



# ***Total Force Demand and Resourcing the Workforce***

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# Report Documentation Page

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## ***Demands & Resourcing***

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- ❑ **IS NOT** just about “getting the money”
- ❑ Is about promoting Department’s larger objectives
  - Delivering capabilities and readiness while
  - Minimizing fiscal opportunity costs – risk management
- ❑ Not “getting it right” puts much at risk
- ❑ Total Force background: “mix” and cost vectors
- ❑ Special challenge: entitlements growth
- ❑ Balancing manpower demands with personnel supply
- ❑ Moving “Observed Outcomes” closer to “Desired Outcomes”

***Challenge: Balance Manpower Demand AND Personnel Supply***



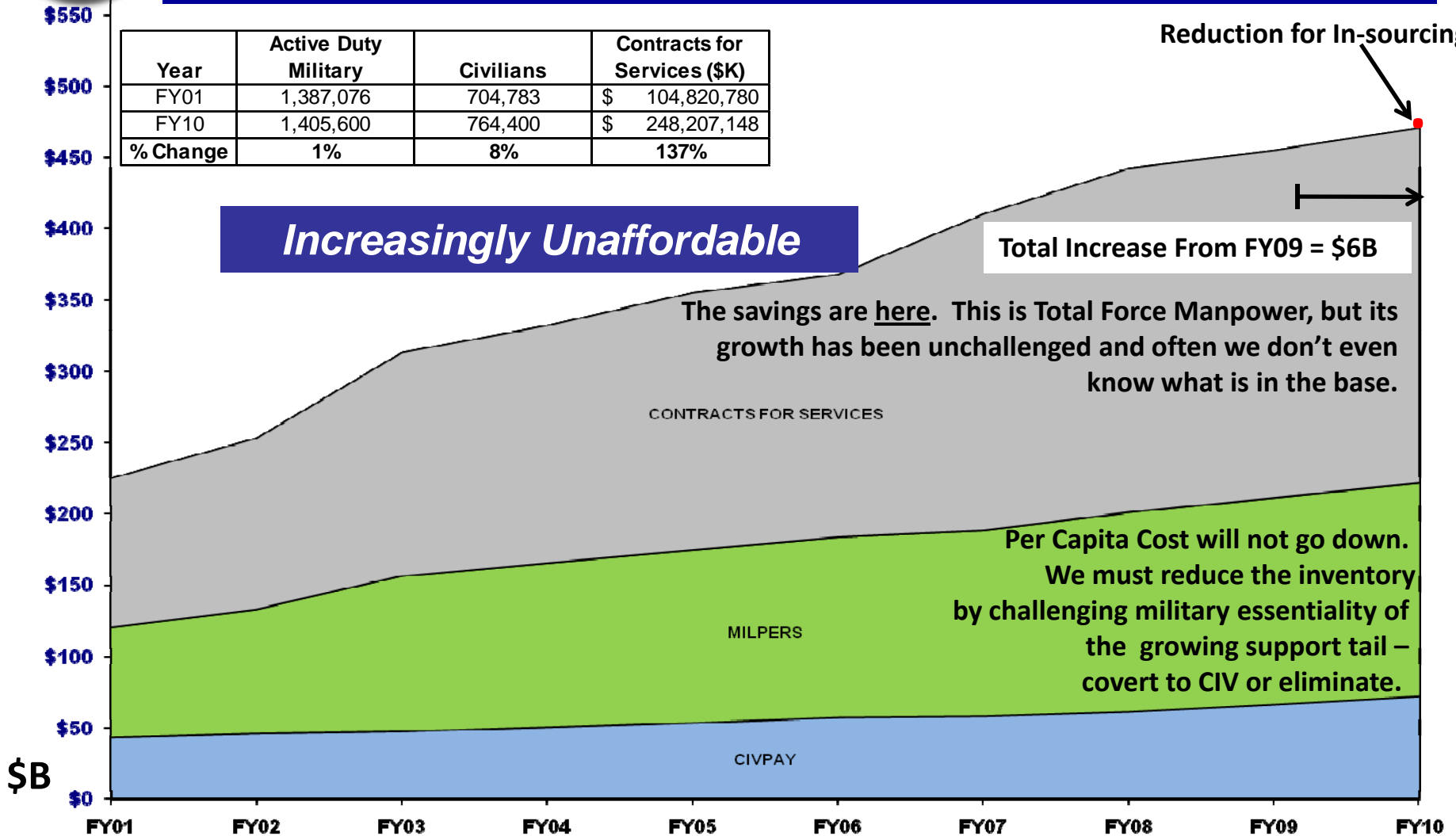
# **Resourcing the Workforce: Not Just About “Getting Money”**

