); Pub. L. No. 109-364, § 1102 (2006); Pub. L. No. 110-181, § 851 (2008); Pub. L. No. 111-84, § 1108 (2009).

<sup>5</sup>Pub. L. No. 111-84, § 1108(a) (2009). This act incorporated reporting requirements from the fiscal year 2006, fiscal year 2007, and fiscal year 2008 National Defense Authorization Acts, established some new requirements, and repealed the previous legislation.

<sup>6</sup>See GAO, *Human Capital: Further Actions Needed to Enhance DOD's Civilian Strategic Workforce Plan*, GAO-10-814R (Washington, D.C.: Sept. 27, 2010); *Human Capital: Opportunities Exist to Build on Recent Progress to Strengthen DOD's Civilian Human Capital Strategic Plan*, GAO-09-235 (Washington, D.C.: Feb. 10, 2009); and *The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements*, GAO-08-439R (Washington, D.C.: Feb. 6, 2008).

<sup>7</sup>Pub. L. No. 111-84, § 1108(a) (2009).

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capital management challenges included in our most recent high-risk report and the federal government's current budget and long-term fiscal pressures. Specifically, we will summarize our observations on DOD's plans for its (1) overall civilian workforce, (2) senior leader workforce, and (3) acquisition workforce.

For this testimony, we primarily relied on our September 2010 review of DOD's 2009 workforce plans.<sup>8</sup> For that report, we analyzed the plans and compared them with the requirements in section 1108(a) of the NDAA for Fiscal Year 2010 for DOD to submit a strategic workforce plan. Specifically, we analyzed DOD's 2009 Civilian Human Capital Strategic Workforce Plan, key sections of DOD's Acquisition Workforce Improvement Strategy,<sup>9</sup> and other relevant information, including a supplemental draft report on funding of the acquisition workforce and DOD's *Civilian Human Capital Management Report for Fiscal Year 2009* that was submitted to the Office of Personnel Management. We considered a requirement to be "addressed" if DOD demonstrated, through evidence, that it discussed all aspects of the legislative requirement in its workforce plan. In several instances, "any" was a key word in the legislative requirement, and we considered those requirements addressed if DOD discussed one or more actions that demonstrated the requirements. Additionally, we considered the requirement to be "partially addressed" if DOD provided evidence that it discussed some aspects of the legislative requirement, and "not addressed" if DOD did not discuss aspects of the requirements in the workforce plan. Furthermore, we took steps to ensure that the data upon which DOD based its workforce assessments and gap analyses were

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<sup>8</sup>GAO-10-814R.

<sup>9</sup>The Acquisition Workforce Improvement Strategy plan provided summary information on DOD's acquisition human capital management efforts, as well as information by military department, selected defense agencies, and 6 of the 13 functional career fields that constitute 90 percent of the defense acquisition workforce. We assessed key sections of the plan, which covered defense acquisition workforce strategies, analytics, and initiatives, and appendixes that covered the contracting and production quality and manufacturing career fields; the Army, Navy, Air Force, and Defense Contract Management Agency workforces; and acquisition career paths, critical acquisition functions, and defense acquisition workforce awards. We reviewed the appendixes related to the other career fields included in the strategy—such as business (cost estimating and financial management), information technology, and life cycle logistics—but did not assess them for the purposes of this report.

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sufficiently reliable for the purposes of our review.<sup>10</sup> In addition, we interviewed relevant officials in the Office of the Under Secretary of Defense for Personnel and Readiness' Office of Civilian Personnel Policy and the Civilian Personnel Management Service and the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics. We also interviewed officials from the Office of the Secretary of Defense's functional communities—which include human resources, intelligence, and financial management—the Defense Acquisition University, and Defense Procurement and Acquisition Policy, as well as senior staff in acquisition career functional communities for contracting and production, quality, and manufacturing. Finally, we reviewed prior GAO reports assessing DOD's human capital strategic planning efforts.

We conducted the work supporting our September 2010 report from December 2009 through September 2010 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>10</sup>Specifically, we relied on previous data reliability assessments from GAO, *DOD Civilian Personnel: Comprehensive Strategic Workforce Plans Needed*, GAO-04-753 (Washington, D.C.: June 30, 2004), and *DOD Personnel: Documentation of the Army's Civilian Workforce-Planning Model Needed to Enhance Credibility*, GAO-03-1046 (Washington, D.C.: Aug. 22, 2003). We also conducted interviews with responsible agency officials concerning the completeness and reliability of data presented in the strategic workforce plan.

**DOD Addressed Some Requirements for Its Overall Civilian Workforce, but Partially Addressed Those Related to Competency Gaps, Recruiting and Retention Goals, and Performance Measures**

In DOD's 2009 overall civilian workforce plan, GAO found that the department had addressed some legislative requirements, including assessing the critical skills of its existing civilian workforce. Specifically, the department's plan discusses 22 mission-critical occupations that, according to DOD, represented the results of its assessment of critical skills.<sup>11</sup> According to DOD, mission-critical occupations are those occupations that are key to current and future mission requirements, as well as those that present a challenge regarding recruitment and retention rates and for which succession planning is needed. However, during our prior review of DOD's 2008 plan,<sup>12</sup> DOD officials told us that enterprisewide mission-critical occupations referred to both critical skills and critical competencies, and at that time, the department was working on guidance to define those terms and various other workforce planning terms. Nonetheless, at the time of our review of DOD's 2009 plan, the guidance had not yet been completed and issued.

Key legislative requirements that DOD's plan partially addressed included (1) an assessment of gaps in the existing or projected overall civilian workforce;<sup>13</sup> (2) a plan of action identifying specific recruiting and retention goals and funding—especially in areas identified as critical skills and competencies; and (3) an assessment of the department's progress in implementing the workforce plan, using results-oriented performance measures. Although some aspects of the legislative requirements were addressed, DOD still has significant work to do to fully meet the requirements. For example, while the plan included gap analyses related to the number of personnel needed for some of the 22 mission-critical occupations, the department had only discussed competency gap analyses for 3 of its 22 mission-critical occupations—language, logistics management, and information technology management. As we have

<sup>11</sup>In our 2010 review, we treated mission-critical occupations as the department's critical skills and evaluated critical competencies separately.

<sup>12</sup>GAO-09-235.

<sup>13</sup>Our body of work has consistently defined a workforce gap analysis as referring to gaps in critical skills and competencies needed now and in the future workplace. Competency gap analyses enable an agency to develop specific strategies to address workforce needs, and measuring progress demonstrates the contribution of workforce planning in achieving program goals. See GAO-09-235 and GAO-04-753 and GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-04-546G (Washington, D.C.: Mar. 2004), and *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

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previously reported, it is essential that gap analyses for strategic workforce planning include an evaluation of gaps—not only in the numbers of personnel needed, but also in the critical skills and competencies needed by the workforce.

Furthermore, we found that DOD's overall civilian workforce plan identified recruiting and retention goals for each mission-critical occupation—that is, the number of positions needed. However, we found that most of these recruiting and retention goals were not based on competency gap analyses—especially since, as we have previously noted, competency gap analyses were discussed for only 3 of the 22 mission-critical occupations. We further reported that the department's plan lacked information regarding the funding needed to achieve DOD's recruitment and retention goals.

Lastly, regarding assessments of the department's progress, we found that DOD's plan did not report on the department's progress in implementing the overall civilian workforce plan, using results-oriented performance metrics. We noted, however, that other DOD documents provided some information on performance measures related to the workforce plan. For example, DOD's *Civilian Human Capital Management Report for Fiscal Year 2009*<sup>14</sup> provided a metric for measuring progress toward DOD's goal of having a mission-ready workforce. Regarding the overall civilian workforce plan, we found that DOD identified a number of specific strategies for developing, training, deploying, compensating, and motivating the civilian workforce, but it did not specify the performance measures to determine how and if the strategies were implemented. Moreover, although DOD's plan stated that the department would set performance measures in 2010 and monitor progress by the fourth quarter of fiscal years 2010, at the time of our review, DOD had not provided information concerning any additional performance measures.

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<sup>14</sup>Specifically, that report stated that the success indicator for measuring annual progress toward a mission-ready workforce will be achieved when 85 percent of the staffing projections are met within certain targeted mission-critical occupations—a measure that according to DOD was met by eight mission-critical occupations. Further, that report stated that DOD hopes to assess all mission-critical occupations against this measure in future years.

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**DOD Addressed Some Requirements for Its Senior Leader Workforce, but Not Those Related to Assessing the Critical Skills of the Existing and Future Workforces**

Our review of DOD's 2009 senior leader workforce plan found that the department included (1) an assessment of the projected trends in the senior leader workforce based on expected losses through retirement and other attrition and (2) a plan of action to address the gaps in critical skills and competencies that included changes in the number of personnel authorized in categories of the senior leader workforce. More specifically, DOD's 2009 senior leader workforce plan included, among other things, trend projections for the Senior Executive Service, Senior Leader, Science and Professional, and intelligence community segments of the senior leader workforce.

Additionally, DOD's plan included a plan of action to address the gaps in critical skills and competencies that identified changes needed in the number of personnel authorized and stated, at the time of GAO's review, that DOD expected executive requirements to increase by more than 400 positions by fiscal year 2015. In particular, that plan identified the need for 240 additional senior leader allocations for fiscal year 2010 to satisfy emerging mission needs—including allocations for increased medical requirements and to backfill positions previously held by general flag officers who have been or will be deployed. The plan also identified a need for 25 senior leader allocations to address shortfalls in the acquisition workforce. However, in our November 2010 report<sup>15</sup> that focused specifically on requirements for DOD's senior leader workforce, we found that while DOD had conducted a baseline review to assess and validate its civilian senior leader workforce requirements, it did not document its analysis or summarize the results of its review. Further, while DOD reported to Congress that this was a rigorous analysis of its senior leader workforce, we found that some of the components' information was incomplete and DOD was unable to provide documentation of an analysis summarizing its results. Similarly, DOD's intelligence community, in 2007, issued guidance for assessing its senior workforce needs but also did not summarize its analysis. As a result, we recommended in our November 2010 report that in future reviews of DOD's civilian senior leader workforce, the Secretary of Defense direct the Office of the Under Secretary of Defense for Personnel and Readiness to document the analysis conducted. DOD generally concurred with this recommendation stating that it will document analyses

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<sup>15</sup>GAO, *Human Capital: Opportunities Exist for DOD to Enhance Its Approach for Determining Civilian Senior Leader Workforce Needs*, GAO-11-136 (Washington, D.C.: Nov. 4, 2010).

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conducted in future reviews of its civilian senior leaders. We also recommended that the Secretary of Defense direct the Under Secretary of Defense for Intelligence to finalize and issue common criteria for the military service intelligence elements and the defense intelligence agencies to use in their assessments of Defense Intelligence Senior Executive Service requirements. DOD concurred with our recommendation. We will be evaluating DOD's progress in implementing the recommendations, especially in light of the impact of the Secretary of Defense's efficiency initiatives,<sup>16</sup> which call for a reduction in the number of senior leaders.

