



Testimony

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Committee on Armed Services,
U.S. Senate

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DEFENSE WORKFORCE

Opportunities for more Effective Management and Efficiencies

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GAO Highlights

Highlights of [GAO-23-106966](#), testimony before the Subcommittee on Personnel, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

DOD is one of the of the nation's largest employers. It employs a military workforce of about 2.1 million service members and about 770,000 civilian employees. Additionally, DOD obligated \$205 billion for contracted services in fiscal year 2022.

Careful consideration must be paid to the necessary size and skillset of DOD's workforce. Prior cuts resulted in unintended consequences of significant imbalances in terms of skills and retirement eligibility.

This statement summarizes GAO's prior work on (1) DOD's challenges in managing its workforce and (2) opportunities GAO has identified for DOD to be more effective and efficient in managing its workforce to achieve its mission.

This statement is based on GAO's body of work on DOD's management of its workforce, related GAO high risk areas, and efficiencies. To perform that work, GAO reviewed DOD documentation, analyzed data, interviewed DOD officials, and assessed DOD's efforts against relevant criteria.

What GAO Recommends

In prior work on which this testimony is based, GAO recommended actions to obtain and use better information, improve strategic workforce planning, and measure performance. DOD has implemented many of these recommendations, but the remaining recommendations would help DOD effectively manage its workforce and achieve efficiencies.

View [GAO-23-106966](#). For more information, contact Elizabeth A. Field at (202) 512-2775 or FieldE1@gao.gov.

July 26, 2023

DEFENSE WORKFORCE

Opportunities for more Effective Management and Efficiencies

What GAO Found

The Department of Defense (DOD) faces considerable challenges in the management of its workforce. To effectively do so, DOD must determine the appropriate and cost effective mix of military and civilian personnel and contracted services needed to achieve its mission. However, DOD has struggled to do this and GAO has identified obstacles that DOD faces in effectively managing each component of its workforce. For example:

Recruiting and Retaining Military Personnel Has Been Challenging.

Ensuring a sufficient number of qualified military personnel is a matter of national security. DOD must balance recruiting new members and retaining already trained service members. However, GAO has identified three challenges: (1) the lack of reliable recruitment and retention-related data; (2) the limited use of goals, plans, and strategies; and (3) the lack of monitoring of plans and strategies for effectiveness.

Civilian Personnel Management Has Lacked Quality Information to Inform Decisions.

GAO has found similar challenges in DOD's management of its civilian workforce, and has made numerous recommendations for DOD to better track data, develop and use strategic workforce plans, and monitor the effectiveness of its efforts to address challenges. For example, GAO reported in 2018 that the Defense Health Agency had not developed a strategic workforce plan to guide its efforts to address challenges experienced by the military departments in executing an appropriate and efficient workforce mix at its Military Medical Treatment Facilities.

Management of Contracted Services Faces Challenges in Workforce Data and Realizing Savings.

GAO has identified many challenges in DOD's information about the contractors supporting the department's work, including not having an accurate inventory of contracted services and using those data in its decisions. As a result, identified workforce gaps contributed to GAO designating several DOD programs as high risk, including DOD's Contract Management.

Without improved workforce planning based on higher quality information, DOD's ability to determine the appropriate mix of its workforce and ensure the effectiveness of each component of its workforce will continue to be hindered.

GAO has identified opportunities for DOD to be more efficient, resulting in considerable cost-savings. In GAO's June 2023 annual report on duplication, fragmentation and overlap in government programs, GAO identified 95 open recommendations to DOD, some of which GAO has estimated could result in billions of dollars of cost savings, if implemented. Within the workforce area specifically, GAO has found that DOD's efforts to achieve efficiencies are consistently hindered by data availability or reliability issues, unreliable cost estimates, and a lack of baselines and associated performance metrics to measure effectiveness and gauge success. More broadly, GAO recently estimated that if all open recommendations to DOD were implemented, the financial benefits could range from an estimated \$8 billion to \$100 billion, with a median estimate of \$36 billion. Implementing GAO's recommendations could allow for decision making based on better information and for DOD to gain efficiencies.

Chairwoman Warren, Ranking Member Scott, and Members of the Subcommittee:

Thank you for the opportunity to discuss our work regarding the Department of Defense's (DOD) challenges in managing its personnel workforce. DOD is one of the largest and most complex organizations in the federal government, and it is consequently one of the nation's largest employers. DOD's total workforce consists of three main components: military personnel (including the active military and the reserve and guard forces), civilians, and contractor personnel providing support to the department.