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- Department’s larger Total Force objectives must be promoted
  - Delivering capabilities and readiness while
  - Minimizing fiscal opportunity costs
  
- Facts of Life:
  - Workforce costs and associated “tails” increasingly unaffordable
  - Fiscal pressures will worsen
  
- What’s at risk? – EVERYTHING:
  - The AVF - fundamental enabler of all our plans
  - Compelling recapitalization and investment
  - Actual and perceived readiness that shapes global outcomes
  
- To “Resource the Workforce” you first need to know:
  - What “it” really should be
  - What “it” would really cost – including second order costs
  
- Knowing where we have been – a good start



# Total Force Mix - Military, Civilian, Contractor



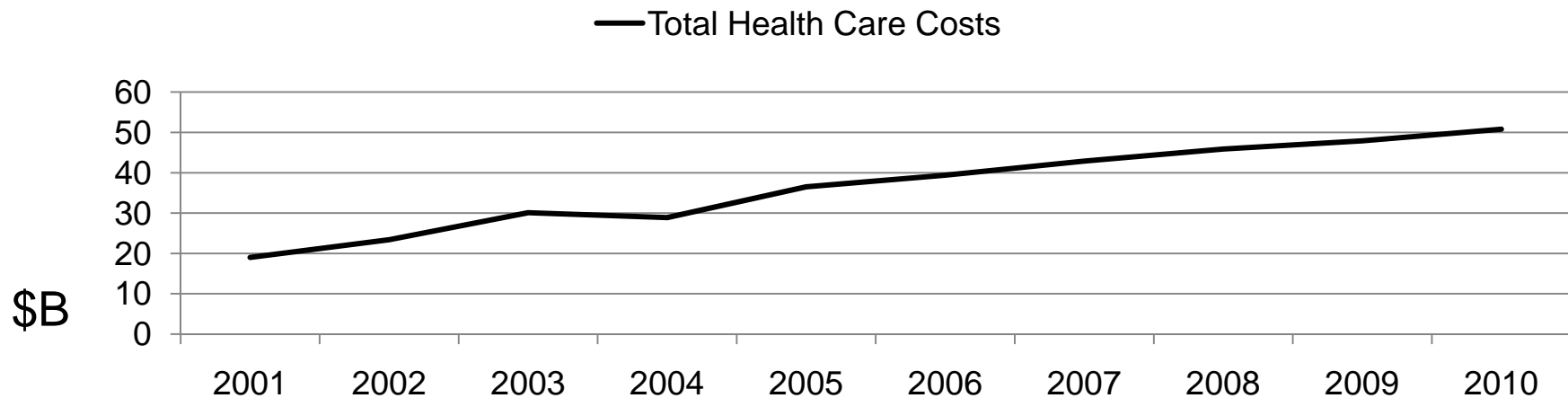
National Defense Budget Estimates for FY2011 ("Current Dollars") – BASE and OCO \$\$  
 OUSD(P&R) – Requirements and Program and Budget Coordination Directorate



