CONFERENCE REPORT STATEMENT
Savings to be achieved in civilian personnel workforce and service contractor workforce of the Department of Defense (sec. 955)

The Senate amendment contained a provision (sec. 341) that would require the Secretary of Defense to develop and begin implementation of a plan to achieve savings in funding for the civilian workforce and the service contractor workforce of the Department of Defense (DOD) from fiscal year 2012 through fiscal year 2017 that are not less, as a percentage of such funding, than the savings in funding for military personnel achieved by the planned reduction in military end strength contained in the budget request for fiscal year 2013.

The House bill contained no similar provision.

The House recedes with an amendment that would require DOD to achieve savings in the total funding for each covered workforce from fiscal year 2012 through fiscal year 2017 that are not less, as a percentage of such funding, than the savings in funding for basic military personnel pay achieved from reductions in military end strengths over the same period of time. The conferees understand that current DOD plans call for a 5 percent reduction in military end strength through fiscal year 2017.

The conference amendment would also: (1) require the Secretary to ensure that the efficiencies plan is developed in a manner that is consistent with statutory force planning requirements and ensures that the DOD civilian and contract services workforces are appropriately sized to support defense needs; (2) require the Secretary to consider statutorily required workload analyses and risk assessments in determining core or critical functions to be excluded from the savings requirements; and (3) require the Government Accountability Office to report on the extent to which savings are being achieved and the provision is being implemented in a manner consistent with statutory sourcing and workforce management requirements.

SEC. 955. SAVINGS TO BE ACHIEVED IN CIVILIAN PERSONNEL WORKFORCE AND SERVICE CONTRACTOR WORKFORCE OF THE DEPARTMENT OF DEFENSE.

(a) REQUIRED PLAN.—

(1) IN GENERAL.—The Secretary of Defense shall ensure that the civilian personnel and service contractor workforce of the Department of Defense are appropriately sized to support and execute the National Military Strategy, taking into account military personnel and force structure levels. Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall develop and begin to execute an efficiencies plan for the civilian personnel workforce and service contractor workforce of the Department of Defense.

(2) CONSISTENCY WITH OTHER POLICIES AND PROCEDURES.—The Secretary shall ensure the plan required under this subsection is consistent with the policies and procedures required under section 129a of title 10, United States Code, as
implemented under the policies issued by the Under Secretary of Defense for Personnel and Readiness for determining the most appropriate and cost-efficient mix of military, civilian, and service contractor personnel to perform the missions of the Department of Defense.

(b) SAVINGS.—The plan required under subsection (a) shall achieve savings in the total funding for each workforce covered by such plan over the period from fiscal year 2012 through fiscal year 2017 that are not less, as a percentage of such funding, than the savings in funding for basic military personnel pay achieved from reductions in military end strengths over the same period of time.

(c) EXCLUSIONS.—In developing and implementing the plan required by subsection (a) and achieving the savings percentages required by subsection (b), the Secretary of Defense may exclude expenses related to the performance of functions identified as core or critical to the mission of the Department, consistent with the workload analysis and risk assessments required by sections 129 and 129a of title 10, United States Code. In making a determination of core or critical functions, the Secretary shall consider at least the following:

(1) Civilian personnel expenses for personnel as follows:
   (A) Personnel in Mission Critical Occupations, as defined by the Civilian Human Capital Strategic Plan of the Department of Defense and the Acquisition Workforce Plan of the Department of Defense.
   (B) Personnel employed at facilities providing core logistics capabilities pursuant to section 2464 of title 10, United States Code.
   (C) Personnel in the Offices of the Inspectors General of the Department of Defense.

(2) Service contractor expenses for personnel as follows:
   (A) Personnel performing maintenance and repair of military equipment.
   (B) Personnel providing medical services.
   (C) Personnel performing financial audit

(3) Personnel expenses for personnel in the civilian personnel workforce or service contractor workforce performing such other critical functions as may be identified by the Secretary as requiring exemption in the interest of the national defense.

(d) REPORTS.—
   (1) INITIAL REPORT.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report including a comprehensive description of the plan required by subsection (a).
   (2) STATUS REPORTS.—As part of the budget submitted by the President to Congress for each of fiscal years 2015 through 2018, the Secretary shall include a report describing the implementation of the plan during the prior fiscal year and any modifications to the plan required due to changing circumstances. Each such report shall include a summary of the savings achieved in such prior fiscal year through reductions in the military, civilian, and service contractor personnel workforces, and the number of military, civilian, and service contractor personnel reduced. In any case in which savings fall short of the annual target, the report shall include an explanation of the reasons for such shortfall.
(3) EXCLUSIONS.—Each report under paragraphs (1) and (2) shall specifically identify any exclusion granted by the Secretary under subsection (c) in the period of time covered by the report.

