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February 23, 2023

Hon. Ken Calvert
Chair, Subcommittee Defense
House Appropriations Committee
H-405 The Capitol
Washington, D.C. 20515

Hon. Jon Tester
Chair, Subcommittee Defense
Senate Appropriations Committee
122 Dirksen Building
Washington, D.C. 20510

Hon. Betty McCollum
Ranking Member, Subcommittee Defense
House Appropriations Committee
H-405 The Capitol
Washington, D.C. 20515

Hon. Susan Collins
Ranking Members, Subcommittee Defense
Senate Appropriations Committee
122 Dirksen Building
Washington, D.C. 20510

Dear Chair and Ranking Member and Members of the Subcommittee:

On behalf of the more than 750,000 federal and District of Columbia employees represented by the American Federation of Government Employees, AFL-CIO (AFGE), including 250,000 working in the Department of Defense, I am writing to express concerns about some proposals from Rep. Ken Calvert, Chairman of the Defense Appropriations subcommittee.

In a recent press conference on February 9, 2023, as reported in *Defense News*, Chairman Calvert advocated the same reductions to the Defense civilian workforce that he has repeatedly done in the past, with a slightly different wrinkle: use turnover and only backfill an arbitrary percentage of vacant civilian positions to achieve the same savings figure he has used in the past of \$125 billion over five years.¹ There are indications that the Department of Defense is likely taking the path of least resistance in developing its Fiscal Year 2024 budget by in fact instituting civilian reductions over the Future Year Defense Program (FYDP) years based on attrition and not backfilling an arbitrary ratio of civilian positions, claiming that this is saving money. The problem with this approach is that actual waste is not being cut while cutting the civilian workforce will hollow out the Department's capabilities, repeating mistakes from the past.

¹See, H.R. 340, "Rebalance for an Effective Defense Uniformed and Civilian Employees (REDUCE) Act" (Jan. 14, 2015). During a March 21, 2017, House Oversight and Government Reform hearing, much was made of the fact that the DoD had paid about \$8 million to McKinsey to produce a set of PowerPoint slides mischaracterized as a "study" with no meaningful actionable efficiencies. The "study" simply mischaracterized "4th estate functions" as "overhead" and recommended arbitrary cuts. Subsequent hearings before the Armed Services Committees in later years with expert witnesses debunked the idea that "4th estate" organizations could simply be cut without doing a workload analysis to prevent adverse consequences. See, e.g. Testimony of Peter Levine, former Chief Management Officer, HASC Hearing "On DoD Management and the 'Fourth Estate'" (Apr. 18, 2018).



Spending more money on weapon systems or force structure capabilities without the appropriate civilian support for sustainment harms readiness and lethality, increases stress on the force, and incurs additional opportunity costs, detracting from modernization. Additionally, as recently documented by the *New York Times*, adding in weapon systems that the Department’s warfighters have rejected as “lemons” such as the littoral combat ships costing close to \$4.3 billion over the FYDP, which some in Congress forced the Department to retain in response to heavy industry lobbying is a more fruitful area to find waste, than hollowing out the Department’s capabilities with imbalanced investments cutting the readiness accounts.²

Current Deputy Secretary of Defense Hicks accurately described the last time this approach to cutting the civilian force took place with the Fiscal Year 2013 Section 955 cuts: “Predictably, for example, even though Congress directed the Defense Department to cut \$10 billion through administrative efficiencies between 2015 and 2019, the Pentagon failed to substantiate that it had achieved those savings. The reason those efforts rarely succeed is that they merely shift the work being done by civilians to others, such as military personnel or defense contractors.” Kathleen Hicks, “Getting to Less: the Truth About Defense Spending,” *Foreign Affairs* (March 2020), p. 56.