## ***Second Order Effect: Unaffordable Health Care***

### Risk Defined:

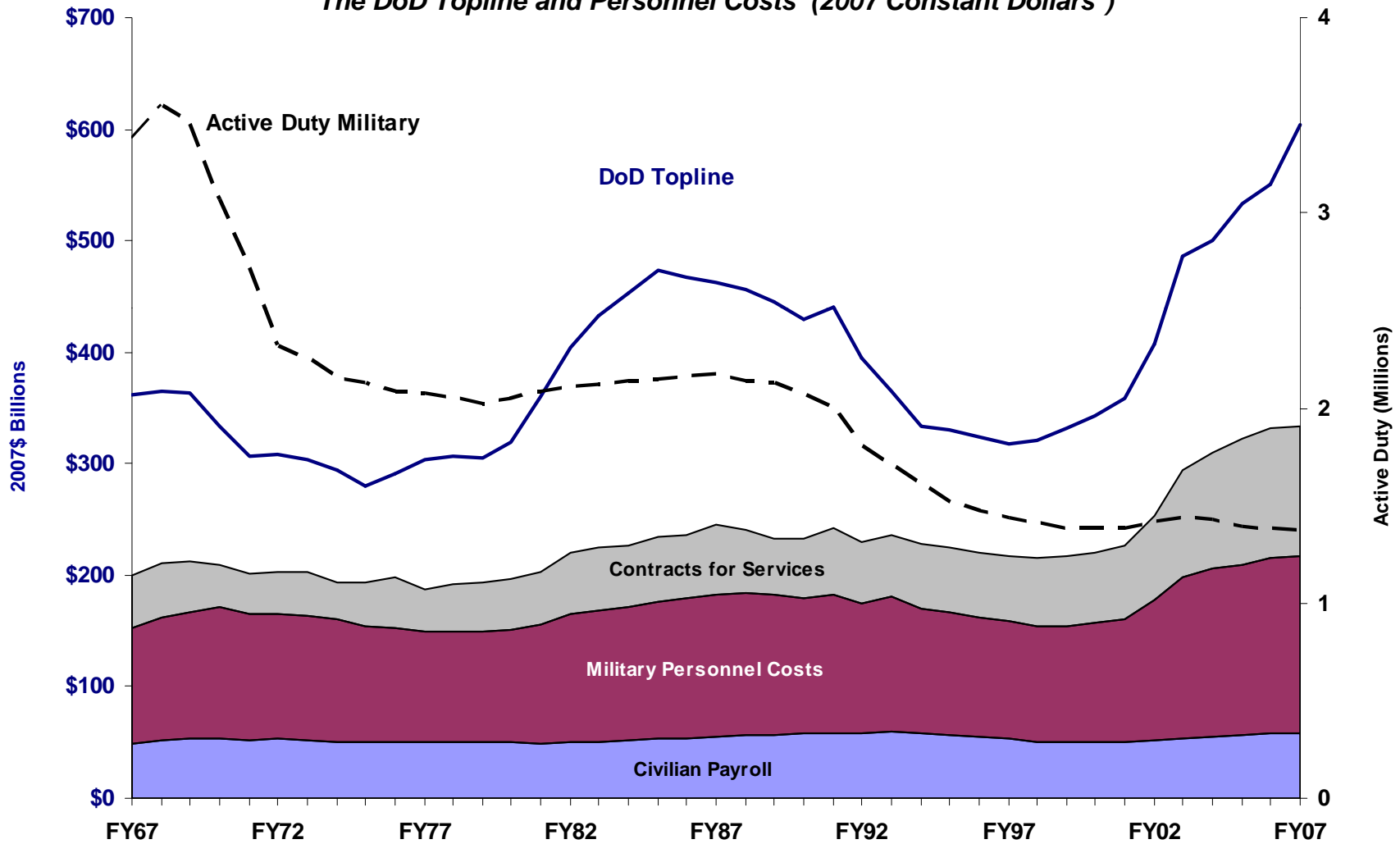
- Health care for 9.6M beneficiaries
- Up from 9.1M in 2007 – increasingly unaffordable share of resources
- At the same time, quality care to sustain the AVF, deliver readiness, and fulfill statutory obligations is imperative





