



INSTITUTE FOR DEFENSE ANALYSES

**A Brief History of Military-to-Civilian
Conversions in the Department of Defense,
1965–2015**

David F. Eisler

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Executive Summary

The story of the Defense Department (DoD)'s relationship with civilianization is the story of two opposing forces in an unstable equilibrium—internal pressure to replace military personnel with civilians to save money, and external pressure to reduce civilian staff across the Defense establishment, particularly in times of declining budgets and personnel downsizing. The debate about how to generate the most efficient and proper mix between military and civilian manpower goes back over 50 years, yet, despite civilianization's more than half-century history, several important issues endure.

This paper traces the history of DoD's efforts to convert military personnel authorizations in non-military essential positions to government civilians, beginning in the 1960s, with a thematic focus on the challenges and obstacles that reappear with each new decade. The review found that there are six recurring issues that undermine civilianization efforts:

- The lack of a consistent methodology to determine military essentiality for specific positions and functions across the Services.
- The lack of a unified, holistic approach to determine DoD military and civilian personnel requirements and, importantly, budget allocations.
- The critical role of congressional legislation—from capping civilian authorizations to prohibiting conversions in certain career fields—in the outcomes of conversion efforts.
- Military Service concerns, rooted in historical precedent, about losing converted positions due to decreased civilian personnel ceilings caused by pressure to reduce overhead and Pentagon civilian staff.
- Manpower gaps that emerge while executing conversions, where military billets have been civilianized but civilian replacements have not yet filled the converted positions.
- Other human resource and management factors beyond cost—including mobilization potential, unit morale, and career progression—that affect the decision to employ military versus civilian manpower to perform a specific function.

In spite of these obstacles and challenges, DoD *has* successfully substituted civilians for military personnel in support positions, saving the government money and shifting

military personnel back into combat units to support deployments and rotations overseas. The extent of these successes, though, is neither well-documented nor indicative that such efforts have reached a limit to their potential benefits.

Illuminating the historical context will arm DoD with the background knowledge that will allow future manpower efficiency initiatives to consider the many facets of this important issue. Overcoming fifty years of persistent challenges will not be easy, nor will success occur overnight. Future attempts to find potential savings from civilianization should be mindful of this history and address the factors that have stifled such programs in the past.

Although achieving an efficient mix of military and civilian manpower within the Defense establishment is influenced by the ever-changing tug of war between balancing requirements and reducing costs, there is enough evidence to suggest that pursuing such a goal, including through civilianization, remains as important today as it was in 1965.

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“The Committee wants and expects to see military personnel out from behind desks and back in aircraft, ships and troop units.”

– House Appropriations Committee comment on the 1973 Defense Appropriations Bill¹

A. Introduction

In November 2013, the Congressional Budget Office (CBO) published a report detailing a variety of options to reduce the national deficit by 2023, including nine under the Defense category of discretionary spending.² One option, “Replace Some Military Personnel with Civilian Employees,” stated that the Department of Defense (DoD) could replace 70,000 military personnel in “commercial jobs” with 47,000 civilians, saving around \$20 billion over 10 years.³ The report acknowledged that DoD had already carried out similar efforts between 2004 and 2010 to replace 48,000 military billets with 32,000 civilians, and briefly mentioned the benefits (efficiency, continuity, reassigning military personnel to combat duty) as well as some of the drawbacks (career rotation, mobilization potential, and the effect on morale). Two years later, CBO released a more-detailed report estimating that converting 80,000 military positions could save between \$3.1 and \$5.7 billion annually.⁴

Despite the potential for monetary savings, the perception of a bloated headquarters teeming with civilians does not sit well with many inside the Beltway. In April 2014—less than six months after the initial CBO report—defense analyst Mackenzie Eaglen of the American Enterprise Institute wrote an article insisting that “the Pentagon’s civilian workforce is too big and has been virtually untouched since Defense budgets started falling four years ago.”⁵ She suggested that the Secretary of Defense “must orient civilian worker reductions toward shaping the makeup of the force” and that “the favored solution of cutting combat forces while holding the civilian workforce steady is the wrong answer...the Pentagon and Congress must get serious now about shrinking the almost-800,000 large Defense Department civilian workforce.”

Such is the story of DoD’s relationship with civilianization, boiled down to two opposing forces in an unstable equilibrium—internal pressure to replace military personnel with civilians to save money, and external pressure to reduce civilian staff across the

¹ Quoted in General Accounting Office (GAO), *Using Civilian Personnel for Military Administrative and Support Positions: Can More Be Done?*, FPCD-78-69, September 26, 1978, 9, <http://www.gao.gov/assets/130/124550.pdf>.

² Congressional Budget Office (CBO), *Options for Reducing the Deficit: 2014 to 2023*, November 2013.

³ *Ibid.*, 60.

⁴ CBO, *Replacing Military Personnel in Support Positions with Civilian Employees*, December 2015.

⁵ “Cut the Pentagon’s Civilian Workforce,” *Breaking Defense*, last modified April 30, 2014, <http://breakingdefense.com/2014/04/cut-the-pentagons-civilian-workforce>.

Defense establishment, particularly in times of declining budgets and personnel downsizing. When both forces exert themselves simultaneously, the result has typically been inertia, leading to another report several years down the line with the same logical arguments and conclusions as the others.