Finally, key legislative requirements that the department did not address in its senior leader workforce plan included (1) an assessment of critical skills that will be needed in the future within the senior leader workforce and (2) an assessment of the critical skills of the existing senior leader workforce. Specifically, DOD's plan did not identify critical skills related to Senior Leader and Scientific and Professional positions and did not address the requirement to conduct an assessment of critical skills of the existing and future senior leader workforce. While the plan notes the need for skills in areas such as leadership and management, it does not provide details for these skills and does not identify skills related to senior leader or scientific and professional positions.

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<sup>16</sup>DOD, *Department of Defense (DOD) Efficiency Initiatives Memo* (Washington, D.C.: Aug. 16, 2010).



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**DOD Addressed Some Requirements for Its Acquisition Workforce, but Partially Addressed Those Related to Competency Gaps, Appropriate Workforce Mix, and Funding Needs**

In our February 2011 high-risk report, we noted that among the actions DOD needed to take to improve outcomes on the billions of dollars spent annually on goods and services was to ensure that its acquisition workforce was adequately sized, trained, and equipped to meet the department's needs. With regard to DOD's acquisition workforce plan, we found that DOD identified the need to increase the size of its acquisition workforce (totaling about 118,000 civilians as of September 2009) by 20,000 personnel by fiscal year 2015. To do so, DOD outlined its strategies for growing the acquisition workforce through retention, new hiring, and in-sourcing, which involves the conversion of functions currently performed by contractor personnel to performance by government personnel. DOD, however, had not yet (1) completed assessments of the skills and competencies of its acquisition workforce; (2) included in its plan an assessment of what the appropriate mix of its total acquisition workforce should be; and (3) at the time of our report, included information on the funding needed to achieve DOD's human capital initiatives for the acquisition workforce.

In our September 2010 report, we found that DOD's plan partially addressed the legislative requirements to assess the critical skills and competencies of its acquisition workforce. A DOD official responsible for the acquisition workforce plan indicated that DOD did not differentiate skills and competencies, but rather considered skills to be an integral part of the competencies. As such, conducting competency assessments would embody an assessment of the requisite skills. In that regard, DOD reported that it had completed the competency assessment of its contracting career field, but not the assessments of the remaining 12 career fields, which were in various stages of progress.

Similarly, we noted in our September 2010 report that the plan only partially addressed the need to assess the appropriate mix of civilian, military, and contractor personnel. The plan provided detailed information about the civilian workforce, information on military personnel currently serving in the acquisition workforce, identified specific guidance that was in place for determining the appropriate workforce mix, and indicated that initiatives had begun that were aimed at inventorying the use of contractors across all 13 career fields. The plan, however, did not identify specific growth targets for military personnel or provide data on the current or future contractor personnel in DOD's total acquisition workforce.

This leads us to a related point about DOD's use of the inventory of contractor services as a workforce planning tool. Congress has passed

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legislation in recent years to improve the department's ability to manage its services acquisitions; to make more strategic decisions about the right workforce mix of military, civilian, and contractor personnel; and to better align resource needs through the budget process to achieve that mix. For example, section 807 of the NDAA for Fiscal Year 2008 required DOD to annually compile and review an inventory of activities performed pursuant to contracts for services to help provide better insights into, among other things, the number of contractors providing services to the department and the functions they are performing.<sup>17</sup> Additionally, DOD is to review the inventories and, among other things, identify activities that should be considered for conversion to performance by DOD civilian employees. As such, the inventories and the associated review processes are to help support development of DOD's annual strategic workforce plan.

In January 2011, we reported on the approach DOD used to compile its fiscal year 2009 inventories and how the inventories had been reviewed and used to inform workforce decisions.<sup>18</sup> We found that DOD had implemented a more uniform approach to compile its fiscal year 2009 inventories to reduce inconsistencies in how components compiled their fiscal year 2008 inventories. To do so, in May 2010 the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) issued guidance to the Navy, Air Force, and other components that specified the categories of services to be included in the inventories; instructed them to use the Federal Procurement Data System–Next Generation (FPDS-NG)<sup>19</sup> as the basis for most of the inventory data requirements; and provided a formula to estimate the number of contractor full-time equivalent personnel working under those contracts. This guidance also authorized the Army to continue to use its existing process, which incorporates data reported by contractors through the Army's Contractor Manpower Reporting Application (CMRA) system, as the basis for its inventory. The CMRA is a system that is designed to collect information on labor hour expenditures by function, funding source, and mission supported on contracted efforts. DOD officials

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<sup>17</sup>Pub. L. No. 110-181.

<sup>18</sup>GAO, *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).

<sup>19</sup>FPDS-NG is the federal government's primary data system for tracking information on contracting actions.

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identified continuing limitations associated with the fiscal year 2009 inventories, including the inability of FPDS-NG, which was to be used by DOD components other than the Army, to provide information for all of the required data elements. DOD was also concerned about AT&L's estimating approach. Additionally, we found that the military departments differed both in their approaches to reviewing the activities performed by contractors and the extent to which they have used the inventories to inform workforce decisions. Overall, the Army had used the inventories to a greater degree than the other military departments.

AT&L's May 2010 guidance stated that the Department recognized the need and benefit of collecting actual contractor manpower data and was committed to do so. Further, AT&L stated it would work with the Office of the Under Secretary of Defense for Personnel and Readiness and other organizations to issue preliminary guidance and a proposed plan of action by August 2010. However, at the time of our review of the fiscal year 2009 inventories, DOD had not yet done so. In response, we recommended that DOD develop and issue a plan of action to collect manpower data and, in the interim, improve its estimating approach. Developing such a plan would provide an important tangible step in meeting the inventory requirements, especially since the absence of a way forward hinders DOD's ability to use the inventories as a tool to inform decision making. Earlier this year, Congress appropriated \$2 million to the Air Force and the Navy to leverage the Army's Contractor Manpower Reporting Application, modified as appropriate for service-specific requirements, for documenting the number of full-time contractor employees.<sup>20</sup> DOD was also to report to the defense committees on its plans for documenting the number of full-time contractor employees, but a DOD official indicated that they have not yet done so.

Finally, with respect to DOD's acquisition workforce plan, we found that DOD, at the time of our September 2010 report, did not include information on the funding needed to achieve DOD's human capital initiatives for the acquisition workforce. We have previously included in our recommendations to DOD that the department align activities with resources to guide its efforts to implement its strategic workforce plan. Without a funding plan, DOD may not be able to fund its best strategies

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<sup>20</sup>Department of Defense and Full-Year Continuing Appropriations Act, 2011, Pub. L. No. 112-10, § 8108 (2011).

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that address legislative requirements and meet its workforce needs, and given today's fiscal climate, there is increased pressure to ensure that funds are allocated to the best strategies. DOD released a separate report on September 14, 2010, after we had concluded our audit work.

DOD officials indicate that they expect to issue their next acquisition workforce report in September 2011. As part of our planned review of the overall civilian workforce, we intend to determine DOD's progress in assessing (1) the critical skills and competencies of the civilian workforce; (2) gaps in that workforce; (3) the appropriate mix of military, civilian, and contractor personnel capabilities; and (4) implementation, using results-oriented performance measures. As part of our planned review of the senior leader workforce, we intend to determine DOD's progress in assessing (1) changes in the number of personnel authorized in the senior leader workforce—to include changes identified in DOD's baseline reviews, as well as senior leader position reductions identified in DOD's efficiency initiatives; (2) the critical skills and competencies of the senior leader workforce; and (3) gaps in that workforce. As part of our planned review of the acquisition workforce plan, we intend to assess DOD's progress toward achieving the planned workforce growth, its progress in completing the remaining competency assessments, and whether the funds currently budgeted for these efforts will be sufficient to achieve DOD's targets.

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## Concluding Observations

In conclusion Mr. Chairman, in each of its 2009 workforce plans, DOD has taken some positive steps, such as identifying mission-critical occupations and projecting workforce trends. DOD has made limited progress, however, in identifying the skills and competency gaps of its workforce. Until DOD identifies the critical skills and competencies and the actual gaps in these, it will be difficult, for example, for the department to develop effective recruitment, retention, and investment strategies. Furthermore, without using results-oriented performance measures, DOD will be unable to assess the progress of its planning efforts. Thoughtful decision making and sound strategic planning are essential given the current budget environment. Ensuring that DOD is able to achieve its mission within available resources requires it has a workforce with the right skills and capabilities.

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Chairman McKeon, Ranking Member Smith, this concludes our prepared statement. We would be happy to respond to any questions that you or other Members of the Committee may have at this time.

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**Contacts and  
Acknowledgments**

For future questions about this statement, please contact Brenda S. Farrell, Director, Defense Capabilities and Management, on (202) 512-3604 or farrellb@gao.gov or John P. Hutton, Director, Acquisition and Sourcing Management, on (202) 512-7773 or huttonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this statement include Marion A. Gatling, Assistant Director; Timothy J. DiNapoli, Assistant Director; Mae F. Jones; Lonnie J. McAllister; Brian D. Pegram; Terry L. Richardson; John Van Schaik; Jennifer L. Weber; and Rebecca A. Wilson.

## Appendix I: National Defense Authorization Act for Fiscal Year 2010 Requirements Applicable to DOD Civilian Workforces

Over the years, Congress has passed legislation requiring the Department of Defense (DOD) to conduct human capital planning efforts for the department's overall civilian workforce, its senior leader workforce, and its acquisition workforce. Most recently, in October 2009, section 1108 of the National Defense Authorization Act (NDAA) for Fiscal Year 2010 required DOD to develop and submit a strategic plan to shape and improve the department's civilian workforce, and to include separate chapters for the senior leader workforce and the defense acquisition workforce.<sup>1</sup> Table 1 provides a summary of the NDAA for Fiscal Year 2010 requirements and how they apply to the overall, senior leader, and acquisition workforces.

**Table 1: Summary of National Defense Authorization Act for Fiscal Year 2010 Requirements Applicable to Overall Civilian, Senior Leader, and Acquisition Workforces**

	Overall civilian workforce	Senior leader workforce	Acquisition workforce
<b>An assessment of</b>			
Critical skills and competencies that will be needed in the future within the civilian workforce by DOD to support national security requirements and effectively manage the department during the 7-year period following the year in which the plan is submitted	√	√	√
The appropriate mix of military, civilian, and contractor personnel capabilities	√	√	√
The critical skills and competencies of the existing workforce of the department and projected trends in that workforce based on expected losses through retirement and other attrition	√	√	√
Gaps in the existing or projected workforce of the department that should be addressed to ensure that the department has continued access to the critical skills and competencies it needs	√	√	√
Use of results-oriented performance measures, of the progress of the department in implementing the strategic workforce plan under this section during the previous year	√		
<b>A plan of action that includes</b>			
Specific recruiting and retention goals, especially in areas identified as critical skills and competencies, including the program objectives of the department to be achieved through such goals and the funding needed to achieve such goals	√	√	√

<sup>1</sup>Pub. L. No. 111-84, § 1108(a) (2009). The act incorporated reporting requirements from the fiscal year 2006, fiscal year 2007, and fiscal year 2008 National Defense Authorization Acts, established some new requirements, and repealed the previous legislation.