# Total Force Strategy – focus on the right mix

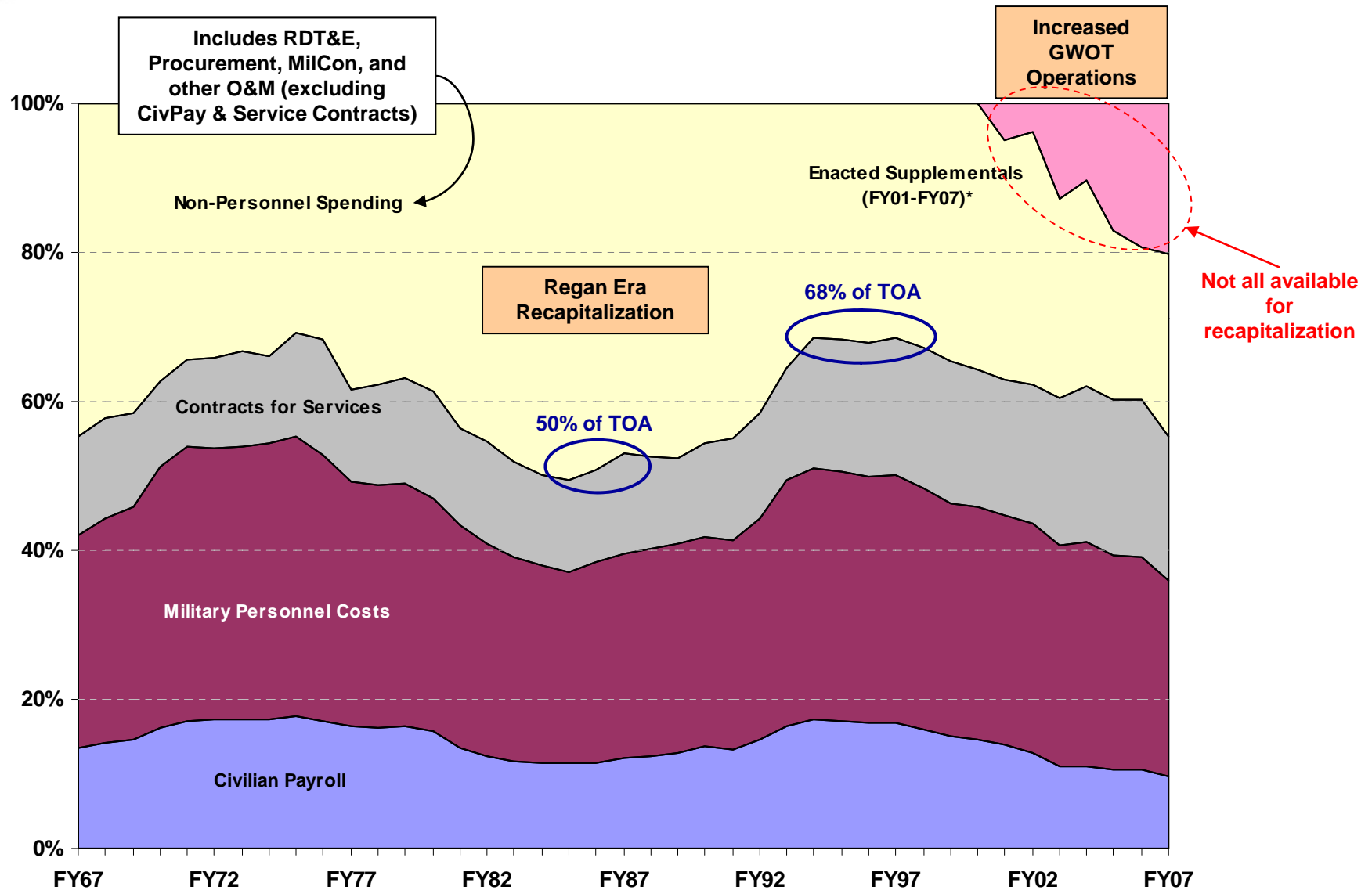
The DoD Topline and Personnel Costs (2007 Constant Dollars\*)



\* Using the GDP Price Index from the Budget of the United States Government: Historical Tables Fiscal Year 2009 (Table 10.1)