The active military and reserve and guard forces are charged with implementing the National Military Strategy and performing military essential functions in support of DOD's various missions. DOD's civilian workforce performs a wide variety of responsibilities, including providing care for active duty personnel, their dependents, and wounded service members; managing financial accounting systems; and providing mission-essential combat-support functions that traditionally had been performed by the uniformed military, such as logistics support, maintenance of weapon systems and facilities, and carrying out cyber and intelligence efforts. In addition, a key component of this workforce provides deployable civilian experts during overseas military operations. Augmenting the military and civilian workforces, DOD has relied on contractors both overseas and in the United States to perform many of the same functions as civilian employees, including management support, communication services, base operations support (e.g., food and housing), weapon systems maintenance, and intelligence.

Effective management of DOD's workforce is critical both for achieving the department's mission and controlling costs to make the best use of the significant investment the American taxpayers make annually in the department. DOD reported that it requested over \$800 billion for fiscal year 2024.¹ For that same fiscal year, DOD requested about \$170 billion for military personnel costs² and about \$102 billion for certain civilian

¹Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, *Defense Budget Overview: United States Department of Defense Fiscal Year 2024 Budget Request* (Mar. 2023).

²The estimated \$170 billion for military personnel costs does not include the cost of certain retiree health benefits.

personnel costs.³ DOD has a military workforce of about 2.1 million service members and a civilian workforce of about 770,000 employees.⁴ Additionally, DOD obligated about \$205 billion on contracted services—such as information technology support and maintenance of defense facilities— in fiscal year 2022.⁵

Our testimony today provides information on DOD’s management of its personnel workforce. Specifically, we will summarize (1) our prior work that identifies DOD’s challenges in managing its workforce and the associated recommendations we have made to improve DOD’s efforts and (2) opportunities we have identified for DOD to be more effective and efficient in managing its workforce to achieve its mission.

This statement is based on our body of work issued from 2013 through 2023 addressing DOD’s management of its workforce, related GAO identified high-risk areas, and efficiencies that can be achieved. To perform the work upon which this testimony is based, we reviewed DOD documentation, analyzed DOD data, interviewed DOD officials, and assessed DOD’s efforts against relevant criteria. More detailed information on our objectives, scope, and methodology for that work can be found in the issued reports listed at the end of this statement.

We conducted the work on which this testimony is based 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

³Office of the Under Secretary of Defense (Comptroller), *National Defense Budget Estimates for FY 2024* (May 2023).

⁴GAO, *DOD Financial Management: Additional Actions Needed to Achieve a Clean Audit Opinion on DOD’s Financial Statements*, [GAO-23-105784](#) (Washington, D.C.: May 15, 2023). See also GAO, *DOD Civilian Workforce: Actions Needed to Analyze and Eliminate Barriers to Diversity*, [GAO-23-105284](#) (Washington, D.C.: June 21, 2023). Federal civilian employees, including at DOD, work in a variety of jobs, with different education or experience requirements, skills, and functions. The General Schedule (GS) federal pay system covers the largest group of white-collar employees—i.e., those in professional, technical, administrative, and clerical positions, according to OPM. The Federal Wage System covers trade, craft, or labor (i.e., blue-collar) positions. About 62 percent of DOD’s civilian employees in fiscal year 2021 were in the GS pay plan, and more than 15 percent in Federal Wage System pay plans, according to our analysis of DOD’s data. The remainder of DOD’s employees were in more than 60 other pay plans, including those that are specific to the military departments, the DOD acquisition workforce, or other organizations or occupational functions.

⁵The DOD obligation amount is based on data from Federal Procurement Data System-Next Generation.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DOD Has Experienced Considerable Challenges in Personnel Management over the Last Decade

To effectively manage DOD's workforce, careful consideration must be paid to the necessary size and skillset of the total workforce. Past downsizing efforts of the federal workforce resulted in unintended consequences, as prior cuts were not oriented toward shaping the makeup of the workforce, resulting in significant imbalances in terms of shape, skills, and retirement eligibility. For example, DOD reduced its civilian acquisition workforce by almost 50 percent from September 1989 to September 1999. We found that the department's efforts were hampered by incomplete data and the lack of a clear strategy for avoiding the adverse effects of downsizing and minimizing skills imbalances. Eleven consecutive years of downsizing produced serious imbalances in the skills and experience of the highly talented and specialized civilian acquisition workforce, putting DOD on the verge of a retirement-driven talent drain.⁶ DOD has since taken needed steps to increase the size and skills of its acquisition workforce.⁷

