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JUN 25 2004 TD9816

The Honorable J. Dennis Hastert
Speaker of the House
Washington, DC 20515-1314

Dear Mr. Speaker:

This letter transmits the Department of Defense's (DoD's) Report on Security Guards Needs Assessment and Plan pursuant to section 332 of the National Defense Authorization Act for Fiscal Year (FY) 2003 (P.L. 107-314). The report is required to provide information on: (1) any requirements for the performance of security guard functions at military installations and facilities that are expected to continue for more than three years after enactment and, in the absence of further action by the Secretary of Defense or Congress, would otherwise be performed by military personnel; and (2) the Department's plan for meeting those requirements on a long-term basis.

As indicated in the report, the Department is in the early stages of a significant expansion in its security guard force. Over the next few years, the force will grow by over 60 percent, compared to its size in FY 2001, and then will remain stable for the foreseeable future. The increase in security guard requirements has been driven primarily by the increased threat of terrorist attack since September 11, 2001. DoD components have in turn increased security on installations to mitigate this threat.

Although much focus has been placed on whether the Department is displacing civilian security guards with contract guards, the data contained in the report clearly show that neither contract guards nor any other component is displacing the civilian direct-hire workforce. In fact, the civilian direct-hire workforce expanded from FY 2000 to FY 2002 and is projected to be level thereafter. In interviews with DoD security resource managers, we found that contract guards were not common across most of DoD because their use is limited by the prohibitions in section 2465 of title 10, United States Code.

Legislative relief will be necessary to meet the Department's long-term security guard needs. Expanding either the civilian or the active military workforce to address new requirements is difficult because the end strength of both workforces is constrained and there are many other demands for these personnel. As a result, contract guards could play an important role in the future. Although the prohibitions on using contract guards have been relaxed, the Department has been unable to utilize the new authorities, in part because they offer only a temporary solution to a long-term need. As part of the overall management of force protection, it is important to the security of DoD installations and

facilities that the Department have the flexibility to contract for security guard functions where it is prudent and cost effective.

A similar letter has been sent to the President of the Senate and the chairmen and ranking members of the congressional defense committees.

Sincerely,

Michael W. Wynne
Acting

Enclosure:
As stated

Department of Defense Report:

Security Guards

Needs Assessment & Plan

June 2004

DOD SECURITY GUARDS
NEEDS ASSESSMENT AND PLAN

This report responds to a requirement in section 332 of the National Defense Authorization Act for Fiscal Year (FY) 2003 (P.L. 107-314). Specifically, section 332 required that the Department:

- Identify any requirements for the performance of security guard functions at Department of Defense military installations and facilities that are expected to continue for more than three years after enactment of the Act and, in the absence of further action by the Secretary of Defense or Congress, would otherwise be performed by members of the Armed Forces; and
- Submit, to the congressional defense committees, a plan for meeting those requirements on a long-term basis.

In addition, this report introduces a proposal and rationale for additional legislative relief from the current prohibition on contracting for security guard functions.

DATA COLLECTION

The data collection effort necessary to prepare this report began in April 2003 and was completed in June 2003. In addition to the collection of data on the Department's security guard authorizations, discussions were held with security guard resource managers from each of the Department's active and reserve components.

DOD SECURITY GUARD FUNCTION

Security Workforce Projections

The Department's "increased performance"[1] in security guard utilization is summarized in Figure 1, with the data tabulated in the corresponding Table 1. The methodology for compiling the tabulation is consistent with that of a more general

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[1] "Increased performance" as defined by the Act refers to marginal increases in security guard utilization beyond the levels in place on September 1, 2001, including both new guards at previously unguarded locations and increased numbers of guards at previously guarded locations.

database of all DoD security resources that was developed and maintained[2,3] by the Institute for Defense Analyses over the past 10 years. The data represent estimates of work-year resources being devoted to security.