# Defense Spending (Percent of DoD Topline)

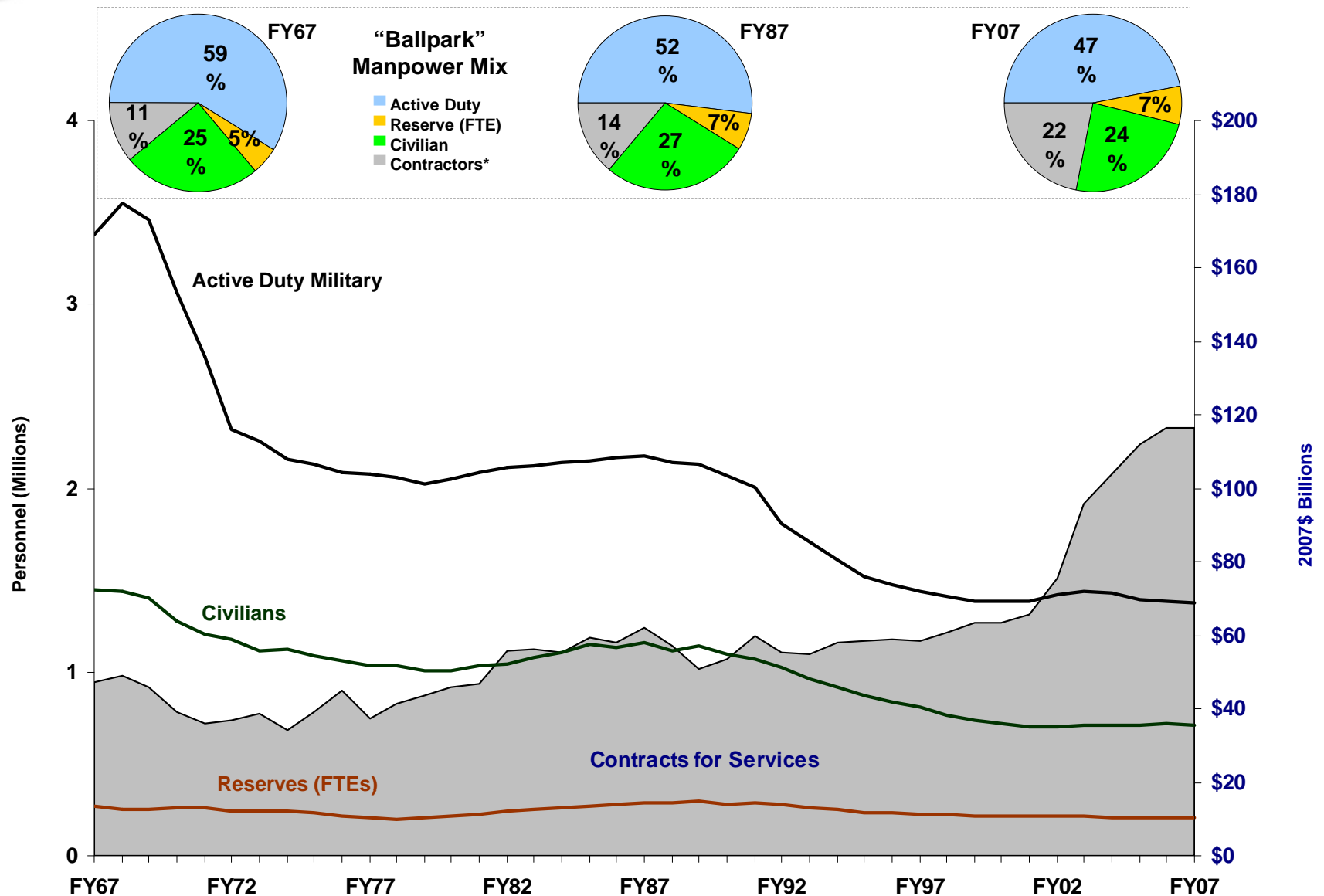


\* From FY08 GWOT Amendment, Department of Defense, October 2007 – less MilPers & DHP from enacted Supplementals (PL 110-28/5; 109-234/62/13; 108-106/11; 107-20)