Mission-critical skills gaps specific to federal agencies and across the federal workforce pose a high risk to the nation. They impede the government from serving the public in a cost-effective manner and achieving desired results. As such, we added Strategic Human Capital Management to our High-Risk List in 2001.⁸ Agencies often experience skills gaps because of a shortfall in a talent management activity, such as workforce planning or training. Government-wide skills gaps have been identified in fields such as human resources, science, technology, engineering, mathematics, cybersecurity, and acquisitions.⁹

Our prior work has identified skill or workforce gaps within DOD's civilian workforce that have been contributing factors to our designation of certain programs as high-risk. For example, within the DOD Weapon Systems

⁶GAO, *Human Capital: Additional Steps Needed to Help Determine the Right Size and Composition of DOD's Total Workforce*, [GAO-13-470](#) (Washington, D.C.: May 29, 2013).

⁷GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

⁸[GAO-23-106203](#).

⁹[GAO-23-106203](#).

Acquisition high-risk area, we found that DOD lacks the workforce needed to support large-scale production and testing of hypersonic weapons as well as sufficient staff with the required expertise in software development.¹⁰ Further, within the DOD Business Systems Modernization high-risk area, we found that DOD needs to determine next steps for identifying skills gaps and other resource gaps associated with its efforts to manage DOD's portfolio of business systems.¹¹ Similarly, we identified Ensuring the Cybersecurity of the Nation as a high-risk area for which DOD shares responsibility, and we found that staffing gaps—the difference between the number of personnel authorized and the number of personnel staffed—existed in some active-duty military cyber career fields from fiscal years 2017 through 2021.¹²

We have identified challenges in DOD's approach to effectively managing each component of its workforce, generally associated with the need for better information and data, workforce planning, and assessing the effects of steps taken to address challenges.

DOD Has Struggled to Determine the Appropriate Mix for its Military, Civilian, and Contractor Workforces as well as the Critical Functions Necessary to Achieve Its Missions

Two key aspects for effective management of DOD's workforce are determining the appropriate mix of military, civilian, and contractor workforces and determining the functions that are critical for the department to achieve its missions. Ten years ago, we reported that the department was hampered in making more informed strategic workforce mix decisions, which we noted was crucial to meeting DOD's congressional mandate to manage its total workforce.¹³ Specifically, DOD had not (1) included an assessment of the appropriate mix of its military, civilian, and contractor personnel capabilities in its strategic workforce plan or (2) updated relevant policies and procedures to reflect statutory requirements. As a result, we recommended in May 2013 that DOD revise existing workforce policies and procedures to address the

¹⁰GAO, *Hypersonic Weapons: DOD Should Clarify Roles and Responsibilities to Ensure Coordination across Development Efforts*, [GAO-21-378](#) (Washington, D.C.: Mar. 22, 2021) and *Weapon Systems Annual Assessment: Challenges to Fielding Capabilities Faster Persist*, [GAO-22-105230](#) (Washington, D.C.: June 8, 2022).

¹¹GAO, *Business Systems Modernization: DOD Has Made Progress in Addressing Recommendations to Improve IT Management, but More Action Is Needed*, [GAO-20-253](#) (Washington, D.C.: Mar. 5, 2020).

¹²[GAO-23-106203](#) and GAO, *Military Cyber Personnel: Opportunities Exist to Improve Service Obligation Guidance and Data Tracking*, [GAO-23-105423](#) (Washington, D.C.: Dec. 21, 2022).

¹³[GAO-13-470](#).

determination of the appropriate workforce mix and identification of critical functions. Since that time, DOD revised the relevant instruction in 2017 for administrative purposes, but did not include revisions to address our recommendation.¹⁴

Second, DOD components were to use inventories of contracted services to estimate contractor full-time equivalents (FTEs) for workforce planning and budget submissions, but we found in 2013 that the contractor FTE estimates had significant limitations and did not accurately reflect the number of contractor personnel providing services to DOD.¹⁵ At that time, we recommended that DOD include an explanation in annual budget exhibits of the methodology used to project contractor FTE estimates and any limitations of that methodology or the underlying information to which the methodology is applied. DOD has not implemented this recommendation.