To illustrate the consequences when civilian cuts are shifted to military, the National Security Commission on Military Aviation Safety found: “Diverting aviation professionals from their primary aviation duties with additional duties adds to an unsustainable workload. Due to personnel cuts, military aviation units have experienced cuts in administrative support over the past two decades, forcing aviators and maintainers to undertake additional administrative duties that interrupt their primary aviation tasks and contributed to fatigue and burnout.” National Security Commission on Military Aviation Safety, “224 Lives, \$11.6 Billion, 186 Aircraft” (Dec. 2020), pp. 47-48.³

² As reported by the *New York Times* “having ships capable of fulfilling the military missions [is] much more important than the Navy’s total ship count,” when addressing the DoD metric of “lethality.” But after successful lobbying by an array of powerful Defense Contractor monopolists, the Department was forced to continue buying what retired Rep. Speier aptly called a “lemon.” Feb. 4, 2023, *New York Times*, Eric Lipton, “The Pentagon saw a warship boondoggle. Congress saw [contractor] jobs:” (1) “the ship’s diesel generators started to malfunction, and the ship briefly lost electric power;” (2) “An even more complicated issue had emerged with the ship’s radar system — meaning it could not target its guns or look for incoming air threats. A contractor repair team was flown from Germany to Cuba, but the necessary fix was so complex that the Navy decided to send the U.S.S. Little Rock back to Mayport;” (3) “Commander Long was in his cabin near the bridge when a crew member brought him a sample of the ship’s engine oil. Instead of the caramel-colored, slippery stuff that lubricates the gears, the oil looked like it had been mixed with silvery glitter. The oil was polluted, it turned out, with specks of metal from high-speed clutch bearings of the gears that had broken into tiny bits. The ship had lost half its engine power — and it had to limp back home;” (4) The final insult came early last year, when the Navy concluded that a towed sonar system developed for the littoral combat ships by Raytheon Technologies, another major military contractor, was not up to the job.”

³ For examples in other functional areas, see Institute for Defense Analysis: “Revisiting the Criteria for Military Essentiality in Total Force Manpower Management,” Col Thomas C. Greenwood, USMC (Ret), Allison Abbe, Clark Frye, Anthony L. Johnson, Ani K. Khachatryan; Defense Science Board Task Force on Readiness; No 94-35783, June 15, 1994, Paul G. Kaminski and General Edward C. Meyer (Ret.); (December 2, 2015), Defense Science Board Task Force on Readiness; No 94-35783, June 15, 1994, GAO-21-27R, Military Personnel: Perspectives on DOD’s and the Military Services’ Use of Borrowed Military Personnel (Nov. 18. 2020); see also, section 482 of title 10; and

Representative Calvert’s proposal runs counter to a Defense Business Board Study, “Fully Burdened and Life Cycle Costs of the Workforce,” dated December 6, 2017, that recommended ending arbitrary Full Time Equivalent (FTE) constraints on the civilian workforce in order to reduce costs. The Board found that at that time the Department spent about \$141.7 billion on contracted services for about 777,000 contractor employees.⁴ This was more than it spent on military personnel (\$136.7 billion). It was double what was spent on approximately the same number of civilian employees (\$71.5 billion for 740,000 DoD civilian employees at that time).

There are real National Security risks resulting from Congress allowing the military industrial complex, which former President Eisenhower warned us about, to determine the Department of Defense’s requirements and their sourcing, rather than relying on the judgment of combatant commanders. For example, after years of effective lobbying by industry that mischaracterizes capabilities as “commercial” technologies through highly technical changes in procurement rules to evade government performance, the Department has effectively ceded the control of the communication grid to figures like Elon Musk, who tried to extract more money from the Pentagon early on when Ukraine was relying on SPACE-X for their command, control and communications, and most recently objected to Ukraine’s using the system to guide its drones defending against Russian forces.

Neither Congress nor the Department has effectively curbed price-gouging by Defense contractors like Transdigm despite the findings of Inspector General audits. The root cause of this price gouging involves highly technical obfuscations of what is considered to be a “commercial” technology successfully lobbied for by defense contractors to exempt procurements from the Truth in Negotiations Act, thereby weakening the government’s hand in price negotiations.

Neither Congress nor the Department has taken needed actions after a Government Accountability Office (GAO-21-295) audit found that “as of July 2020, 78 percent of the office’s workforce across the four directorates [of the Under Secretary of Defense for Intelligence and Security] were nonpermanent personnel – consisting [primarily] of contractors [51%], joint duty assignees, military/reservists, and liaison officers or detailees....” This leaves only 22 percent of this office as DoD civilian employees, an alarming finding about civilian control of the military, a bedrock Constitutional principle. Along similar lines, neither Congress nor the Department has acted on GAO findings (GAO-16-46) that there were billions of dollars of “closely associated with inherently governmental” contracts not being scrutinized for risk of loss of governmental control and with insufficient government oversight, with contractors overseeing contractors.