**Appendix I: National Defense Authorization Act  
for Fiscal Year 2010 Requirements Applicable  
to DOD Civilian Workforces**

	Overall civilian workforce	Senior leader workforce	Acquisition workforce
Specific strategies for developing, training, deploying, compensating, and motivating the civilian workforce of the department, including the program objectives of the department to be achieved through such strategies and the funding needed to implement such strategies	√	√	√
Any incentives necessary to attract or retain any civilian personnel possessing the skills and competencies identified	√	√	√
Any changes in the number of personnel authorized in any category of personnel in the senior leader workforce or in the acquisition workforce that may be needed to address such gaps and effectively meet the needs of the department		√	√
Any changes in resources or in the rates or methods of pay for any category of personnel in the senior leader workforce or in the acquisition workforce that may be needed to address inequities and ensure that the department has full access to appropriately qualified personnel to address such gaps and meet the needs of the department		√	√
Any legislative changes that may be necessary to achieve the goals	√	√	√
<b>Specific strategies for</b>			
Developing, training, deploying, compensating, motivating, and designing career paths and career opportunities		√	
<b>Specific steps that the department has taken or plans to take to</b>			
Ensure that such workforce is managed in compliance with the requirements of section 129 of this title		√	
Develop appropriate career paths for civilian employees in the acquisition field			√
Implement the requirements of section 1722a with regard to members of the armed forces in the acquisition field			√
<b>A plan for funding</b>			
Needed improvements in the acquisition workforce of the department through the period of the future-years defense program, including a specific identification of funding provided in the DOD Acquisition Workforce Fund, along with a description of how such funding is being implemented and whether it is being fully used and a description of any continuing shortfalls in funding available for the acquisition workforce			√
<b>Any additional matter</b>			
The Secretary of Defense considers necessary to address	√		
<b>Submittals</b>			
From secretaries of the military services and heads of the defense agencies regarding each of the above legislative requirements	√		
<b>Total requirements</b>	<b>11</b>	<b>12</b>	<b>13</b>

Source: GAO analysis of DOD data.

Legend: √ = Applicable.

Note: Critical skills and competencies of the existing and future workforces—lines 1 and 3 above—were divided into five items: (1) critical skills for the future workforce, (2) critical competencies for the future workforce, (3) critical skills for the existing workforce, (4) critical competencies for the existing workforce, and (5) projected trends. Thus, total requirements were 14 for the overall workforce, 15 for the senior leader workforce, and 16 for the acquisition workforce.

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**Short Bio for Brenda S. Farrell**  
**Director, Defense Capabilities and Management**  
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In April 2007, Ms. Farrell was appointed to serve as a director in GAO's Defense Capabilities and Management Team where she is responsible for military and DOD civilian personnel issues, including overseeing GAO's work on military health care and personnel security clearances. Prior to her appointment with the Defense Capabilities and Management Team, Ms. Farrell served for 14 months as an Acting Director for GAO's Strategic Issues Team where she was responsible for overseeing three major bodies of work related to strategic human capital, government regulation, and decennial census issues. Before joining the Strategic Issues Team, Ms. Farrell was an Assistant Director for Defense Capabilities and Management and led military personnel engagements encompassing military pay and benefits, Reserve and National Guard mobilization issues, and senior military officer requirements and career development. Ms. Farrell began her career at GAO in 1981, and has served in a number of issue areas associated with national security issues. She received her bachelor's degree in sociology from the University of Louisville. In 2000/2001, she attended the National Defense University, Industrial College of the Armed Forces and earned a master's degree in national resources strategy. Ms. Farrell completed the leadership development program at Eckerd College in 2004, and in 2005, she completed the Senior Executive Fellow Program at Harvard University. In March 2007, she graduated from the CAPSTONE program at the National Defense University for newly appointed general and flag officers being the first GAO SES to complete this program. Ms. Farrell was the project director for a seminar on organizational transformation, co-sponsored by GAO, the World Bank, and the INTOSAI Development Initiative, held in November 2007, for the heads of Supreme Audit Institutions. Ms. Farrell was the recipient of a GAO meritorious award for sustained extraordinary performance leading multiple, highly complex, defense reviews, as well as numerous other awards including several Results through Teamwork awards, and an award for high quality products.

**JOHN P. HUTTON**

John Hutton is a Director at the U.S. Government Accountability Office (GAO), working for the Acquisition and Sourcing Management Team. In this capacity, he provides direct support to congressional committees and members on a range of acquisition and sourcing issues aimed at improving federal agencies' ability to buy products and services efficiently and effectively. Throughout his 33-year career at GAO, he has worked on a wide range of issues. Prior to his appointment to the Senior Executive Service, he led GAO reviews related to such diverse issues as Iraq and Afghanistan reconstruction, U.S.-Mexico border infrastructure, US and international efforts to combat AIDS, and the promotion of U.S. exports. This work led to numerous reports and testimonies. Mr. Hutton began his GAO career in 1978 and from 1983 to 1987, he served in GAO's former European Office in Frankfurt, Germany, where he focused largely on defense and foreign affairs issues.

Mr. Hutton is a native of Chicopee, Massachusetts and he received a Bachelor of Arts, Public Administration, from American International College in 1977, a Masters Degree in Public Administration from Syracuse University's Maxwell School in 1979, and a Masters in National Security Strategy from the National War College in 2002. He also attended the Senior Executive Fellows Program at Harvard in 2005 and MIT's Seminar XXI on Foreign Politics, International Relations, and the National Interest in 2009-2010. Mr. Hutton has received numerous awards at GAO for outstanding performance, including GAO's Distinguished Service Award and Meritorious Service Award.

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WRITTEN STATEMENT OF  
MR. PASQUALE (PAT) M. TAMBURRINO, JR.  
DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(CIVILIAN PERSONNEL POLICY)  
DEPARTMENT OF DEFENSE

BEFORE THE  
HOUSE ARMED SERVICES COMMITTEE  
UNITED STATES HOUSE OF REPRESENTATIVES

ON

HUMAN CAPITAL MANAGEMENT: A HIGH RISK AREA FOR THE  
DEPARTMENT OF DEFENSE

July 14, 2011

Chairman McKeon, Ranking Member Smith, and Members of the Committee:

On behalf of the Secretary of Defense, Leon E. Panetta, I would like to thank you for inviting the Department of Defense (DoD) to appear at this hearing today to discuss the Department's efforts to enhance Strategic Human Capital Management and Total Force Management in support of its critical mission.

### INTRODUCTION

The Department appreciates the opportunity to discuss the critical importance of Strategic Human Capital Management, and the steps we are taking to enhance our ability to develop a high-performing workforce that meets the mission needs of the DoD today and in the future. We support the concept of an integrated approach to Total Force Management underpinned by a Strategic Human Workforce Plan. The complex mission set of the Department requires a planning construct that is responsive to changes in strategic priorities, acknowledges the constrained resource environment that challenges us daily, and maintains the core competencies essential to allowing the Department to function as smart buyers of goods and services and to maintain required readiness levels. Today, my testimony will focus on our efforts to develop, implement, and refine the Department's Strategic Workforce Plan for the civilian workforce.

The Department must continue to develop a strategy that achieves good "fit." We are responsible for managing a workforce that spans over 780,000 civil servants in more than 640 occupations. Our strategy must evolve so that we develop a richer, deeper understanding of how we integrate the mission needs of the Department across three axes: war fighting platforms, personnel, and the supporting infrastructure. To that end, the Department is moving in the direction of developing a portfolio of analytical capabilities which will allow us to:

- Understand the demand signal for personnel resources;
- Implement analytically-based methods which support long-term workforce planning;
- Clearly identify the strengths and weaknesses in the skill portfolio of our workforce, and develop programs and strategies to correct;
- Develop strategies which provide a clear career path for all of our employees, allowing them to develop a robust portfolio of functional and leadership skills; and

- Develop training and recruitment programs which respond to changes in mission and Department priorities.

People, and the capabilities they possess, are critical to successfully meeting the Department's mission. We must improve our ability to match the skill sets brought to bear on the Department's priorities and maximize their impact on mission outcome. Since assuming my role as the Deputy Assistant Secretary of Defense for Civilian Personnel Policy in January of this year, I have focused on this issue. The Department has made good strides in the past two to three years in the development and implementation of a Strategic Workforce Plan. I consider our efforts a solid foundational base from which to move forward. Given that, there are several issues on which to focus as we move ahead. These include:

- Replicating the high yield efforts made by the Department's Acquisition Workforce planning and revitalization program across other occupational skill sets;
- Building upon the improvements we have made in managing the utilization of our Senior Leaders. We must leverage the lessons learned from this effort, and export them across all grade levels in the Department.
- Widening our planning focus from only a small set of Mission Critical Occupations (MCOs) that cover approximately 40 percent of our civilian employees to a Functional Community Management strategy which captures greater than 80 percent of our civilian workforce.
- Emulating the military career model where the range of experiences a person is exposed to, and the skill sets they acquire, are more deliberately defined and executed, from the entry level through the mid and senior grades.
- Developing a DoD-wide plan for defining and measuring functional proficiencies across the career continuum so we can agilely move personnel across the Department in response to changing priorities, ensuring each employee comes to the work place with key skills and proficiencies which are current and can be immediately applied to the Department's work requirements.
- Continuing to focus on reducing the cycle time to hire and increasing applicant and management satisfaction. By creating a robust Strategic Workforce Plan that focuses on required competencies, we can create better Position Descriptions and Job

Opportunity Announcements which improve the timeliness and quality of our hiring actions.

- Integrating Total Force planning framework to better assess and manage the mix of active and reserve military, civilian, and contract requirements in order to leverage the best talent source available to provide short-term, mid-range, and longer capabilities.

The Department appreciates the efforts of the Government Accountability Office (GAO) in shaping the challenges associated with managing critical skills gaps. In recent weeks, Office of Personnel Management (OPM) Director John Berry met with senior leaders at GAO to discuss this issue. Later this month, OPM and GAO will offer a proposal to the Chief Human Capital Officer (CHCO) Council on how we can manage the critical skill shortages at both the agency and whole of government level. Director Berry has asked me to chair that effort on behalf of OPM and Executive Agency CHCOs. This will be a great opportunity, especially for DoD, to gain the advice and counsel of the GAO, learn from other Executive Agencies, and make significant strides in addressing problems in this area.

#### **DOD'S STRATEGIC HUMAN CAPITAL MANAGEMENT IN THE CONTEXT OF TOTAL FORCE MANAGEMENT**

I would first like to review the Department's Strategic Human Capital Management efforts in the larger context of the Total Force Management of our military volunteers, government civilians, and contracted services.

It is clear the global demands placed on the Department will not abate at a time when we are also facing significant resource challenges. Therefore, we must structure a Total Force that allows us to successfully execute the full range of missions in the National Defense Strategy at prudent levels of risk, achieving the best possible return on investment. In an austere resource environment, this fact is even more important as Total Force manpower demands must compete with mission demands for platforms, systems, installations, and fact-of-life operational costs,

such as fuel. Our challenge is to create a Total Force that is balanced, highly skilled, and affordable.