Figure 1. Estimates of DoD-Wide Security Guard Utilization

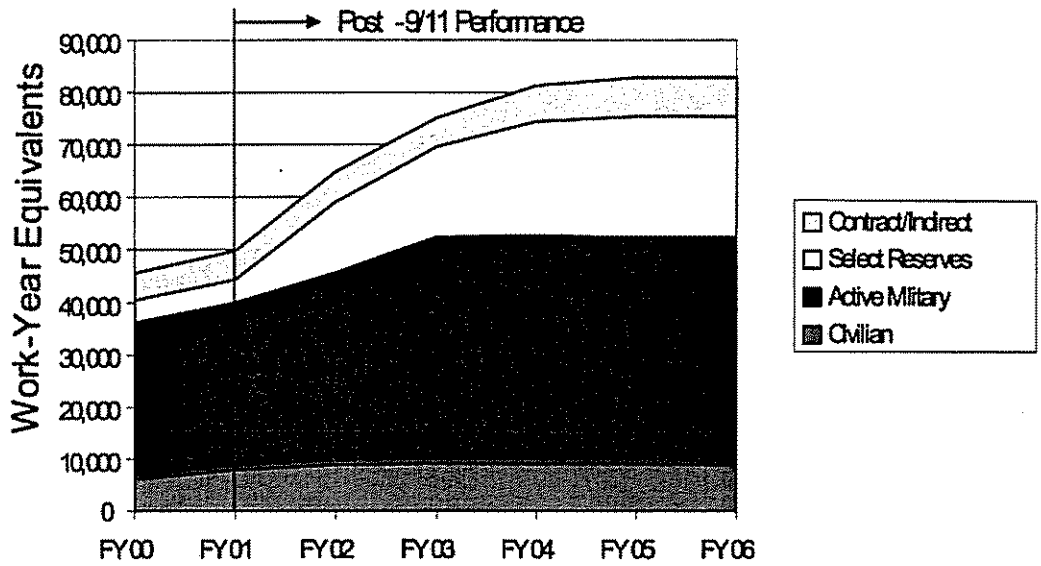

Table 1. Data for the Estimates of DoD-Wide Security Guard Utilization

Type of Guard	Estimated Work Year Equivalents DoD Wide						
	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Civilian	6,100	8,000	9,100	9,100	9,100	9,100	9,100
Active Military	30,000	31,900	36,600	43,400	43,500	43,500	43,500
Select Reserves	4,200	4,400	13,400	17,000	21,800	22,900	22,900
Contract/Indirect	5,100	5,600	6,000	5,500	6,800	7,300	7,300
Totals							
Total Work Years	45,400	49,900	65,100	75,000	81,200	82,800	82,800
Increase Performance above 9/11 levels	-4,500	0	15,200	25,100	31,300	32,900	32,900
Percent Change (relative to FY01)	-9	0	30	50	63	66	66

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2 *Framework for a Broad Area Review of Protection Policy (U)*, Volumes 1 and 2, IDA Paper P-3636, July 2001, UNCLASSIFIED.

3 *Security Resources in the DoD Infrastructure (U)*, IDA Paper P-3386, April 1998, SECRET.

The data came from a variety of sources, depending on the type of security guards in question and whether the data represent a snapshot of documented prior experience or a projection of future performance. The civilian and active military data through FY 2002 should be quite accurate because they came primarily from personnel database records. The projections beyond FY 2002 are derived from Service budget estimates submitted in the most recent Antiterrorism Program Budget Justification.[4] Recent review of the FY 2005 budget books indicates that these projections beyond FY 2002 are still reasonably accurate.

When assessing the data, two caveats should be considered:

- In times of rapid expansion such as that displayed in the data, requirements for support rise more rapidly than the standing workforce can adjust to the changes. As a consequence, much of the increases shown for FY03 and FY04 have been met through overtime and diversion of other non-security personnel from the active, reserve, or civilian components to guard duty, but such local measures are extremely difficult to document.
- The increase in active military from FY 2000 to FY 2002 is primarily due to the expansion and revitalization of the Navy Master at Arms program. The flat projections beyond 2003 may understate these forces to a small extent.

As the data indicate, DoD is in the early stages of a large-scale expansion in its security guard force. Over the next few years, the force will grow by over 60 percent, compared to its size in FY 2001, and then will remain relatively stable for the foreseeable future. The increase in security guard requirements has been driven primarily by the increased threat of terrorist attack since September 11, 2001. DoD components have increased force protection condition baselines to mitigate this threat. Components have also made decisions to control access to posts which prior to September 11 were open to the public, and increase security of critical facilities, all of which have resulted in increased security guard requirements. DoD installations have concluded that they can no longer accept the risk of leaving guard positions unfilled, even at bases within the United States.