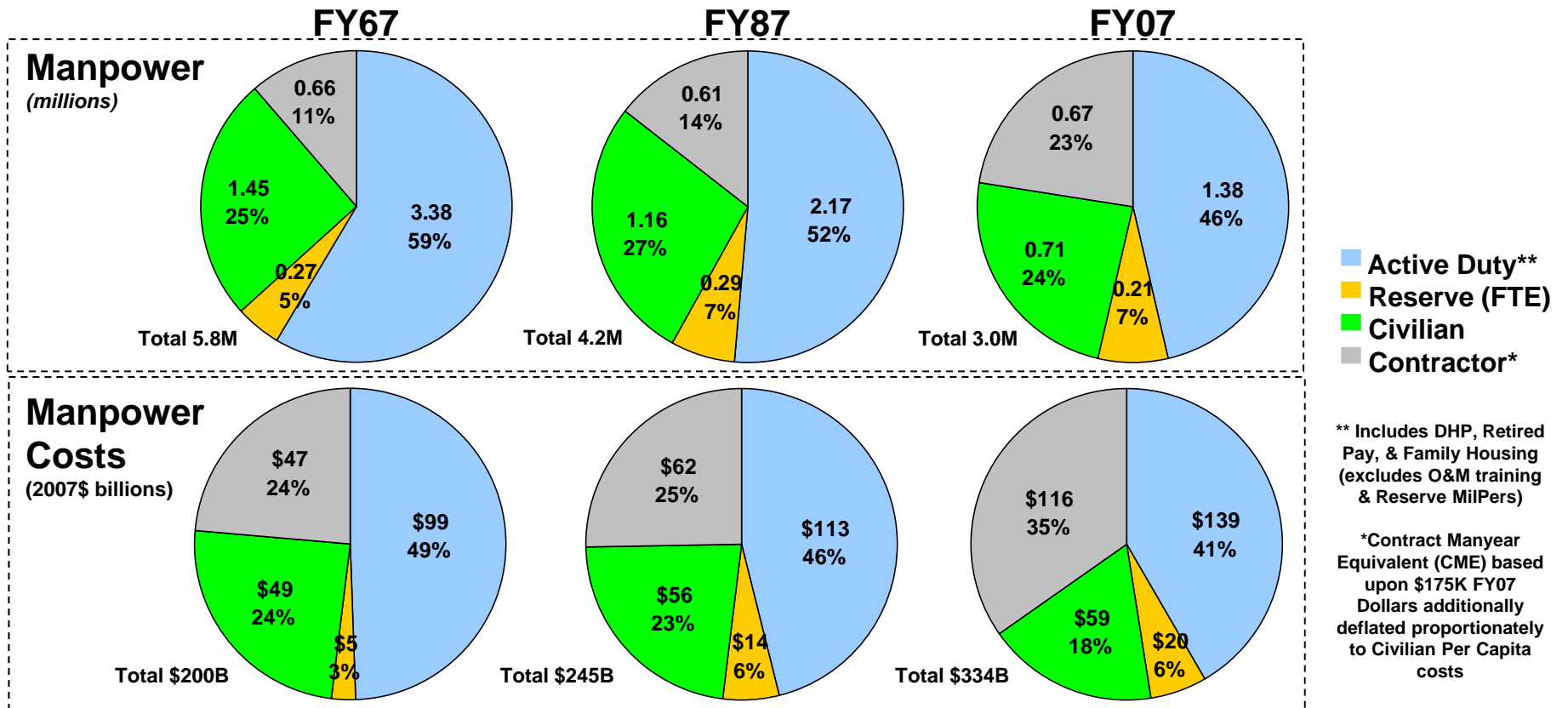
# The Changing Composition of DoD Personnel



\* Contract Manyear Equivalent (CME) based upon \$175K FY07 Dollars additionally deflated proportionately to Civilian Per Capita costs