(e) LIMITATION ON TRANSFERS OF FUNCTIONS.—The Secretary shall ensure that the savings required by this section are not achieved through unjustified transfers of functions between or among the military, civilian, and service contractor personnel workforces of the Department of Defense. Nothing in this section shall be construed to preclude the Secretary from exercising authority available to the Department under sections 129a, 2330a, 2461, and 2463 of title 10, United States Code.

(f) SENSE OF CONGRESS.—It is the sense of Congress that an amount equal to 30 percent of the amount of the reductions in appropriated funds attributable to reduced budgets for the civilian and service contractor workforces of the Department by reason of the plan required by subsection (a) should be made available for costs of assisting military personnel separated from the Armed Forces in the transition from military service.

(g) SERVICE CONTRACTOR WORKFORCE DEFINED.—In this section, the term “service contractor workforce” means contractor employees performing contract services, as defined in section 2330(c)(2) of title 10, United States Code, other than contract services that are funded out of amounts available for overseas contingency operations.

(h) COMPTROLLER GENERAL REVIEW AND REPORT.—For each fiscal year from fiscal year 2015 through fiscal year 2018, the Comptroller General of the United States shall review the status reports submitted by the Secretary as required by subsection (d)(2) to determine whether the savings required by subsection (b) are being achieved in the civilian personnel workforce and the service contractor workforce and whether the plan required under subsection (a) is being implemented consistent with sourcing and workforce management laws, including sections 129, 129a, 2330a, 2461, and 2463 of title 10, United States Code. The Comptroller General shall submit a report on the findings of each review to the congressional defense committees not later than 120 days after the end of each fiscal year covered by this subsection.

SENATE/SASC REPORT LANGUAGE
Savings to be achieved in civilian workforce and contractor employee workforce of the Department of Defense (sec. 341)

The committee recommends a provision that would require the Secretary of Defense to develop and begin implementation of a plan to achieve savings in funding for the civilian workforce and the service contractor workforce of the Department of Defense (DOD) that are not less, as a percentage of such funding, than the savings in funding for military personnel achieved by the planned reduction in military end strength contained in the budget request for fiscal year 2012. Current DOD plans call for a reduction in military end strength in excess of 5 percent through fiscal year 2017. The committee estimates that a comparable level of savings in the civilian and service contractor workforces will total in excess of $5.0 billion over 5 years, over and above any savings that the Department may already plan or expect to achieve as a result of initiatives already in place.
The provision would exempt expenses for civilian employees in mission critical occupations, personnel employed at military depots, and the offices of the Inspector General of the Department of Defense, and for contractor employees performing maintenance and repair of military equipment, medical services, and financial audit services. It would authorize the Secretary to establish additional exemptions, if he determines that they are necessary for the performance of critical functions in the interest of national defense. The committee concludes that these exceptions provide the Department with ample flexibility to ensure that the Department has the capacity it needs to perform its critical missions. The committee expects the Secretary to continue to seek savings with regard to critical functions, such as maintenance and repair of military equipment, even though they are exempt from the reductions under this provision.

The committee acknowledges that the DOD efficiencies initiatives will result in an overall reduction in civilian personnel of almost 2 percent, and additional savings through the freeze on civilian pay increases. The committee is also aware that the efficiencies initiatives, coupled with the requirements of section 808 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81), have resulted in significant savings in the service contractor workforce.

However, these policies were established before the administration’s decision to reduce military end strength by 123,900 over the next 5 years—a 6.8 percent reduction for the Army, 3.9 percent reduction for the Navy, 8.3 percent reduction for the Marine Corps and 2.3 percent reduction for the Air Force. This provision will ensure that savings achieved in the civilian personnel workforce and the contractor employee workforce are brought in line with savings from the newer, deeper cuts to military end strength.

The committee notes that the Comptroller General, in the “2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue,” concluded that DOD should continue to consolidate or eliminate defense headquarters to achieve additional efficiencies. In the development of plans to reduce federal civilian personnel expenses, particular attention should be paid to reduction of management headquarters. The committee expects the Secretary to take into account the strategic workforce plan, and critical capabilities included therein, in the development of plans to reduce expenditures for federal civilian personnel of the Department.