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[4] Combating Terrorism Activities, FY 2004 Budget Estimates, Office of the Secretary of Defense, April 2003, Unclassified.

Increases in the contract guard workforce prior to FY02 are for guards not primarily guarding DoD installations, but guarding DoD facilities below the installation level. Some of these increases were authorized in the Army and Navy anti-terrorism programs. For example, the Pentagon Force Protection Agency has responsibility for protecting numerous facilities throughout the National Capital Region. Section 2674 of title 10, United States Code, authorizes the Secretary of Defense to hire contract guards within the National Capital Region.[5]

The rapid increase in security guard utilization following FY 2002 is projected to come primarily from reserve military and, to a lesser extent, contract guards. These projections are documented with a separate line in the Navy budget. For the other Services, these projections are based on interviews with action officers responsible for this type of planning.

Plan for Meeting the Requirements

Security guard policy extends across all of DoD, but most centralized planning is done at the level of Service active and reserve components, rather than centralized DoD-wide. Unit commanders make key decisions locally, with the higher echelons providing oversight to ensure consistency with general policy guidelines. Thus, planning decisions are normally articulated as needed for specific issues.

The main issue facing the Department is not whether to transfer work from one sector of the security guard workforce to another, but rather how to support and sustain the remarkable increase in workforce requirements. The data in Figure 1 and Table 1 clearly show that the civilian direct-hire workforce is not being displaced by contract guards or any other component. In fact, it expanded from FY 2000 to FY 2002, and is projected to be level thereafter. A more detailed examination of the data in Table 1 also indicates that this trend holds for individual components, as well as for the Department as a whole.

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5 Subsection 2674(b)(1) of title 10, United States Code, states that the Secretary of Defense may appoint military or civilian personnel or contract personnel to perform law enforcement and security functions for property occupied by, or under the jurisdiction, custody, and control of the Department of Defense, and located in the National Capital Region. This specific statutory authority gives the Secretary authority to hire contract guards, in spite of the prohibition in section 2465 of title 10, United States Code.

Section 2465 of title 10, United States Code, prohibits the use of appropriated funds for contracts to perform firefighting or security-guard functions at any military installation or facility, with certain exceptions. Those exceptions include a contract to be carried out at a location outside the United States, if performance of the function by members of the armed forces would degrade readiness; a contract to be carried out on a government–owned, privately-operated installation; and a contract for performance of a function under contract as of September 24, 1983. As mentioned above, section 2674 of title 10 authorizes the Secretary of Defense to enter into contracts for security-guard functions in the National Capital region. In addition, section 332 of the National Defense Authorization Act for FY 2003 ("section 332") provides temporary relief from this prohibition by authorizing DoD to employ new contract security guards during FY 2003, FY 2004 and FY 2005, to meet increased requirements established in response to the terrorist attacks of September 11, if the following criteria are met:

- the contract guards displace active or reserve military personnel performing as security guards (i.e., not civilian direct-hire workers); and
- security at the affected installations is not diminished; the capabilities of the contract guards are comparable to the military guards they replace, and the contract guards are properly supervised.

To meet the Department's increased requirements, contract guards will play an important role. Meeting the increase through expanding either the civilian or active military workforce may be difficult because the end strength of both workforces is constrained and there are many other demands for these personnel. Because hiring new contract guards was prohibited prior to the passage of section 332, most of the increases have been drawn from reserve components, and this remains the most likely source for more capacity. In the long term, Reserve Components should not be used in full-time sustained rolls because such usage conflicts with the basic concept of how reserve components should be used.

As a part of the work needed to produce this report, interviews were conducted with security resource planners in each of the DoD active and reserve components. Of the four cases detailed below, only the Army and Defense agencies are likely to pursue contract guards to meet their security guard requirements. The Navy and Marine Corps do not plan to meet their requirements with contract guards.