Without question, Strategic Human Capital Management cannot be viewed in isolation from the other components of the Total Force. Instead, we must arrive at well-reasoned and complimentary solutions. We must challenge assumptions and increase our focus on the “front end,” the “demand end,” of Total Force Management, and subsequently, acquire and develop the right kinds and numbers of personnel, or service contracts, to satisfy authorized requirements.

### **EVOLUTION OF DOD STRATEGIC HUMAN CAPITAL MANAGEMENT**

Having discussed the important concept of Total Force Management, let me now address our plans to enhance civilian Strategic Human Capital Management.

By way of background, the Department has been evolving its strategic workforce planning process over the last several years under the oversight of the Under Secretary of Defense for Personnel and Readiness, and Office of the Secretary of Defense (OSD) and DoD Component Functional Community Managers (FCM), who have been charged to develop, implement, and monitor workforce planning for their respective functional areas.

The National Defense Authorization Act for Fiscal Years 2006 and 2007 set forth requirements for human capital planning for the DoD civilian workforce, including an annual implementation report. A Strategic Human Capital Plan was required with an annual update for each year from 2007 through 2010.

The first Department of Defense Civilian Human Capital Strategic Plan, 2006-2010, was submitted in November 2007. This was followed by an implementation report that addressed enterprise-wide leadership development, challenges to attract and sustain the right talent, and efforts to refresh identification of 25 MCOs. At that time, MCOs represented occupations that were determined to be key to current/future mission requirements and presented a challenge regarding recruitment and retention rates and for which succession planning was needed. While this report described various strategies to meet workforce challenges and outlined the efforts underway within the Components, GAO found that it did not address the majority of



Congressional reporting requirements. Specifically, an assessment of current mission-critical competencies, gaps between current and future critical skills and competencies, and projected trends in the workforce and recruiting and retention goals were lacking.<sup>1</sup> Our strategy moving forward is to align our efforts to more explicitly address these concerns.

The May 2008 Implementation Report for the DoD Civilian Human Capital Strategic Plan 2006-2010 was the first report capturing Department-wide efforts following the NDAA FY 2006 and 2007 requirements.<sup>2</sup> In order to meet twenty-first century challenges, and the need for increased interoperability to support joint endeavors, the Department focused its workforce forecasting on a select set of enterprise-wide MCOs following a new four-step workforce planning approach which includes:

1. **Setting Direction:** Define the goals to be achieved within a Human Capital Strategy;
2. **Analyze:** Determine the strengths, weaknesses, and gaps in current skills and develop strategy to address;
3. **Implement Strategy:** Implement analytical results across all occupational series;
4. **Monitor Progress:** Develop outcome-based metrics and monitor results.

Workforce projections were provided for the MCOs based on a steady-state forecast based on historical attrition patterns without data on actual future requirements.

The Department submitted its FY 2009 Strategic Human Capital Implementation Plan in March 2010 based on the FY 06 and 07 NDAA requirements. The GAO determined that most statutory requirements were either met or partially met, but that more needed to be done.<sup>3</sup> For example, the FY 2009 plan did not include results-oriented performance measures. The FY 2009 plan noted improvements in forecasting based on projected manpower needs and consideration of environmental factors such as Base Realignment and Closure (BRAC), in-sourcing, and emerging missions, rather than steady state requirement projections. It established accession/retention goals and developed strategies to close gaps.

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<sup>1</sup> GAO-08-439R

<sup>2</sup> NDAA FY 2006, Section 1122, Strategic Human Capital Plan for Civilian Employees of the Department of Defense, and NDAA FY 2007 Section 1102

<sup>3</sup> GAO-10-814R

Current planning efforts in the FY 2010-2018 DoD Strategic Workforce Plan are focused on NDAA FY 2010 requirements, to include competency identification, strategies to meet workforce goals, development of Component Human Capital reports, and establishment of results-oriented performance measures. The FY 2010 NDAA added a new requirement for Total Force (military/civilian/contractor) workforce planning for which DoD is developing implementing policies.

We believe the Department has improved its plan for the overall workforce. Last year GAO assessed the Department as having met 5 and partially met 9 overall workforce planning requirements. This year we expect to fully meet at least 7 requirements, including establishment of results-oriented performance measures. For the Senior Leader Workforce, last year GAO assessed 7 requirements as met and 7 as partially met. This year we expect to fully meet all requirements.

#### **DOD'S PROGRESS AGAINST GAO RECOMMENDATIONS**

The Department is making progress toward developing a more systematic approach, and complimentary enterprise tools for Strategic Workforce Planning, with specific focus in three areas.

First, we are focusing on institutionalizing our Workforce Planning Framework. Last year, we established OSD-wide Component Integrators to support workforce planning in the Military Departments and Defense Agencies and implemented a structured DoD workforce planning process, including a timeline for deliverables and standardized reporting templates for Functional Communities and DoD Components. We expanded the DoD Strategic Human Capital Planning Office to lead policy development, workforce forecasting and data analysis, competency management, and advisory support to the Functional Community Managers (FCMs). We delivered workforce analytics training for functional communities, developed workforce planning training and guidance for managers and supervisors, and drafted guidance for assessing multi-sector workforce mix.

Second, we introduced a DoD Competency Management Framework that includes plans for phased development of occupational competencies and deployment of a tool for competency assessments beginning with MCOs. Last year we identified core competencies for eight of 24 MCOs and two cross-cutting functions, leveraging existing DoD Component competency work, and we began competency development for other occupations to be completed in FY 2012 and beyond. We developed requirements for an interim solution for an Enterprise Competency Management Tool (ECMT) to assess workforce competencies and identify gaps. When completed, these initiatives will provide the foundation needed to assess competency gaps across the workforce.

Our third focus area is workforce analytics, strategies, and measures of progress. The FY 2010-2018 Strategic Workforce Plan that will be submitted later this summer includes forecasts and recruitment, retention, and development strategies and funding needed to close workforce gaps in mission critical occupations. We incorporated initial Component and Defense Agency workforce planning reports. We also established results-oriented performance measures which address a deficiency in the FY 2009 plan.

These focus areas are key to our effort to integrate strategic workforce planning, competency management, hiring improvements, and leadership development initiatives to ensure that we can recruit, develop, and retain an agile, competency-focused civilian workforce throughout the employee life-cycle that is responsive to swiftly changing mission demands and complex challenges. With respect to our senior leader workforce, we have successfully implemented the 21<sup>st</sup> Century Senior Leader framework, and we are expanding those concepts to leaders at GS-15 and below pay grades.

All of these are multi-year initiatives that are intended to improve the Department's ability to rapidly grow, contract, and shift the workforce in response to emerging mission and capability requirements.

The following are specific examples of progress within our Functional Communities:

**Financial Management Community**

The Financial Management (FM) Community, led by the Under Secretary of Defense (Comptroller)/Chief Financial Officer, has defined competencies and proficiency levels for all 05XX (FM) occupational series and will complete the validation process in September 2011. These competencies will be used to perform gap assessments for current 05XX employees, and to develop career roadmaps which will provide financial management civilians a guideline and direction for professional career growth. The career roadmaps will include recommendations for professional experience in both the technical and leadership areas of emphasis, other developmental opportunities, formal education, and technical based training courses. In support of the Fiscal Year 2012 National Defense Authorization Act House Armed Services Committee language, the financial management competencies are also being used as the foundational framework for the new Department of Defense Financial Management Professional Certification Program – a program also aimed to improve the analytic capability of the FM workforce and to ensure the FM workforce has the knowledge necessary to achieve auditability for the Department.

**Logistics Community**

The DoD Logistics Community developed a human capital strategy that outlined a vision for an integrated, agile, high-performing workforce that can succeed in a joint operating environment. It was launched in 2006 with a broad assessment of the logistics workforce demographics, categories, and key trends driving future logistics requirements through 2020. Key accomplishments to-date include:

- Completion of a Human Capital Strategy document outlining the vision, enabling pillars, and path forward; the Strategy was signed by Components and Deputy Under Secretary of Defense for Logistics and Material Readiness (L&MR) in 2008;
- Identification, definition, validation, and socialization of common set of core DoD-wide Logistics technical competencies and proficiencies by a working group of nearly 50 subject matter experts ;
- Collection of workforce demographics for both civilian and military members of the Logistics functional community; and

- Completion of a Training and Education Review which provides a representative collection of the training, education, and development assignments from DoD, industry, and private sources.

### **Senior Leader Community**

The Department's senior leader workforce is viewed as one entity throughout the Department. Given the intent to have senior leadership that is capable and ready to move to where an emerging requirement exists within DoD, collaboration is an ongoing process among the Military Services, Defense Agencies, Joint Staff, and Office of the Secretary of Defense.

On an annual basis, DoD conducts an assessment of the competencies of its senior leader workforce. For the purpose of succession management, most senior executives receive a readiness rating that measures their preparedness for a potential reassignment. In addition, each executive is rated against a scale of 1-Baseline through 5-Mastery, in order to determine an executive's proficiency levels across multiple mission-critical skill areas. Once this process is complete, Components and Department-level subject matter experts (SMEs) are able to compile statistics to identify where DoD falls short on particular skills and proficiency levels.

Succession Planning provides the Department with the ability to view bench strength available now with the goal of providing these slates for near-term (1-3 years), mid-term (3-5 years) and far-term (5-7 years). Through the Talent Management process, the Department can review retirement trends, and gaps in critical positions and identify those positions that possess a weak bench of available talent.

The results from the Talent Management Panels and Succession Planning activities also guide the Department's training and development decisions. At the Department level, upon conclusion of the annual Talent Management process, gaps are analyzed to identify training and development requirements Department-wide for executives. The Department is enhancing leadership capability by providing high-potential and high-value leaders with specialized, intensive, and targeted development through the continued use and improvement of leadership development programs.

In summary, the Department's civilian strategic workforce planning efforts in recent years represents a good start and progress has been made, but it's time to recalibrate our efforts. To this end, we have begun to reframe the enterprise workforce planning and competency management approach to enable achievement of the Department's workforce planning goals.

### **RECALIBRATING THE DOD FRAMEWORK FOR STRATEGIC WORKFORCE PLANNING**

In May of this year, the Department began a process to increase the scope and revise the approach for civilian workforce planning. Due to the fact that both mission requirements and workforce demographics continually evolve, the Department requires a broader framework for assessing the health and critical competencies of the overall workforce in order to plan deliberate strategies to ensure the workforce can fulfill mission needs. The number of functional communities will be doubled to cover to over 80 percent of the workforce. An expanded functional community structure will enable greater insight into all the major segments of the workforce and support the Department's ability to assess total force capabilities. A broader functional community structure will allow the Department to identify workforce strengths and weaknesses, opportunities and threats, overages and shortages, and skills imbalances for more effective strategic workforce planning.