About a decade later, DOD still has not determined how it might collect information needed to help make informed decisions. In October 2020, DOD issued a report to Congress that, among other things, described continued limitations with inventory of contracted services data. The DOD report discussed the department's recent transition to the government-wide system that other federal agencies use to collect data for their inventories of contracted services, and explained that this transition is intended to reduce the burden of data collection for defense contractors and improve compliance. However, as we reported in February 2021, DOD's report did not discuss how it plans to use these data to inform decision-making and workforce planning, key issues our work has identified in the past.¹⁶

DOD Faces Considerable Challenges Recruiting and Retaining Military Personnel

Ensuring the United States has a sufficient number of qualified active-duty military personnel is a matter of national security. To maintain its active-duty levels, DOD must balance recruiting new members and retaining already trained service members. However, DOD is facing its most challenging recruitment environment in 50 years. For example, DOD

¹⁴DOD Instruction 1100.22, *Policy and Procedures for Determining Workforce Mix* (Apr. 12, 2010) (incorporating change 1, effective Dec. 1, 2017).

¹⁵[GAO-13-470](#).

¹⁶GAO, *Service Acquisitions: DOD's Report to Congress Identifies Steps Taken to Improve Management, but Does Not Address Some Key Planning Issues*, [GAO-21-267R](#) (Washington, D.C.: Feb. 22, 2021).

reported in March 2022 that the Army met 72 percent of its recruiting goal for fiscal year 2022. Moreover, losing personnel can be costly for DOD. In some career fields, DOD makes substantial investments both in terms of the length of time and cost of training personnel. For example, the cost to train some cyber professionals is estimated at \$220,000 to \$500,000 over a period of 1 to 3 years.¹⁷

Our body of work on DOD's efforts to recruit and retain military personnel has identified challenges in the following three key areas: (1) the lack of reliable recruitment and retention-related data; (2) the limited use of goals, plans, and strategies; and (3) the lack of monitoring of plans and strategies for effectiveness. We recently issued a National Security Snapshot that provides an overview of this body of work and highlights important recommendations for improving recruitment and retention, as well as ensuring efforts taken are cost effective.¹⁸ For example, among many other things, we have recommended that:

- The Army, Navy, and Air Force should incorporate data on civilian pay for comparable occupations to guide retention bonus determinations for enlisted medical personnel;¹⁹
- The Air Force should analyze staffing levels by officer grade to target retention bonuses to the appropriate pilot communities;²⁰
- Navy should evaluate the effectiveness of the Surface Warfare Officer career path, training, and policies;²¹ and
- DOD should routinely assess the effect of non-monetary incentive approaches on retention, such as assignment flexibility and educational opportunities.²²

¹⁷[GAO-23-105423](#).

¹⁸GAO, *National Security Snapshot: DOD Active-Duty Recruitment and Retention Challenges*, [GAO-23-106551](#) (Washington, D.C.: Mar. 28, 2023).

¹⁹GAO, *Defense Health Care: Actions Needed to Define and Sustain Wartime Medical Skills for Enlisted Personnel*, [GAO-21-337](#) (Washington, D.C.: June 17, 2021).

²⁰GAO, *Military Personnel: Collecting Additional Data Could Enhance Pilot Retention Efforts*, [GAO-18-439](#) (Washington, D.C.: June 21, 2018).

²¹GAO, *Navy Readiness: Actions Needed to Evaluate and Improve Surface Warfare Officer Career Path*, [GAO-21-168](#) (Washington, D.C.: June 17, 2021).

²²GAO, *Military Compensation: Additional Actions Are Needed to Better Manage Special and Incentive Pay Programs*, [GAO-17-39](#) (Washington, D.C.: Feb. 3, 2017).

DOD has taken some actions to address these recommendations. However, as of March 2023, each of them had not been fully implemented. For example, the Navy concurred with our recommendations and established a project to examine the Surface Warfare Officer career path and related policies and held Senior Officer focus groups to understand their perspectives and generate ideas for future Surface Warfare Officer career path initiatives. Implementation of these recommendations will require completion of evaluations and codifying new or revised processes.