- The Army Reserve considered using contract guards to replace an annual requirement for roughly 1,400 Army reservists to guard Army Reserve facilities. However, they are moving away from this option due to constraints in the current law.
- The Army is working to address requirements for approximately 6,000 work years of additional requirement. They intend to utilize a combination of increased Army civilian police and guards and contract security guards in lieu of the continued mobilization of Reserve Component soldiers to meet the increased security requirements at Army installations. The Army committed GWOT funds for implementation of contract guard services at nineteen installations in FY 2003 and an additional thirty-one installations in FY 2004. The Army's utilization of contract security guards enables them to maintain the appropriate security posture necessary for its installations while minimizing borrowed military manpower. Furthermore, the Army is then able to train a larger percentage of their soldiers for their more military essential wartime missions.
- The Air Force and its reserve components must address requirements for approximately 8,500 work years that are being temporarily supported by Army National Guard forces during FY 2003 and FY 2004. Using contract guards for a single year in FY 2005 appears to be a possible but limited solution.
- Defense agencies are primarily concerned with security outside of DoD installations, and they anticipate a mixture of contract and civilian direct hires in their security workforces.

To date, the Department has made limited decisions to hire contract guards under the provisions of section 332. In addition, a small number of contract guards have been added to the workforce in recent years, but they have not been hired under the provisions of this Act. The Department may decide to hire contract guards for FY 2004 and FY 2005, but may reject that alternative as a short-term solution to a long-term problem because of the time limitation (without additional relief) in section 332.

NECESSARY LEGISLATIVE RELIEF

DoD has placed high priorities on the Force Protection and Anti-Terrorism mission, even before the terrorist attacks of September 11, 2001. Although DoD security forces were cut by nearly one-third after the Gulf War in 1991, the terrorist bombing of

Khobar Towers during the summer of 1995 highlighted the dangers of lapses in force protection, and funding for security increased dramatically after that date.[6] At the same time, the Joint Staff established the J-34 section to focus on Force Protection and Anti-Terrorism; J-34 soon instituted a systematic program for reviewing protection capabilities at DoD installations worldwide—the Joint Staff Integrated Vulnerability Assessments (JSIVA). The Services subsequently developed procedures parallel to the JSIVA in providing oversight of their own installations, both domestic and foreign. Attention to Force Protection and Anti-Terrorism has increased even more since the events of September 11.

The missions of Force Protection and Anti-Terrorism are accomplished primarily by security guards. Although materiel resources (e.g., sensors, cameras, barriers) play a vital role in making individual guards more effective, roughly 85 percent of resources supporting this area have generally been personnel costs.[7] The personnel support can be drawn from four groups within DoD: active duty military, active civilian (direct hire), reserve component military, and contract guards. All four groups are currently employed, but the use of contract guards at DoD installations has, for the most part, been restricted to those in place prior to September 24, 1983, because of legislative restrictions in section 2465 of title 10, United States Code.

Although the temporary relief in section 332 was a welcome change, as mentioned above the Department made limited use of the new authority for several reasons. First, the increase in requirements was met using active and reserve personnel prior to enactment of the amendment. Second, although the Department had the authority to contract for guards, no additional funding was budgeted for FY 2003 for those purposes. Lastly, a three-year authority has limited usefulness because, as the data show, a long-term solution is necessary for meeting the Department's increased security needs. The Department has submitted legislation to extend section 332 through FY 2007 to address this issue.

A review of the legislative history indicates that the prohibition against contracting for security guard functions derives from a concern that increased contracting could lead to an adverse impact on national security and a loss of government employee jobs. In

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6 *Resource Estimates for Counterintelligence, Security and Related Activities (U),* IDA Paper P-2988, October 1994, SECRET.

7 Id.

fact, the Services have not experienced any significant degradation of readiness at the sites at which functions have been outsourced under the exceptions in section 2465. To the contrary, section 2465's inflexibility has degraded readiness by decreasing the commanders' ability to reallocate government and civilian personnel in response to changing requirements and has acted as an impediment to efficient and cost-effective operations.

In times of a heightened security posture based on terrorist threats and similar exigencies, current federal employee staffing for security guards is inadequate to meet and sustain the standards and protection measures required at military installations. As part of the overall management of force protection, it is important to the security of these installations that the Department have the ability to contract for security guard functions where it is prudent and cost-effective.