In addition, we are redefining the criteria for MCOs to better address the Department's mission risk areas aligned to the 2010 Quadrennial Defense Review (QDR) and the DoD Risk Mitigation Plan. This will ensure that we identify and assess MCOs based on mission risk, as well as labor market, critical skills, and demographic criteria. This initiative also aligns to federal-wide efforts to develop strategies to close critical skill gaps in segments of the workforce identified as high-risk.

Implementing a truly effective talent management system is dependent upon the ability to align the Department's mission with human capital decision making and practices. As such, the Department is working to institutionalize a competency-based talent management lifecycle approach. Consistent with industry and federal leading practices, this approach utilizes mission-

focused competencies as the foundation from which workforce planning, recruiting, training, development, and other Human Resource strategies are developed.

Historically, the identification and definition of competencies within the Department has been driven by the DoD Components, resulting in varying methodologies with varied and localized impact. Moving forward, to achieve efficiencies and improved DoD-wide talent management decision-making, the Department is institutionalizing a DoD-wide competency management framework for FCMs to:

1. Define the market basket of functional competencies that employees in a career field should possess from entry through senior levels based on current and emerging mission requirements;
2. Determine the proficiency levels employees should have for the functional competencies; and
3. Develop career roadmaps that outline training, education and job experience expectations.

Implementation of the enterprise competency management framework will provide a standardized foundation from which the Department can systematically identify DoD-wide competencies and gaps across functional communities.

To support implementation of this framework, a governance structure, including a Competency Management Advisory Board, is being established. This Board is working to develop a common methodology and taxonomy for competency and career roadmap development, as well as develop specific DoD action plans to define competencies for occupations identified under the expanded functional community structure.

In order to better inform workforce decisions, it is also critical that the Department have the capability to capture and analyze the competency proficiency of the workforce against the mission-driven manpower needs. There has been much progress over the past year in strengthening the policy and process by which future manpower needs are determined and captured. Manpower determinations, serving as a key link between mission and budget, provide the baseline against which current and project workforce size and competencies should be

assessed. The Department does not currently have the capability to capture DoD-wide workforce competency proficiency. While surveys have been utilized in the past to solicit employee and supervisor input on proficiency, the results were not sufficient for comprehensive workforce planning as only aggregate gaps were provided.

A few DoD components have unique, customized competency management tools. However, the Department requires enterprise tools that will enable all supervisors and employees to identify and assess competencies for use in employee lifecycle management. The Department has developed functional requirements for an interim system solution and is exploring modification of existing Component tools for enterprise use.

Another challenge for the Department is implementing common planning and forecasting processes and tools that drive consistent and efficient Department-wide plans. We are working closely with components to leverage their leading practices and tools where appropriate for DoD-wide use. We are also evaluating existing tools for workforce forecasting of attrition, hiring and retention, and developing system requirements for a long-term solution.

We expect that data resulting from a competency assessment tool, in combination with documented manpower needs and a robust workforce forecasting capability will provide the key data necessary for workforce planning, such as gaps between competency requirements and employee proficiency and projected competency loss due to retirements.

#### **Timeline**

The FY 2010-2018 DoD Strategic Workforce Plan will be submitted by the end of August 2011 based on the current planning structure that covers almost 40 percent of the workforce in 12 functional communities, 5 cross-cutting communities, and 24 MCOs. GAO has scheduled its review of this plan to begin on August 2, 2011.

FY 2012 will be a transitional year for DoD workforce planning as we implement new functional communities to cover over 80 percent of the workforce. The focus in FY 2012 will be to implement a more robust governance structure for Total Force management, update Department policies, appoint and indoctrinate new FCMs, and identify mission critical occupations based on risk criteria. During FY 2012, we will also engage our national labor



union partners in updating competency management policy to provide an enterprise framework, develop interim information technology (IT) solutions, and develop plans for the long-range IT tools needed for enterprise workforce planning and competency management.

In FY 2013-2015, I expect DoD's workforce planning capability to begin to mature with the implementation of enterprise assessment tools and functional community strategies for recruitment, development, and retention.

### **CONCLUSION**

The Department is committed to enhancing Strategic Human Capital Management and Total Force Management in support of its critical mission. Thank you again for your interest in this critical area and for the opportunity to speak with you today.

I am pleased to take your questions.

Defense.gov Biography: Pasquale (Pat) M. Tamburrino, Jr



**Pasquale (Pat) M. Tamburrino, Jr**  
**Deputy Assistant Secretary of Defense (Civilian Personnel Policy)**



Mr. Tamburrino serves as the Deputy Assistant Secretary of Defense for Civilian Personnel Policy. His responsibilities include policy and oversight of civilian personnel plans, policies and programs that affect over 700,000 defense employees worldwide. Mr. Tamburrino's portfolio includes the full spectrum of the Human Capital Lifecycle to include: talent acquisition, development and sustainment, performance management, strategic workforce and succession planning, leader development and Senior Executive Service Leadership Programs and the Civilian Expeditionary Workforce (CEW). Mr. Tamburrino is also responsible for policies and program guidance for the Department's 136,000 non-appropriated funded employees worldwide.



Mr. Tamburrino was appointed to the Senior Executive Service in February 1997 and has 27 years of Federal Service.

Mr. Tamburrino served as the Assistant Deputy Chief of Naval Operations (Fleet Readiness and Logistics) from December 2006 through December 2010. He was the senior civilian responsible for policy, program and resource allocation for world-wide U.S. Navy Readiness and Logistics and served as the Chief of Naval Operations' (CNO) principal advisor for the management of the civilian executive cadre.

Mr. Tamburrino served as the Executive Director, Naval Sea Systems Command from May 2005 through November 2006. In this capacity, he served as the senior civilian in the Navy's largest System Command with direct responsibility for a professional and industrial workforce numbering over 83,000 with an annual operating budget of \$30B+.

Mr. Tamburrino served as the Assistant Deputy Chief of Naval Operations (Resources, Requirements, and Assessments) from February 2003 through April 2005. In this capacity he was the senior civilian advisor to the Chief of Naval Operations (CNO) on all issues related to the development of the Navy Program Objective Memorandum, Department of the Navy Strategic Planning and related issues.

Mr. Tamburrino was selected as the Deputy Program Executive, Submarines in July 1998, and was appointed as the Executive Director of Team Submarine, serving as the senior civilian within that organization. In this capacity he provided oversight to the Seawolf and Virginia Class Submarine new construction programs as well as life cycle support to the entire active submarine Fleet. Mr. Tamburrino also served as the Chairman of the NAVSEA Change Committee and was responsible for directing the implementation of command-wide efforts such as e-business strategies and a re-vamp of the professional support services contracting processes.

In February 1997, Mr. Tamburrino was selected for appointment to the Senior Executive Service (SES). Mr. Tamburrino's initial assignment was as the Director, Cost Engineering and Industrial Analysis, Department of the Navy, Naval Sea Systems Command. In this capacity he supported all Navy shipbuilding, and associated weapons and systems, programs in terms of cost engineering, economic analysis and related issues.

Defense.gov Biography: Pasquale (Pat) M. Tamburrino, Jr

Mr. Tamburrino was employed by EG&G, Inc, Wellesley, Mass. from 1983 through 1989 where he held various management positions in financial/contract management and strategic planning. He started his civilian service in 1989 and held various positions within the Submarine Combat Systems Directorate of the Naval Sea Systems Command. In 1991, he assumed responsibility as the Deputy Program Executive Officer, Submarines for Acquisition and Financial Management. In the spring of 1996, Mr. Tamburrino was selected as the Deputy Program Manager for Submarine Combat Systems, Naval Sea Systems Command (NAVSEA) where he was charged with the modernization of the SSN688/SSBN 726 Class Submarine combat systems to meet the Navy missions of the 21st Century.

Mr. Tamburrino attended Officer's Candidate School in Newport, RI and was commissioned as an Ensign, United States Navy in December 1977. Following commissioning and various Navy schools, he reported to USS Sam Rayburn (SSBN 635(B)) in September 1978 where he qualified as a Submarine Warfare Officer and Strategic Weapons Officer. Subsequently, he reported to the Naval Submarine School, Groton, Conn. for duty as Department Head, Strategic Weapons Training Department. Mr. Tamburrino left active duty Naval Service as a Lieutenant in July 1983.

He attended the New York Institute of Technology and graduated in 1977 with a bachelor's degree in chemistry. Mr. Tamburrino holds a master's in business administration degree from Rensselaer Polytechnic Institute, Troy, New York. He is a graduate of the Program Managers Course, Defense Systems Management College, Fort Belvoir, Virginia, and is a Certified Material Professional.

Mr. Tamburrino's naval decorations include the Navy Achievement Medal (two awards), Meritorious Unit Commendation and Sea Service Deployment Ribbon. Mr. Tamburrino was awarded the Navy Civilian Meritorious Medal in 1996 and Navy Superior Service Medals in 2003 and 2005. He was awarded the Presidential Rank of Meritorious Executive in September 2001 and was recognized with the Presidential Rank of Distinguished Executive in both 2004 and 2009 – one of only two Navy Executives to be recognized twice at this level. Mr. Tamburrino was also recognized with the Department of Defense 52<sup>nd</sup> Annual Distinguished Civilian Service award in November, 2007.

WRITTEN STATEMENT OF MR. KEITH CHARLES

DIRECTOR, HUMAN CAPITAL INITIATIVES  
OFFICE OF THE UNDER SECRETARY OF DEFENSE  
ACQUISITION TECHNOLOGY AND LOGISTICS  
DEPARTMENT OF DEFENSE

before the

HOUSE ARMED SERVICES COMMITTEE  
UNITED STATES HOUSE OF REPRESENTATIVES

on

HUMAN CAPITAL MANAGEMENT: A HIGH RISK AREA FOR THE  
DEPARTMENT OF DEFENSE

July 14, 2011

Chairman McKeon, Ranking Member Smith, and Members of the Committee: My name is Keith Charles. I am the Director of Human Capital Initiatives, directly responsible to the Honorable Ashton B. Carter, Under Secretary of Defense for Acquisition, Technology, and Logistics, for providing leadership and management on all Department-wide matters for the defense acquisition workforce. Thank you for the invitation to appear before you today. I am pleased to be here with an important colleague from the Department, Mr. Pat Tamburrino, Deputy Assistant Secretary of Defense for Civilian Personnel Policy.

My prior experience includes working in NASA on the Space Shuttle program, being responsible for developing the federal budget for four years in the 1980s, and working in the private sector. My prior work in DoD included establishing the first Acquisition Corps in DoD in the Army, the predecessor to the

program implemented by the Defense Acquisition Workforce Improvement Act. My return to the Department of Defense in March 2011 is indeed an honor and I look forward to serving the nation by strengthening not only today's acquisition workforce, but strategically ensuring the readiness of the future acquisition workforce. We must not only address the immediate acquisition workforce challenges and risks, but we must also make hard decisions now to strategically ensure readiness of the smaller mid-career acquisition workforce who will succeed the larger senior workforce in executing the same major responsibilities in the 5 – 10 year horizon.