# Manpower Mix vs Manpower Costs

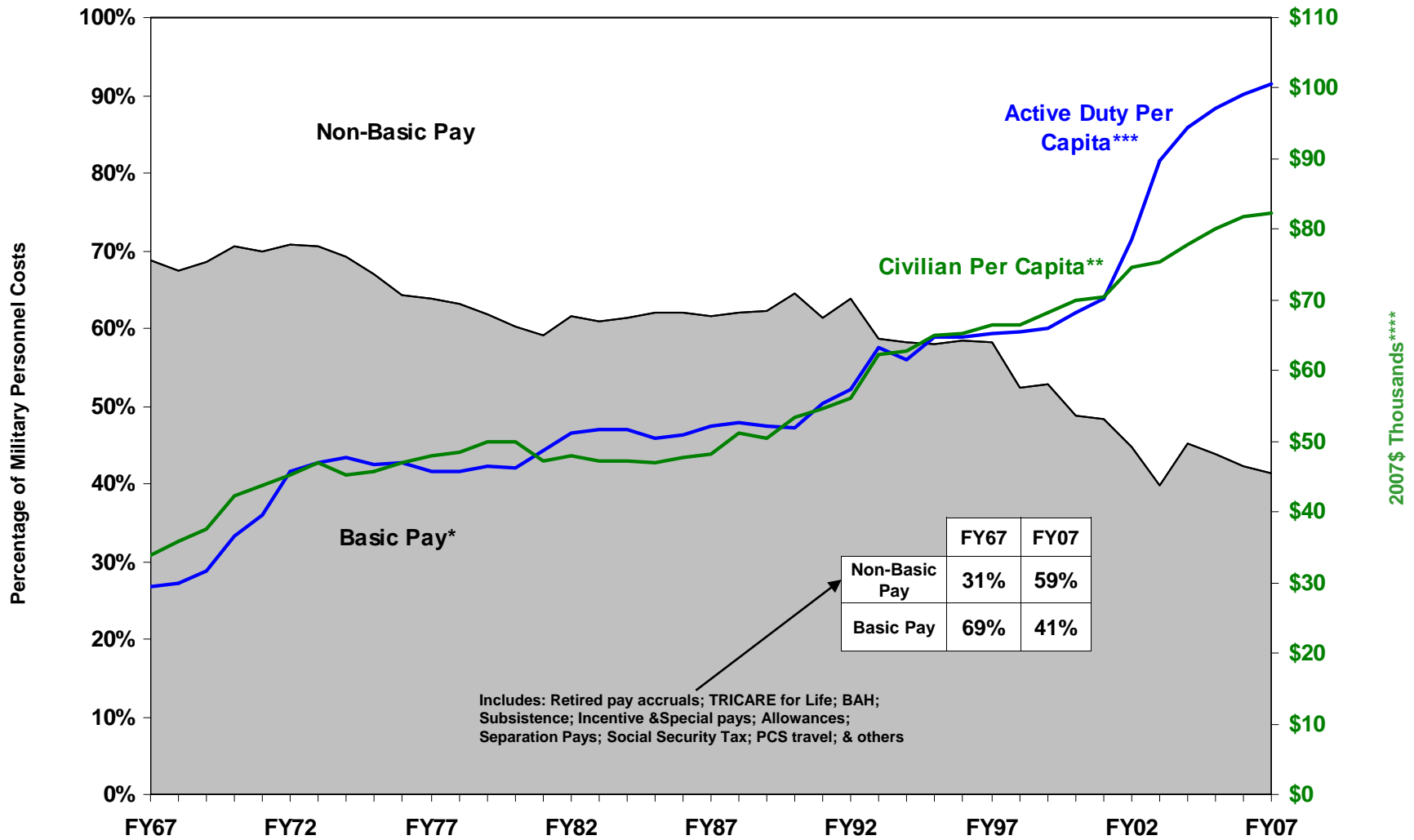


Takeaways include:

- Active Military “per capita” costs increasing – everyone else too
- Service Contract costs now almost equal to Active Military costs
- Capabilities & Productivity hard to capture “just from numbers”
  - Complicates ROI decisions



# Entitlement Growth Driving Active Duty Costs



\*\*\*\* Using the GDP Price Index from the Budget of the United States Government: Historical Tables Fiscal Year 2009 (Table 10.1)

