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# DOD CIVILIAN PERSONNEL

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

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Highlights of [GAO-11-827T](#), a testimony before the Committee on Armed Services, House of Representatives

## 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](mailto:farrellb@gao.gov) or John P. Hutton at (202) 512-7773 or [huttonjp@gao.gov](mailto:huttonjp@gao.gov).

July 14, 2011

## DOD CIVILIAN PERSONNEL

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

## 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 8 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.

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## 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

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<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**

	<b>Overall civilian workforce</b>	<b>Senior leader workforce</b>	<b>Acquisition workforce</b>
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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