A vital element of effective and continuously improving acquisition outcomes is a talented, highly qualified, experienced, and sufficiently sized acquisition workforce. While significant human capital actions have been taken to reduce acquisition workforce risk, that is, to rebuild and improve the acquisition workforce, significant effort remains as Secretary Panetta and Under Secretary Carter lead efforts to maintain a strong national defense while improving our discipline in managing taxpayer resources. The Department must increase its buying power and deliver on efficiency and affordability imperatives while modernizing and resetting our military force. The Department must maintain a core acquisition capability and continuously improve acquisition outcomes to ensure our warfighters always have the decisive edge. To achieve these imperatives, the Department must have a high-quality military and civilian acquisition workforce and appropriately use talent of Federally Funded Research and Development Centers (FFRDCs) and contractor support.

Downsizing during the 1990's was followed by fluctuations in workforce size between 1998 and 2008 from approximately 146,000 to a low of 126,000 in

2008. The Department began efforts to rebuild the government defense acquisition workforce in April 2009. Since 2009, DoD leadership reversed the decline by establishing and filling “new capacity” positions. To date, 8,600 positions have been filled under this workforce improvement initiative. Targeted growth strategy, to mitigate workforce and acquisition risk, includes strengthening in-house capability and capacity to ensure effective systems engineering, test, program management, contracting, cost estimating, and contract pricing. Another element of the Department’s approach, which further mitigates risk, is growing contract management capacity of the Defense Contract Management Agency and the capacity of the Defense Contract Audit Agency. This additional capacity will improve the Department’s oversight capability and help ensure we get what we pay for, ferret out waste, and more aggressively combat contract fraud. DoD intends to complete targeted workforce growth which is initially funded for up to three years by the Defense Acquisition Workforce Development Fund. The Department has taken steps within its Programming, Planning, Budgeting and Execution System process to sustain the growth long-term. Efforts will also continue to ensure inherently governmental functions are performed by government personnel. Further in-sourcing will be on a case-by-case basis, after careful consideration of whether a function is inherently governmental, is a critical need, and/or benefit demonstrated by a cost-benefit analysis. Getting the acquisition mission accomplished is a Total Force effort. Appropriate contractor support will continue as a key element of effectively executing the acquisition mission. As part of the Total Force mix, DoD benefits from Federally Funded Research and Development Centers (FFRDCs). FFRDCs are a source of unique capabilities in many areas where the government cannot attract and retain personnel in sufficient depth and numbers. FFRDCs operate in the public interest, free from organizational conflicts of interest, and can therefore assist DoD in ways that industry and for-profit

contractors cannot. Our FFRDCs maintain long-term capability in core competencies in domains that continue to be of great importance to the Department, such as analysis, engineering, acquisition support, and research & development. FFRDCs are a vital component of support to the overall acquisition workforce. Other vital support comes from University Affiliated Research Centers (UARCs). UARCs are strategic DoD research centers associated with a university. UARCs provide an effective conduit for capturing diverse university-based engineering and technology capabilities that are essential to DoD. They advance DoD operations via application of leading edge research, development or engineering in specific domains and maintain core competencies in those domains for the benefit of all DoD Components and Agencies.

In parallel with strategic sizing and reshaping of the size of the acquisition workforce, other efforts are underway to improve workforce quality, talent management, and succession planning. Efforts include strengthening certification requirements to increase emphasis on producing an experienced and qualified workforce. Other quality efforts include increased opportunities for leadership and professional development, increasing acquisition training capacity, updating workforce competency requirements models, and conducting competency assessments to inform leadership on workforce capability and gaps. Creating and sustaining a high-quality acquisition workforce includes developing high-quality acquisition leaders, with leadership development focus throughout the career lifecycle. The Air Force and Navy have engaged universities to provide significant acquisition workforce leadership and development programs. The Army has partnered with the Defense Acquisition University (DAU) on the Senior Service College Fellowship – a program designed to prepare Army civilians for higher levels of leadership responsibility. The Department has significantly expanded its

portfolio of DAU executive and leadership courses available at the mid and senior grade levels for both civilian and military. DAU has also deployed training for acquisition members supporting contingency operations and others, not formally part of the acquisition workforce, who develop requirements and serve as contracting officer representatives.

The Department is improving the acquisition workforce certification process with greater emphasis on experience and qualifications. For example, the engineering certification experience requirement was expanded from four to eight years. Leadership established cost estimating as a separate career path with increased education, training, and experience requirements and eight years of experience are now required to achieve Level III certification. These updated requirements reflect strong leadership emphasis on improved quality. Other quality initiatives under consideration include focus on how to improve development of talent after certification. While major investments in training are focused on early career certification, additional effort is needed to continue strengthening the mid-career workforce. Our goal is to have a workforce that is both fully certified to today's standards and also fully qualified to perform their duties as acquisition professionals. Our "certification-to-qualification" initiative will provide a critical fourth dimension to certification – on-the-job demonstration of mastery of functional competencies. This type of additional development effort for the mid-career workforce contributes to the objectives of the "recertification" requirement established by the Fiscal Year 2011 National Defense Authorization Act.

One of the greatest opportunities and imperatives is to ensure the success of our mid-career and newly hired professionals. We must strengthen the smaller



mid-career acquisition workforce and ensure they have the capacity, capability, and experience-readiness to be acquisition leaders and take on major acquisition responsibilities performed today by a much larger senior, retirement eligible or near retirement eligible workforce. We can strengthen the mid-career workforce by making sure it has an adequate size to succeed in key and other critical acquisition positions now held by senior career acquisition workforce members. We can also strengthen the mid-career workforce by providing opportunities for master practitioners in the senior workforce to coach and mentor. We must increase the use of coaching and mentoring by master practitioners of the senior workforce. Increased coaching and mentoring will allow them to give back to the profession by accelerating the preparation and productivity of up and coming mid-career professionals who will fill the shoes of the much larger senior career workforce. This program can also help provide for increased upward mobility for the mid-career workforce. We must ensure a mid-career development program that ensures currency, builds on the early career certification program, and creates the “masters” in our acquisition profession.

We must also engage the newly hired workforce in meaningful acquisition work as part of the acquisition team. We must help them develop the expertise and experience necessary for DoD acquisition and personal success. This includes equipping supervisors and employees with excellent tools and “key experience” opportunities. We must support the DoD components and their local organizations in their deliberate efforts to develop their workforce.

Our “next chapter” of workforce initiatives will reflect completion of rebuilding workforce size/capacity and add emphasis on increasing experience, qualifications, and readiness of workforce members to effectively lead and manage

the 21<sup>st</sup> century acquisition mission. We will develop an updated workforce program master plan which will reflect updated priorities, such as the qualifications and readiness of the mid-career workforce. As part of this plan, we will review all initiatives using our Department-wide governance process and update estimates of use of the Defense Acquisition Workforce Development Fund, which is essential and must be judiciously used. We appreciate the support of this committee on the President's proposed Fiscal Year 2012 budget request to continue the acquisition workforce improvement program. We also appreciate this committee's support of the President's proposal to revise 10 U.S.C. 1705 to create a consistent 3 year availability of all funds credited to the development fund. Mixing funds with different availability periods (e.g., one year and three years) adds significant complexity to management and execution of the fund. The House appropriations reduction of \$200,000,000 to the President's FY12 budget request for DAWDF appropriations will cause a shift in the source of funding needed to DoD's statutory-based internal collection process – in effect, an undistributed reduction in the FY 2012 O&M accounts. DoD will judiciously use available funding.

The Department's collective efforts to strengthen the acquisition workforce represent a sound and effective approach to reducing risk. In addition to completing growth, the next chapter of efforts will focus on strengthening the mid-career workforce and ensuring a qualified workforce. This focus further strengthens our workforce improvement and risk mitigation strategy and continues progress and support of statutory workforce requirements. GAO found that DoD's April 2010 plan addressed five of the statutory reporting requirements, partially addressed another ten, and did not address one which required input on new legislative proposals. Competency model updates and initial assessments of the

acquisition workforce continue and most career fields will be completed in Fiscal Year 2011. Competency assessment information will be used to better inform workforce gap strategies and initiatives.

In conclusion, I believe the Department has taken decisive action to address human capital risk by rebuilding and strengthening the acquisition workforce. However, we must learn from the past and follow-through with a strategy that continuously builds and maintains a core, high-quality acquisition workforce. Acquisition is a core function of good government and national security. We must increase our buying power and deliver on efficiency and affordability imperatives while modernizing and resetting our military force. We must always ensure that our warfighters have the products and services they need to maintain a decisive edge. To achieve these imperatives, the nation and the Department must have a high-quality acquisition workforce.

Thank you for this opportunity and I welcome your questions.

Biography  
Mr. Keith Charles  
March 2011



Mr. Keith Charles is currently the Director, Acquisition, Technology and Logistics (AT&L) Human Capital Initiatives. He is a visionary leader and Human Capital program management and Federal Acquisition Subject Matter Expert. He has over thirty years of successful Senior Executive Service leadership experience in resource and manpower management. Demonstrated strategic leadership in producing the budget of the United States four consecutive years, developing and administering extremely large (multi-billion dollar) DOD budgets, and serving as U.S. Army lead in developing and persuading Congress to establish a first-ever DOD-wide modern professional Acquisition Corps.

Determined metrics and goals, set the strategic direction to meet higher-level objectives, and led the establishment of the modern DOD-wide Defense Acquisition Workforce, including all Human Capital and Education requirements. Mr. Charles created a first-ever comprehensive professional DOD Acquisition program in place of earlier haphazard, uncoordinated, and wasteful practices. Established aggressive career development programs to enhance program management expertise through Masters level programs at the Harvard Business School and the Naval Post Graduate School.

Extensive Congressional liaison and briefing experiences; testified before both chambers of Congress multiple times concerning establishment of the DOD Acquisition Corps. Expert knowledge of high-level U.S. government operations, with specific emphasis on DOD operations, and clear understanding of how U.S. government funds are justified, approved, and obtained, including daily work with the Planning, Programming, Budgeting and Execution System.

Technical advisor for conveying the necessary processes between the Executive and Legislative bodies; and diplomatic ability to satisfy very demanding requirements from the most senior officials in the government (Director of Office of Management and Budget (OMB), U.S. Comptroller, and the U.S. President), and reached agreement for diverse requirements within the Executive Branch and at the Cabinet level. Previous advisor to a U.S. President.

Mr. Charles served as the Deputy Director, Threat Reduction Support Center from 04/2004 – 12/2009 at the Defense Threat Reduction Agency. He oversaw and directed day-to-day Threat Reduction Support Center operations, including 225 professional staff, 18 administrative staff, and 12 subcontractors tasked with the objective to eliminate or safeguard nuclear, chemical, and biological weapons across the former Soviet Union. Directed and supervised nine professional task leaders with highly technical skills. Managed recurring five-year, \$255 million contract (Nunn-Lugar funding).