DOD Lacks Data, Plans, and Assessments of Its Actions to Inform Civilian Personnel Management

Our work has also identified similar challenges to effective management of the civilian workforce. For example, these challenges include the need for DOD to:

- **Better collect and track personnel data.** We have found that DOD sometimes has incomplete and inaccurate personnel data regarding the workforce that supports certain programs, which hinders DOD's ability to assess gaps in overall capabilities and make decisions about the workforce.²³ For example, in October 2019, we found that the Marine Corps had not identified or reconciled differences between its internal civilian personnel data compared to data submitted in the annual budget request, and that without updated guidance and improved data, Congress and DOD leadership may not have sufficient and appropriate information to make informed planning decisions.²⁴ As of July 2023, the Marine Corps has not implemented our recommendations to update guidance and reconcile data.
- **Develop and use strategic workforce plans.** In November 2018, we found that the Defense Health Agency had not developed a strategic workforce plan to guide its efforts to address challenges experienced

²³GAO, *Defense Space Systems: DOD Should Collect and Maintain Data on Its Space Acquisition Workforce*, [GAO-19-240](#) (Washington, D.C.: Mar. 14, 2019).

²⁴GAO, *Civilian Personnel: Additional Guidance and Consistent Data Reporting Could Help Improve the Marine Corps' Budget Management*, [GAO-20-148](#) (Washington, D.C.: Oct. 16, 2019). The Marine Corps manages its civilian personnel based on dollar amounts—not full-time equivalent (FTE) workload like the other military services—through an approach called Manage to Payroll. Specifically, while the Marine Corps requests a certain number of FTEs each year as required by policy, the Marine Corps distributes the funds it receives to its commands by dollar amount and not based on the FTEs requested.

by the military departments in executing an appropriate and efficient workforce mix at its Military Medical Treatment Facilities.²⁵

- **Assess the effectiveness of steps taken to address workforce challenges.** In December 2018, we found that the military services did not know the effectiveness of actions they had taken to address depot maintenance workforce gaps, because they had not assessed the results of these actions in helping the depots hire, train, and retain skilled personnel—including determining whether the actions were cost effective. We recommended that the services assess their hiring, training, and retention programs, but as of 2022, these recommendations remained unimplemented.²⁶

DOD has implemented the recommendations we made in other reports similarly focused on specific civilian career fields and workforces, thus making improvements in effective management of the civilian personnel workforce in those areas. For example:

- In 2021, we found that the Army Corps of Engineers had not ensured that its top management set the overall direction and goals of workforce planning; for example, top management had not updated the Corps' strategic human capital plan since fiscal year 2017. The Corps implemented our recommendation to develop an agency-wide human capital plan and is, as a result, better positioned to address its capacity and preparedness challenges and manage its current and future workforce.²⁷
- In 2018, we reported that DOD had not monitored data for defense laboratory hiring or evaluated the effectiveness of the labs' hiring, including the use of hiring authorities.²⁸ Further, DOD lacked performance measures to evaluate the effectiveness of hiring across the defense laboratories as well as clear time frames for approving and implementing new hiring authorities such as direct hire. As a result of our three recommendations, DOD established a mechanism

²⁵GAO, *Defense Health Care: Additional Assessments Needed to Better Ensure an Efficient Total Workforce*, [GAO-19-102](#) (Washington, D.C.: Nov. 27, 2018).

²⁶GAO, *DOD Depot Workforce: Services Need to Assess the Effectiveness of Their Initiative to Maintain Critical Skills*, [GAO-19-51](#) (Washington, D.C.: Dec. 14, 2018).

²⁷GAO, *Army Corps of Engineers: Workforce Planning Follows Most Leading Practices but Could Be Enhanced with Additional Actions*, [GAO-22-104054](#) (Washington, D.C.: Dec. 9, 2021).

²⁸GAO, *DOD Personnel: Further Actions Needed to Strengthen Oversight and Coordination of Defense Laboratories' Hiring Efforts*, [GAO-18-417](#) (Washington, D.C.: May 30, 2018).

for routinely monitoring data and evaluating the data and identifying timeframes, thus positioning DOD to more effectively use hiring authorities.

DOD Faces Challenges Managing Its Contracts for Services, Limiting Informed and Cost-Effective Decisions

DOD spends hundreds of billions of dollars annually on contracts for goods and services. We have previously reported on longstanding challenges DOD has faced managing risks related to use of contracts, as exemplified by our decision to place DOD's Contract Management on our High-Risk List more than 30 years ago. Since then, DOD has made considerable progress addressing many of the underlying issues, but still has more work to do in strategically managing services acquisition.²⁹

In particular, we found that DOD has experienced challenges in validating requirements and forecasting budget needs.³⁰ This type of information can help DOD make decisions for service acquisitions that leverage efficiencies and are informed by anticipated spending. In April 2023, we identified positive steps that DOD is planning to take to address these challenges, including revising guidance on how to better manage services, restarting annual assessments of its service requirements review process, and developing a dashboard to track spending trends for its service acquisitions.³¹ We also reported that DOD had issued guidance to begin forecasting budget needs for service acquisitions in its fiscal year 2024 budget submission, efforts that were underway at the time of our reporting in April 2023.