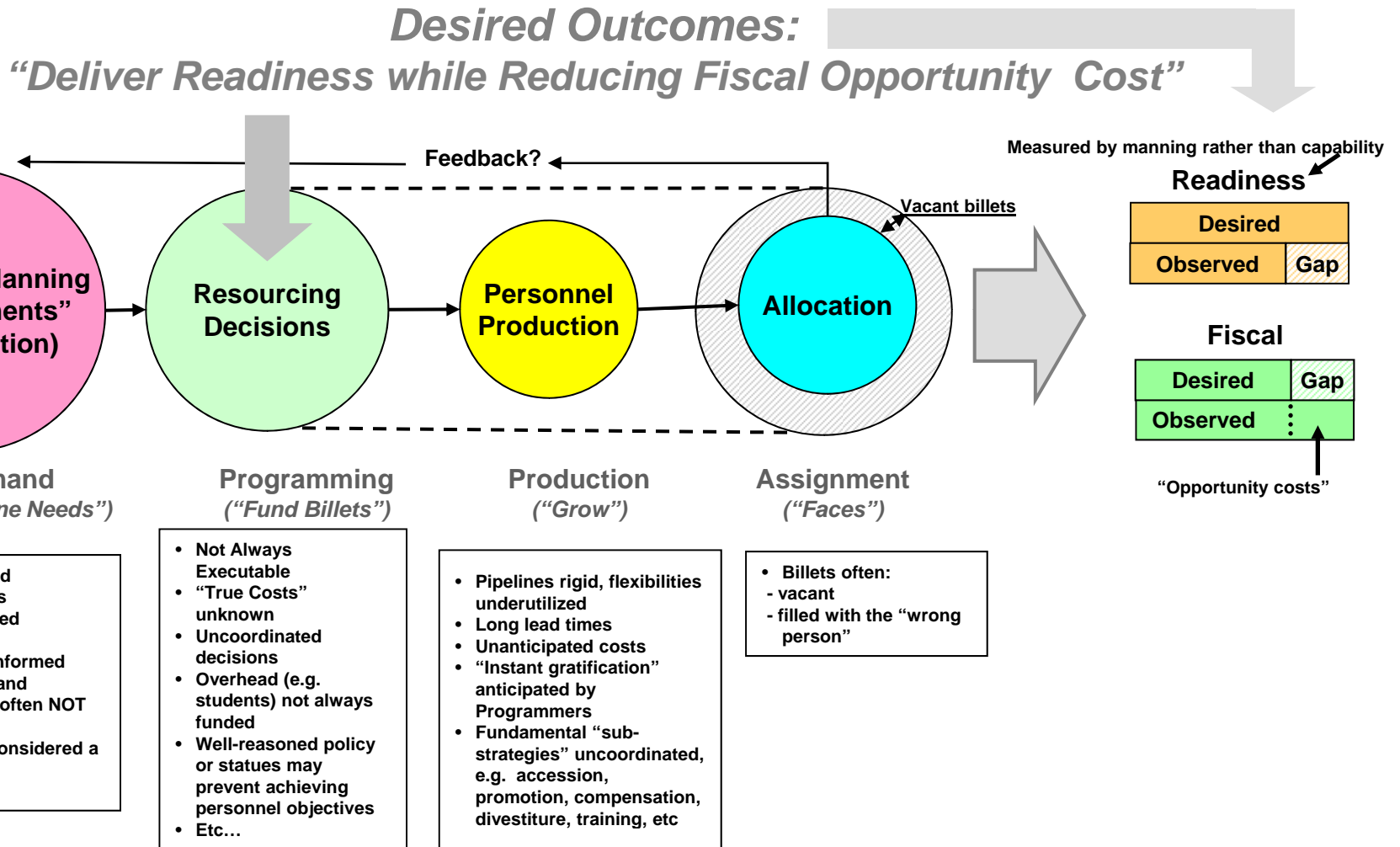
\*\*\* Military Personnel Costs divided by Active Duty Endstrength; MPC include MilPers (less Reserve), DHP, Family Housing, and Retired pay; does not include training (O&M)

\*\* Civilian Pay divided by Civilian Full-time Equivalents (FTE)

\* Military Pay (Active and Reserve) divided by Military Personnel Costs (including Reserve)



# Resourcing the Workforce: in context



**Resourcing the Workforce: cannot be separated from larger Human Capital “Architecture”**



## ***Resourcing the Workforce: Not Just About “Getting Money”: TAKE- AWAYS***

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- ❑ Department’s larger Total Force objectives
  - Delivering capabilities and readiness while
  - Minimizing fiscal opportunity costs
  
- ❑ Complex problems – no “silver bullet”
  - Helpful “Resource-Related Actions” will span entire Human Capital Architecture
  - Critical to understand and shape Workforce Demands --- which are often incorrectly called “requirements”
  
- ❑ Tools, Information, and “Freedom of Action” lacking – examples:
  - Inventory of Contracts for Services – deficient
  - In-sourcing constrained & Out-sourcing prohibited
  - Medical military to civilian conversions prohibited
  - Business rules unhelpful – military manpower “free”
  - Personnel rules/practices constrain choices – create unnecessary cost



Unclassified

## *Moving Closer to “Desired Outcomes” No Single Solution*

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### **No lack of constructive possibilities – a few examples:**

#### Strategic

- Incentivize leaders to make “smart trade-offs” by making all components of total force manpower and technology “fungible” (e.g. military manpower “not free”)

#### Operational

- Eliminate “Culture of Equity” in Officer Community Management – DOPMA does not mandate ill-reasoned “equity”

#### Tactical

- Increasingly educated and capable enlisted force assume some current officer requirements

***JUST EXAMPLES!***