Deputy Assistant Secretary, Research, Development and Acquisition (SES 1-5) 06-1985 – 11/1999. Department of the Army, Washington, D.C. Managed concurrent multi-billion U.S. Army budgets, including the Army's annual \$5 billion research and development budget, \$20 billion procurement budget, and \$1.2 billion operation and maintenance budget. Played a key role in the Army's transition to compliance with Goldwater-Nichols congressional mandates designed to professionalize Army acquisition processes and the acquisition workforce.

Deputy Director of Budget of the United States four consecutive years in close consultation with OMB Director. Worked with the full Cabinet and reported to the Director of the Office of Management and Budget. Together with the OMB Director, briefed the President of the United States on the government's \$4 trillion budget.

Lead NASA congressional liaison, then Division Manager for all resources involved in space transportation, including the Space Shuttle, all expendable rockets, and the Tracking and Data Relay System. Managed approximately 75% of NASA's \$4 billion budget dedicated to space transportation. Instrumental in leading project management and securing funding for the Space Shuttle program. Organized Congressional and VIP attendance at the first Space Shuttle launch and landing, 1981.

Mr. Charles graduated with a Bachelor of Science from the University of Minnesota, 1971; a Master's in Public Administration from the University of Southern California, 1973; a certificate in Public Policy from the School of Public Policy, Harvard University, 1985; and has completed all coursework for a Ph.D. in Public Administration, from the University of Southern California.

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**WITNESS RESPONSES TO QUESTIONS ASKED DURING  
THE HEARING**

JULY 14, 2011

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**RESPONSE TO QUESTION SUBMITTED BY MRS. HARTZLER**

Mr. TAMBURRINO. Yes, the Department has developed competency models which include the tasks, skills, knowledge, and abilities required in an occupation and grade level. The Department is now working on a plan to expand functional communities and develop competency models to cover all the major occupations in the DOD workforce by FY 2015. In addition, efforts are underway to develop and implement tools for DOD-wide competency assessment and workforce forecasting and analysis. These tools are needed to facilitate more comprehensive workforce planning across the Department. The goal is to complete these projects and achieve a Department-wide competency gap assessment and strategic workforce plan for closing critical competency gaps by FY 2015. [See page 18.]





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**QUESTIONS SUBMITTED BY MEMBERS POST HEARING**

JULY 14, 2011

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### QUESTIONS SUBMITTED BY MR. MCKEON

Mr. MCKEON. In briefings the committee staff had with DOD Personnel and Readiness last year, the staff was informed that P&R was on the verge of issuing several new policies related to total force management and manpower management as well as on the contractor inventory (to leverage the Army inventory model). To date, we have seen nothing. How can P&R and the Department properly fulfill their total force management responsibilities in the absence of these policies? These policies supposedly were “imminent” so what has been the delay—almost a year in some cases? When will these policies finally be implemented?

Mr. TAMBURRINO. In light of shifting mission requirements and current fiscal constraints, our goal is to ensure that policies meet not only the letter but the intent of the law, and also support the operational needs of our commanders and the management requirements of decision makers. To that end, memoranda directing and/or facilitating the implementation of recent statutory changes have been signed out to various organizations across the Department in the past six months. Currently, these policy memorandum and guidance documents are in various stages of coordination across the Department. As those policies are issued, they are disseminated across the Department and will be made available to the Congress when complete.

Mr. MCKEON. The DOD IG has released reports noting that the Army and Air Force have inappropriately outsourced inherently governmental functions. This is very disturbing since it puts the Government at tremendous risk of waste, fraud and abuse. What is the Department doing to rein in misuse of contractors in these instances?

Mr. TAMBURRINO. In order to minimize the potential risks, the Department is committed to meeting its statutory obligations under Title 10 (sections 2330a, 2383, and 2463) to annually inventory and review its contracted services, identifying those that are inappropriately being performed by the private sector and should be insourced to Government performance. This review includes not only those services that are identified to be inherently governmental in nature but also those that are determined to be so closely associated with inherently governmental functions as to reasonably warrant Government performance. Some of these services may be determined to be no longer required or of low priority, and as a consequence may be eliminated or reduced in scope, while others may be identified for insourcing. Others may appropriately continue to be contracted for but require additional Government oversight and control to minimize the risk of fraud, waste, and abuse. Those contracted services that meet the necessary criteria (consistent with governing statutes, policies, and regulations) will be insourced to Government performance.

Mr. MCKEON. Are there going to be civilian reductions-in-force (RIF) because of the billet freeze? In a RIF, people already near retirement stay and the younger employees go. As such, the skills you may need are not necessarily the skills you retain. Given the magnitude of reductions you may need to make to meet the billet freeze, how will that affect the long-term viability of your mission, and retention of the right civilian and contract skills mix?

Mr. TAMBURRINO. Until all reviews are completed and organizational efficiencies fully implemented, projecting potential RIF actions in the future would be premature. The Department is committed to its civilian workforce and uses all possible personnel tool/processes available to avoid the potential for involuntary separations. The current guidance is to maintain FY10 civilian funding levels, with some exceptions, for the next three years. This direction was implemented in conjunction with organizational assessments and mission/function prioritization. DOD organizations, military departments and defense agencies continue to review their workload and staffing (military, civilian, and contracted services), identifying low priority or marginal value functions for elimination. As part of these reviews, resources/personnel may be realigned/reassigned to minimize potential adverse personnel actions, such as reductions-in-force (RIF), with some RIF notices. In instances when and where appropriate, organizations have requested and have been granted relief from FY10 funding levels to meet critical workload requirements and ensure appropriate workforce mix and skill allocation.

Mr. MCKEON. Historically, civilian personnel freezes have led to increased contracting out. The work still needs to be done and if civilian employees cannot be used, then contracts will be awarded instead. What mechanisms are being put into place to ensure that contractors will not be substituted for civilians?

Mr. TAMBURRINO. The Department remains committed to meeting its statutory obligations under 10 USC 2463, which requires special consideration for using DOD civilian personnel for new or expanding work. This consideration regarding DOD civilian personnel is consistent with applicable policies such as those regarding cost, "Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support" (as updated in October 2010), and the Department's workforce mix criteria, to include risk assessment and mitigation, in DOD Instruction 1100.22, updated April 2010.

While current direction to DOD Components is to hold (through FY 2013) to FY2010 funding levels for civilian personnel (with some exceptions), DOD components are also being asked to reduce/eliminate lower priority activities and streamline those that remain. New/expanding work requiring civilian performance may be performed by existing personnel by refining existing duties or requirements; establishing new positions by eliminating/shifting equivalent existing manpower resources (personnel) from lower priority activities; or requesting an exception to the civilian funding levels.

Mr. MCKEON. Please discuss the contradiction between the Department's 2009 human capital strategic plan which stated that civilian senior leader requirements would increase by 400 positions by 2015 and the Secretary of Defense's expectation that the Department would eliminate at least 150 senior leader positions over the next two years.

Mr. TAMBURRINO. In the 2009 report, 240 immediate needs were identified and 400 additional Senior Executive Service (SES), Senior Level (SL), and Scientific and Technical (ST) requirements were projected by 2015 based on mission requirements. At that time, the Department was growing considerably with emerging requirements. However, in FY 2010, the Department conducted a comprehensive review of its Civilian Service Executive cadre in order to eliminate positions that were not aligned with DOD's current mission set. After concluding this review, the Department then identified 209 Civilian Senior Executives (to include Defense Intelligence Senior Executive Service (DISES) and Defense Intelligence Senior Level (DISL) positions) to be eliminated, combined or downgraded.

Mr. MCKEON. Secretary Gates told *The Washington Post* that Federal employees were 25% less costly than contractors. He also stated that insourcing hadn't realized the savings he had hoped for. The Department has reported to the Congress that in the past year significant efficiencies have been realized through insourcing. Can you please reconcile these statements?

Mr. TAMBURRINO. Yes. As a result of insourcing, in the fiscal year 2010 budget, the Department made reductions to specific categories of contracted services dollars. In the budget for fiscal year 2010, the reduction associated with insourcing contracted services was \$900 million. However, elsewhere and outside of insourcing, the funding allocated to contract services varied. The growth in all contracted services for FY2010 was more than \$5 billion, resulting in a net \$4.1 billion of growth in contracts. This was the context for Secretary Gates' remarks. DOD components have found that they can generate savings or efficiencies through insourcing certain types of services or functions. These savings are generally not visible at a macro DOD-wide level and materialize in the form of resource realignment at the individual Component or command level to other priorities or requirements.

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#### QUESTION SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. In the current constrained fiscal environment, do civilian personnel limitations imposed by the efficiency initiative essentially limit insourcing, even where civilian performance is demonstrably more cost efficient than continued contract performance or where the work is inherently governmental or closely associated with inherently governmental?

Mr. TAMBURRINO. While current direction is to hold to FY10 civilian funding levels (with some exceptions) through FY13, this does not preclude the Department from rebalancing the workforce and aligning work to the Government workforce that is more appropriately performed by civilian employees.

The Department remains committed to meeting its statutory obligations under Title 10 (sections 2330a, 2383, and 2463) to annually inventory and review its contracted services, identifying those that are inappropriately being performed by the

private sector and should be insourced to Government performance. This includes services that are:

- inherently governmental or closely associated with inherently governmental in nature;
- may otherwise be exempted from private sector performance (to mitigate risk, ensure continuity of operations, build internal capability, meet and maintain readiness requirements, etc);
- require special consideration for Government performance under the provisions of 10 USC 2463; or
- can be more cost effectively delivered by the Government, consistent with the Department's statutory obligations under 10 USC 129a and based on a cost analysis.

Those contracted services that meet the necessary criteria (consistent with governing statutes, policies, and regulations) will be insourced, by:

- absorbing work into existing Government positions by refining duties or requirements;
- establishing new positions to perform contracted services by eliminating or shifting equivalent existing manpower resources (personnel) from lower priority activities; or on a case-by-case basis, requesting an exception to the current civilian funding levels.

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#### QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. How can the Department of Defense adequately ensure synchronization between separate and discrete military, civilian employee, and contractor decisions and ensure that alleged savings from reducing one category of manpower are not offset by increases in other categories of manpower, in the absence of P&R policy and any active role in the efficiencies process? While we applaud the objective of finding efficiencies, we fear the effort could fail precisely because of this absence of a total force management perspective and P&R activity, a vacuum that seems to be filled by uncoordinated Comptroller, CAPE, and efficiencies task force actions.

Mr. TAMBURRINO. Across the entire Department, improvements to the Total Force management of our active/reserve military, Government civilians, and contracts for services is critical if we are to control personnel costs as a share of the budget. We are changing how we strategically look at the Total Force, both as we execute our mission and plan across the FYDP. We must start at the beginning by carefully assessing "demands" for manpower, rigorously determining which should be funded and then how (active/reserve military, civilians, or contracts). To that end, memoranda directing and/or facilitating the implementation of recent statutory changes have been signed out to various organizations across the Department in the past six months.