We have also identified continued progress in DOD's use of Operational Contract Support for military activities around the world, including identifying capability gaps, developing guidance, and integrating this support into planning and training. For example, in April 2023, we reported that DOD had completed actions to address capability shortfalls

²⁹[GAO-23-106203](#).

³⁰[GAO-23-106203](#), *Defense Contracted Services: DOD Needs to Reassess Key Leadership Roles and Clarify Policies for Requirements Review Boards*, [GAO-17-482](#) (Washington, D.C.: Aug. 31, 2017), and *DOD Service Acquisition: Improved Use of Available Data Needed to Better Manage and Forecast Service Contract Requirements*, [GAO-16-119](#) (Washington, D.C.: Feb. 18, 2016).

³¹[GAO-23-106203](#).

that had previously created risks to operational effectiveness, timelines, and resource expenditures.³²

As of February 2023, four recommendations related to this high-risk area remained unimplemented. For example, DOD needs to establish a mechanism to coordinate efforts to develop budget forecasts for service acquisitions using consistent data and issue military department guidance on how to collect and report forecasted budget needs for service acquisitions across a 5-year time span in each budget submission.³³ Implementing these recommendations would improve DOD's contract management and demonstrate progress in its efforts to have this area removed from GAO's High-Risk List. We are currently waiting for DOD's comments on a forthcoming report on DOD's management of service contracts, and hope to issue a final report later next month.

Several Opportunities Exist for DOD to Achieve Efficiencies and Cost-savings through Improved Management of its Workforce

Since 2011, we have focused on identifying efficiencies that can be obtained and cost savings or avoidances that might be realized if federal agencies take action through our Duplication, Fragmentation, and Overlap body of work.³⁴ Specifically, each year we report on federal programs with fragmented, overlapping, or duplicative goals or actions, and we have suggested hundreds of ways to address those problems and potentially reduce costs or boost revenue. In our June 2023 annual report, we identified 95 unimplemented recommendations we have made to DOD that, if implemented, could generate considerable cost-savings to the U.S. government.³⁵ In some cases, if DOD took actions in one area, we estimate that billions of dollars of cost savings would be generated. More broadly, we recently reported on the estimated financial benefits that could be realized if all open recommendations to DOD were implemented, which could range from an estimated \$8 billion to \$100

³²[GAO-23-106203](#).

³³[GAO-16-119](#).

³⁴GAO, *Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits*, [GAO-23-106089](#) (Washington, D.C.: June 14, 2023).

³⁵[GAO-23-106089](#).

billion, with a median estimate of \$36 billion in potential financial benefits.³⁶

Within our body of work focused on efficiencies and our resulting annual report, we have identified specific opportunities for DOD to achieve efficiencies and save costs within the workforce management area. Some examples include:

- **Fragmentation and overlap in human resource services across DOD defense agencies and organizations.** In September 2018, as part of our review of DOD’s efforts to assess the continuing need for its defense agencies and DOD field activities (DAFAs), we found fragmentation and overlap within the DAFAs that provide human resources services to other defense agencies or organizations within DOD. For example, we found that at least six DOD organizations, including three DAFAs, performed human resources services for other parts of the department. This had resulted in negative effects, such as inconsistent performance information regarding hiring, fragmented information technology systems, and inefficiencies associated with overhead costs.³⁷ As of July 2023, our recommendations for DOD to identify optimal information technology solutions for human resources and to fully assess, identify, and implement the most effective and efficient means of human resources service delivery have not been implemented.
- **Duplication in the delivery of healthcare benefits to military beneficiaries.** In July 2014, we found that the US Family Health Plan (USFHP) within DOD’s current military health system (MHS) was duplicative because there was significant overlap between it and the TRICARE Prime benefit offered by the regional TRICARE managed care support contractors. We made a suggestion to Congress to end

³⁶GAO, *Potential Financial Benefits: Estimating the Value of Implementing Open GAO Recommendations*, [GAO-23-106598](#) (Washington, D.C.: June 27, 2023). To estimate ranges of potential financial benefits, we developed simulation models using GAO’s historical data on recommendations and matters and realized financial benefits. To ensure a sufficient number of open recommendations and matters for each simulation, we selected the 10 entities—nine agencies and Congress—with the largest number of open recommendations and matters for consideration, including DOD. As of May 2023, DOD had 1,245 open recommendations. GAO, *Priority Open Recommendations: Department of Defense*, [GAO-23-106305](#) (Washington, D.C.: May 23, 2023).