The Department failed to submit a comprehensive contract services budget last year, notwithstanding the requirements of section 4506 of title 10. Unless appropriators enforce the statutory requirements for a comprehensive contract services budget – first promoted by former

(December 2, 2015), Replacing Military Personnel in Support Positions with Civilian Employees [to reduce deficit and make more available for modernization and readiness] <https://www.cbo.gov/publication/51012>.

⁴ The latter number is no longer tracked by the Department since they “temporarily” suspended doing contractor inventories since 2018 and the former number no longer is reported by the Department when they temporarily stopped doing a contract services budget in 2022.

HASC Chairman Thornberry in 2017 and further clarified in 2022 – the Department may not submit a fully compliant services contract budget and inventory this year or in the future. Thus Appropriation and Authorization funding tables show costs for the civilian workforce but omit the costs for contractors, creating massive incentives to under-execute civilian hiring projections and shift the funds to contract services. This gimmick results in a massive slush fund for service contracts; when audited, 90 percent of the funds for management headquarters contracts have shown up in mission accounts rather than headquarters accounts.⁵

Perhaps anticipating Chairman Calvert’s stances, the Department of Defense has already cut civilian positions including law enforcement officers, medical staff, and civilian firefighters. Cuts to law enforcement officers, when backfilled with military, can eventually stress military personnel such as military police – a high-demand, low-density occupation in the past that will face more frequent back-to-back deployments as a result. Failure to backfill medical positions diminishes access to care for military beneficiaries as well as civilian employees in OCONUS locations such as Japan.

Accordingly, we ask that both Congress and the Department of Defense rethink the current practice, mistakenly considered as an “efficiency” by Rep. Calvert and some outside analysts, of arbitrarily failing to backfill civilian positions based on attrition levels rather than instead advocating for full transparency over all requirements, including services contracts, unneeded weapon systems that the warfighters have rejected, and the inefficient use of military that will only lead to increased stress on the force, reduced readiness and lethality.⁶

⁵ As Rep. Thornberry put it: “The first of the major reform elements is to **add oversight to service contracts**. . . .Unfortunately, DOD – and Congress – have limited insight into how and where this money is spent. The bill **requires more specificity in the funding requests for service contracts**, which will now be submitted through the DOD budget process, forcing the Pentagon to analyze actual needs.” No such budget exhibit was submitted in Fiscal Year 2022, although one is supposed to be submitted in 2023. See, e.g., H. Rep. 117-397, National Defense Authorization Act for Fiscal Year 2023, Report of the Committee on Armed Services, House of Representatives for H.R. 7900 (July 1, 2022). “Total Force Management,” pp. 237-239: “The committee observes with concern that the Department has not submitted the plan, including in particular any changes to programming guidance, and the roles and responsibilities of the Under Secretary of Defense Comptroller, Under Secretary of Defense for Acquisition and Sustainment, Under Secretary of Defense for Personnel and Readiness, and Office of Cost Assessment and Program Evaluation, due June 1, 2022, for improving visibility on future services requirements in the future years defense program, as re- quired by section 815 of the National Defense Authorization Act for Fiscal Year 2022 (Public Law 117–81) . . . Over one quarter of the Department’s topline and the largest share of total force spending among military, civilian workforce, and contractors goes to service contracts, and yet their requirements still are not fully transparent or validated in the Department’s planning, programming, budgeting, and execution system process. Therefore, the committee directs the Secretary of Defense to brief the House Committee on Armed Services no later than March 1, 2023...”

⁶ The following thoughtful analysis is essential when examining DoD civilian requirements: Center for Naval Analysis (CNA), “Identifying Contributions of DoD’s Civilian Workforce to Readiness,” (Sep. 2021) and CNA, “Optimizing Total Force Management,” (Jul. 2021). Randomized cuts through attrition would ignore title 10 statutory requirements in section 129a; instead what is needed is a thoughtful and documented analysis of the requirement being performed and the impact of cutting civilian personnel on workload, fully burdened costs, military force structure, operational effectiveness, stress on the force, readiness and lethality.

For questions, please contact our Defense Lobbyist, John Anderson, 202-258-9362.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie N. Tippens". The signature is fluid and cursive, with the first name "Julie" being the most prominent.

Julie N. Tippens
Director, Legislative Department

cc: Senate and House Leadership,
SASC and HASC,
Director, OMB, SecDef, DepSecDef, USD (Comp.), USD (P&R), USD (A&S)