Total Force Management requires a holistic analysis and prioritization of the work to be done, and the identification and investment in the most effective and efficient component of the workforce to best accomplish the tasks to deliver the capabilities and readiness we need. The cost of military, Government civilians, and/or contractors depends greatly on individual facts and circumstances. Given that, we must do more to objectively analyze not only the demands for manpower but, if appropriate to resource, what the best "Total Force solution or mix" might be. Additionally, the separate decisions that affect each component of the Total Force must be better synchronized to achieve the desired outcomes and balance operational, fiscal, and acquisition risks.

Our work must not only include the development and promulgation of policies, but we must also ensure the Department provides managers with the tools, resources, training, and information necessary to achieve the outcomes we desire in this increasingly austere fiscal environment. Lastly, our current business processes must be better synchronized if we are to achieve a more appropriate balance in our workforce, aligning inherently governmental activities to military and civilian workforces and commercial activities to the most cost effective service provider—be that military, civilian, or contracted support.

Mr. FORBES. What steps is the Department taking to improve the visibility of contracted services and ensure that such services gets the same oversight that are currently afforded to the military and civilian workforce?

Mr. TAMBURRINO. The Department is refining how we inventory contracted services, to collect the actual direct labor hours and costs related to a specific task, as opposed to estimating contractor full time equivalents based on the dollars obligated

for an entire contract (which also includes overhead and profit for the private sector) in accordance with Congressional direction and Title 10 requirements. In the past year, the Department has supported increased visibility into contracted services by improving the utility of the Inventory of Contract Services (ICS) and establishing related management mechanisms. This includes: expanding the ICS' level of detail, adopting a uniform taxonomy across DOD that organizes Product Service Code (PSC) functional groups into mission categories, and installing senior service managers to manage contracted services by portfolio.

In general, we purchase services, as opposed to specific numbers of employees, from private sector firms. It is not appropriate or accurate for DOD to "count" contractor employees for the purposes of oversight or workload accounting. However, it is critical that we understand with greater clarity all of the services DOD contracts for, and measure and assess that work against a standard measure of work ("full-time equivalents") for our full-time Government personnel.

Mr. FORBES. What do you view as the current weaknesses in the DOD workforce? And, in your view what are the causes for those weaknesses? Conversely, what are the strengths?

Mr. TAMBURRINO. We are currently finalizing the 2010–2018 Strategic Workforce Plan for Congress that will identify workforce challenges and strategies to address workforce gaps based on requirements in mission critical occupations. A significant weakness of the current workforce plan is that competency identification and gap analysis have been limited. While competencies have been developed, or are in the process of being developed for most mission critical occupations, the Department lacks an enterprise tool to assess, track, and manage competencies across the workforce of nearly 800,000 employees. However, the current workforce plan does forecast workforce needs and gaps in mission critical occupations, identifies strategies to address environmental challenges, and includes results-oriented performance measures to track planning progress. The goal is to fully implement competency management tools across the Department for all major occupations and develop a workforce plan that fully meets the statutory planning requirements by FY 2015.

As far as the strengths, the Department is building upon the improvements in managing the utilization of our senior leaders. We have designed and implemented executive development programs and a talent management process that is starting to develop and hone in on the core competencies we have identified as critical for our Senior Executive Service (SES), Senior Level (SL), and Scientific and Technical (ST) workforce. One area of additional focus is on our ability to succession plan to at the Enterprise level. We currently possess the ability to succession plan at the Component level, but recognize that in order to be able to know our talent capabilities as a Department, we must augment our process and tools to move to a level where we can effectively move talent across the Department. At the Component level, the services have established a robust talent management system and succession planning to accomplish this. However, we have not reached the ability at the present time to perform this at the Enterprise level. We are working towards that goal and are making significant efforts.

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#### QUESTIONS SUBMITTED BY MR. TURNER

Mr. TURNER. Could you please explain the apparent contradiction between the Department's 2009 human capital strategic plan which stated that civilian senior leader requirements would increase by 400 positions by 2015 and the Secretary of Defense's expectation that the Department will eliminate at least 150 senior leader positions over the next two years?

Mr. TAMBURRINO. In the 2009 report, 240 immediate needs were identified and 400 additional Senior Executive Service (SES), Senior Level (SL), and Scientific and Technical (ST) requirements were projected by 2015 based on mission requirements. At that time, the Department was growing considerably with emerging requirements. In FY 2010, the Department conducted a comprehensive review of its Civilian Service Executive cadre, seeking to eliminate positions that were not aligned with DOD's current mission set. Concluding this review, the Department identified 209 Civilian Senior Executives (to include Defense Intelligence Senior Executive Service (DISES) and Defense Intelligence Senior Level (DISL) positions) to be eliminated, combined or downgraded.

Mr. TURNER. What is the status of the Department's assessment of its senior leader positions, in response to the Secretary's memo? What were the results of the assessment and were they documented as GAO had recommended?

Mr. TAMBURRINO. In response to GAO's recommendation to document our biennial process, we have included this process in Department of Defense Instruction (DoDI)

1400.25, Volume 923, "DoD Civilian Personnel Management System: Career Life Cycle Management of Executive Talent and Sourcing," which is currently entering the Department's formal coordination process. The Secretary's Efficiency Initiative resulted in 209 Civilian Senior Executive (CSE) positions for elimination or downgrade. This CSE population included Senior Executive Service (SES), Senior Level (SL), Senior Technical (ST), Defense Intelligence Senior Executive Service (DISES), Defense Intelligence Senior Level (DISL), and Highly Qualified Experts (HQE). Currently, the Department has eliminated 102 CSE positions.

Mr. TURNER. Are there going to be civilian reductions-in-force (RIF) because of the billet freeze? Given the magnitude of reductions you may need to make to meet the billet freeze, how will it affect the long-term viability of your mission, and retention of the right civilian and contractor skills mix?

Mr. TAMBURRINO. Until all reviews are completed and organizational efficiencies fully implemented, projecting potential RIF actions in the future would be premature. The Department is committed to its civilian workforce and uses all possible personnel tool/processes available to avoid the potential for involuntary separations. Current guidance is to maintain FY10 civilian funding levels, with some exceptions, for the next three years. This direction was implemented in conjunction with organizational assessments and mission/function prioritization. DOD organizations, military departments and defense agencies continue to review their workload and staffing (military, civilian, and contracted services), identifying low priority or marginal value functions for elimination. As part of these reviews, resources/personnel may be realigned/reassigned to minimize potential adverse personnel actions, such as reductions-in-force (RIF). In instances when and where appropriate, organizations have requested and have been granted relief from FY10 funding levels to meet critical workload requirements and ensure appropriate workforce mix and skill allocation.

Mr. TURNER. In February 2011 GAO noted that acquisition management has a shortage of trained personnel to oversee increasingly complex contracts. With this in mind, could you please explain then why the Air Force did not exempt acquisition personnel in their May 2011 Implementation of Civilian Hiring Controls?

Mr. CHARLES. Current Air Force hiring controls exempt acquisition positions funded by the Defense Acquisition Workforce Development Fund.

Mr. TURNER. The April 2010 workforce strategy indicated that DOD intended to grow its acquisition workforce by nearly 20,000 individuals through fiscal year 2015, through a combination of about 10,000 new hires and an equal number from insourcing functions that were being performed by contractor personnel. Since the report was issued, the Secretary of Defense has announced his intent to limit DOD's budget growth and announced that insourcing decisions were to be made on a case-by-case basis. Could you explain the reasoning in these two differing positions? Does AT&L plan to publish a policy on human capital management?

Mr. CHARLES. DOD has made significant progress towards increasing capacity of the in-house acquisition workforce and has continued growth supported by the Defense Acquisition Workforce Development Fund. DOD is assessing its progress and at this time it is appropriate that additional insourcing that would result in new civilian funding requirements be approved on a case-by-case basis. DOD is working closely with DOD components on continuation of efforts to strengthen the workforce and is preparing an updated human capital report which will be provided to Congress.

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#### QUESTIONS SUBMITTED BY MR. PALAZZO

Mr. PALAZZO. As a small business owner and a CPA I am all too familiar with the challenges of running a business, and as a Marine and an Active National Guardsman, I have had an opportunity to work with the DOD's civilian workforce in many different capacities. Lack of leadership and lack of a consistent approach in reforming and modernizing the Federal Government's management practices is nothing new, and the lack of consistency and effective practices has created a serious problem within the DOD. I think this is one of the biggest challenges facing our committee. Because of mistakes made within DOD (or by previous policy makers), it is vital that the members of this committee identify the problems, correct the errors, and assist DOD in identifying the steps to avoid these problems (in the future). I for one want to ensure that the people of my district and the men and women serving our country in uniform are not negatively affected by these same issues. My district includes several military bases that I am very proud of and I am particularly proud of the men and women who are working there, and the thousands of soldiers and airmen that come through every year for training or deploy-

ments. One of the issues that I consistently hear about from the men and women working in support of the DOD facilities in Mississippi is insourcing within the Department of Defense.

a) Do you believe that insourcing jobs to the Federal Government has had any effect on the problems that we are seeing today in the field of Human Capital Management, leadership and management practices in particular?

b) I believe that the private sector's management practices, in many cases, are superior and more focused than those used within our DOD civilian workforce. What are your thoughts on the practices used by industry versus those used within DOD?

c) Are there any partnerships to be gained here, by which the DOD can use proven business practices to get back on track?

Mr. TAMBURRINO. a) No. Across the Department, insourcing has been a very effective tool to rebalance the workforce, realign inherently governmental and other critical work to Government performance (from contract support), and in many instances, to generate resource efficiencies for higher priority goals. Among other things, our insourcing efforts support operational readiness, mitigate risk, and ensure continuity of operations. These efforts help deliver the best support possible, with an appropriately structured workforce and in a fiscally efficient manner, to our Soldiers, Sailors, Airmen, and Marines, and their families.

b) DOD is aggressively moving toward Strategic Human Capital Management business practices (also in use with the private sector) that enhance our ability to develop a high-performing workforce that meets the mission needs of DOD today and in the future. We are moving in the direction of developing a portfolio of analytical capabilities which will allow us to understand the demand signal for personnel resources, to include the proper workforce mix of active and reserve military, civilian, and contract requirements, and to identify the strengths and weaknesses in the skill portfolio of our workforce. DOD is tracking strategic workforce planning progress using results-oriented performance measures, which are being further refined and institutionalized. We are also implementing a corporate governance structure to oversee the effective management Total Force planning and requirements.

c) Though the Federal hiring process differs from private sector processes due to Merit System Principles established through Federal regulation, DOD has leveraged a number of private sector practices as part of its hiring reform implementation efforts. Since 2007, DOD has conducted Business Process Review efforts across the enterprise using Lean Six Sigma methodology to identify inefficiencies in its overall hiring process. In addition, the Department has reviewed studies conducted by the Corporate Leadership Council, the Corporate Executive Board, and the Partnership for Public Service, thereby adopting best practices in hiring metrics, strategic recruitment, and candidate assessment. Some of these best practices include streamlining job opportunity announcements, developing executive dashboards, developing targeted candidate assessments, and creating onboarding training for hiring managers. Finally, DOD has partnered with the Office of Personnel Management to develop competency models that identify the toolkit of skills that employees in a career field should possess as they progress from entry through senior-level positions.