

GAO Highlights

Highlights of [GAO-18-399](#), a report to congressional committees

Why GAO Did This Study

In addition to more than 2.2 million active duty and reserve personnel, DOD employs about 760,000 federal civilians and more than 560,000 contractors. In the Senate Report 114-49 accompanying a bill for the National Defense Authorization Act for Fiscal Year 2016 included a provision for DOD to issue a report (1) assessing functions performed by federal civilian and service contractor personnel, (2) accounting for the full costs of federal civilian and service contractor personnel performing these functions, (3) comparing these costs, and (4) assessing available hiring and retention authorities for federal civilians.

The Senate report also included a provision for GAO to assess DOD's report, which DOD submitted to Congress in April 2017. This report examines the extent to which DOD's report addressed the prescribed congressional elements.

GAO reviewed DOD's report and compared it to the prescribed elements, examined documents relevant to DOD's cost estimating and comparison methodology, and interviewed DOD officials, including those in its Office of Cost Assessment and Program Evaluation responsible for the calculations in DOD's report.

What GAO Recommends

GAO is not making any recommendations; however, DOD non-concurred with GAO's assessment that DOD partially addressed the element to account for the full cost of personnel. GAO believes the assessment is correct as discussed in the report.

View [GAO-18-399](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

April 2018

CIVILIAN AND CONTRACTOR WORKFORCES

DOD's Cost Comparisons Addressed Most Report Elements but Excluded Some Costs

What GAO Found

In response to Congressional direction, the Department of Defense (DOD) issued a report in April 2017 comparing the costs of federal civilian and service contractor personnel at select installations. The report addressed three out of four provision elements and partially addressed one, as discussed below. DOD concluded that neither federal civilians nor service contractors were predominately more or less expensive, with costs being dependent on position, location, and level of seniority. DOD noted that it used a non-probability based sample of personnel for its report, and the results are not generalizable.

- *An assessment of performance of functions being performed by federal civilian and service contractor personnel at six military installations, with four being in the continental United States and two being outside the continental United States.* GAO believes that DOD **addressed** this requirement because it developed a methodology to assess performance of functions performed by federal civilians and service contractors at 17 organizations within nine geographic regions including two locations outside the continental United States. DOD used data from the Defense Civilian Personnel Data System to identify military installations with large reported numbers of federal civilians. DOD determined that personnel need to perform at least 80 percent common tasks to be able to make a comparison.
- *An accounting of the fully-burdened, or full, cost of federal civilian and service contractor personnel performing functions at the selected installations including training, benefits, reimbursable costs, and facility overhead.* GAO believes that DOD **partially addressed** this requirement because while it calculated the labor costs of selected federal civilian and service contractor full-time equivalents performing similar functions for organizations at government-owned facilities, it excluded certain non-labor costs from its calculations.
- *A comparison of the costs of performance of these functions by federal civilians and service contractor personnel at the selected installations.* GAO believes that DOD **addressed** this requirement because it compared calculated costs for selected federal civilians and service contractors performing similar functions at selected installations and included those comparisons in its report.
- *An assessment of the flexible employment authorities for the employment and retention of federal civilian employees.* GAO believes that DOD **addressed** this requirement because it sent questionnaires to DOD hiring officials and human resource professionals to collect information on flexible employment authorities and conducted interviews with these and human resource professionals at the same 17 organizations used for the cost comparison. Based on an analysis of the information collected, DOD's report included several conclusions regarding flexible hiring authorities and made one recommendation.