³⁷GAO, *Defense Management: DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities*, [GAO-18-592](#), (Washington, D.C.: Sept. 6, 2018).

this duplicative program, but as of May 2023, no enacted legislation has been identified that would terminate the Secretary of Defense's authority to contract with USFHP designated providers.³⁸

Further, over the past decade, we have issued reports on opportunities for the department to achieve efficiencies within DOD headquarters activities, which include organizations such as the Office of the Secretary of Defense, the Joint Staff, military service secretariats and staff, and headquarters elements of the combatant commands, defense agencies, and DOD field activities. In 2010, the then Secretary of Defense announced a department-wide efficiency initiative to reduce overhead costs and reinvest the savings in sustaining DOD's current force structure and modernizing its weapons portfolio. In subsequent years, the department pursued reductions in the size of staff within headquarters activities.

In an effort to assist with congressional oversight, we reported on the department's efforts to pursue reductions in headquarters staff and difficulties of accounting for related resources.³⁹ For example, among other things, we recommended that DOD set clearly defined and consistently applied baselines and track management headquarters reductions against the baselines. We also found inconsistencies within a DOD May 2018 progress report that raised additional questions about the accuracy of DOD's cost savings estimates. Over time, we have found that DOD's efforts to implement broad reform initiatives or carry out efforts to achieve efficiencies are consistently hindered by data availability or reliability issues, unreliable cost estimates, and a lack of baselines and associated performance metrics to measure effectiveness and gauge success.⁴⁰ DOD has not fully implemented our recommendations, such as to routinely and comprehensively monitor and evaluate ongoing efficiency initiatives, including establishing baselines from which to measure progress, periodically reviewing progress made, and evaluating results

³⁸GAO, *Defense Health Care: US Family Health Plan is Duplicative and Should be Eliminated*, [GAO-14-684](#) (Washington, D.C.: July 31, 2014).

³⁹GAO, *Defense Efficiency Initiatives: Observations on DOD's Reported Reductions to Its Headquarters and Administrative Activities*, [GAO-18-688R](#) (Washington, D.C.: Sept. 24, 2018).

⁴⁰[GAO-18-592](#) and GAO, *Defense Efficiency Initiatives: DOD Needs to Improve the Reliability of Cost Savings Estimates*, [GAO-17-724](#) (Washington, D.C.: July 24, 2017).

and to consistently report reform savings based on definitions of reform.⁴¹ Failing to do these severely limits the ability of the department and Congress to track and make continued progress.

In sum, considering the size of the DOD personnel workforce and the budgetary resources entrusted to the department, effective management and achieving efficiencies are important. However, effectiveness and efficiency can only be assessed upon a foundation of high-quality information. Management of the military personnel, civilian, and contractor workforce, and the mix of those workforces, would benefit from more reliable information and data, as would any efforts focused on reform and efficiencies sought by the department.

Chairwoman Warren, Ranking Member Scott, and Members of the Subcommittee, this completes our prepared statement. We would be pleased to respond to any questions you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Elizabeth A. Field, Director, Defense Capabilities and Management, at (202) 512-2775 or fielde1@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Suzanne M. Perkins (Assistant Director), Nancy Santucci (Analyst in Charge), Britany Evans, Gloria (Juyoung) Lee, Meghan Perez, William Russell, Michael Shaughnessy, Carter Stevens, and Ian Toller-Clark.

⁴¹ [GAO-18-592](#) and GAO, *Defense Reform: DOD Has Made Progress, but Needs to Further Refine and Formalize Its Reform Efforts*, [GAO-21-74](#) (Washington, D.C.: Nov. 5, 2020).

Related GAO Products

Potential Financial Benefits: Estimating the Value of Implementing Open GAO Recommendations. [GAO-23-106598](#). Washington, D.C.: June 27, 2023.

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