This dichotomy is nothing new. In fact, the debate about how to generate the most efficient and proper mix between military and civilian manpower goes back at least 50 years, and arguably even longer in American military history. Yet, despite civilianization's more than half-century history, there is little research and analysis of the subject—apart from the official government policy guidance and instructions, the main documents reviewed for this paper consisted of three student research papers at the Army War College and the Naval Postgraduate School, one academic research paper from the Strategic Studies Institute, one commissioned report for the Central All-Volunteer Task Force in 1972, three General Accounting Office/Government Accountability Office (GAO) reports, and two CBO reports. This body of work is not necessarily exhaustive.

This paper traces the history of DoD's efforts to civilianize military personnel authorizations in non-military essential positions to government civilians, beginning in the 1960s, with a thematic focus on the challenges and obstacles that reappear with each new decade. Illuminating the historical context will arm the Department with the background knowledge that will allow future manpower efficiency initiatives to consider the many facets of this important issue.

B. Early Efforts

1. Policy in the 1940s

War Department Circular 103, dated April 15, 1943, appears to be the first official policy document to address the efficiency of the military-civilian mix. It described how the War Department, “as one of the greatest users of manpower,” was “deeply concerned with the adoption of measures which will secure its most effective and economical utilization.”⁶ The War Department sought to achieve an efficient total force mix by contemplating “the use of civilians in those positions where military skills and military status are not essential.” Within the context of the Second World War, the War Department needed to ensure that the bulk of its military manpower was used for fighting in combat, allowing civilians to step in and substitute in supporting roles whenever possible. This policy was reintroduced shortly after Japan's surrender in August 1945 in *War Department Circular 248*, which stated that “the greatest emphasis should be placed upon the training of military personnel

⁶ US War Department, *War Department Circular 103*, April 15, 1943.

for purely military duties.” Civilians were to be employed as “engineers, scientists, architects, etc.” as well as in management functions.⁷

Arguably, the citizen-soldier philosophy seen throughout the history of the United States from the colonial period until the abolition of conscription suggests that, according to a review of civilianization concepts and problems for the Army War College by LTC Elton Delaune and LTC Roger Ramsey, “a natural and high degree of substitutability both between civilians and military, and military and civilians [is] a built-in feature of the American military system.”⁸ Civilians have served in critical roles across the military Services and within the Defense establishment since the Revolutionary War, most notably in logistics and combat support missions. During the Second World War—in many ways still the model for how defense analysts think about the manpower requirements for total mobilization scenarios—nearly one million civilians served in support of the Army alone, mostly in manufacturing, supply operations, and construction.⁹

2. The Concept of Military Essentiality

As DoD began to take a more analytical approach to total force management, the notion of *military essentiality* emerged as a way to distinguish between the roles of uniformed personnel and civilians in wartime. DoD Directive 1100.4, dated August 20, 1954, made the first attempt at a definition of military essentiality. The directive specified that:

Civilian personnel will be used in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness, which do not require a military background for successful performance of the duties involved, and which do not entail unusual hours not normally associated or compatible with civilian employment.¹⁰

Several Army programs came about during the 1950s to enforce this policy, intending to “reduce the number of military personnel in support-type activities with civilians and utilize the military spaces saved to create new units within the combat force structure of the Army.”¹¹ The first program, Operation Teammate, began in fiscal year (FY) 1955 and ran into a number of issues that have become emblematic of the obstacles facing civilianization efforts to this day. Delaune and Ramsey describe the program’s short history as follows:

⁷ US War Department, *War Department Circular 248*, August 15, 1945.

⁸ Elton Delaune, Jr., LTC, and Roger Ramsey, LTC, “Civilian Substitution for Military Personnel: Concepts and Problems” (Carlisle Barracks, PA: US Army War College, February 15, 1972), 8.

⁹ *Ibid.*, 13.

¹⁰ DoDD 1100.4, “Guidance for Manpower Programs,” August 20, 1954, 2.

¹¹ Delaune and Ramsey, “Civilian Substitution for Military Personnel,” 16.

Steps were taken to obtain authorization and funds for the additional civilian spaces; however, only a portion were approved. A general reduction in civilian ceilings followed that required these spaces to be absorbed within existing authorizations by the end of FY 1956. As a further development, military strength was also revised downward, which meant that the military spaces made available had to be used to man existing units as opposed to the planned activation of desired units. “Operation Teammate” was terminated 30 September 1955, after the Army had hired a total of 9,803 civilians to replace 10,306 military. **The total programed [sic] number of 12,000 civilians was not hired due to restrictive funding, reduced civilian space ceilings, and a scarcity of certain skills in the civilian labor market.**¹² (Emphasis added)

On a smaller scale, a familiar story emerges from a 1962 Army agreement to convert 638 military positions in Sales Commissaries and Non-appropriated Fund Activities to 620 civilian positions:

This was contingent upon an increase of 620 civilian spaces. Later, the Army was informed by OSD [Office of the Secretary of Defense] that the plan had been revised to provide for a conversion of 577 military positions for which an increase of 471 civilian spaces was authorized, without an increase in funds. This required the Army to absorb the cost of 471 civilian spaces and to either eliminate or absorb 106 civilian positions. In reality, this effort was the only implemented portion of a large planning program to convert 6,000 military positions to civilian occupancy, titled “Project 6.” This conversion plan was developed by the Army Staff by direction of OSD and the Under Secretary of the Army. Reasons for not implementing the full plan during FY 1963 are not fully documented.¹³

These early negative experiences in which the final provisions for civilian conversions differed from initial expectations would come to define how the military Services viewed future substitution efforts, becoming a hallmark of long-term skepticism against civilianization.

C. The 1960s Civilianization Program

1. President Johnson’s Directive

The first major effort of DoD to convert military personnel authorizations in support positions to civilians began with an August 1965 memorandum from President Lyndon Johnson to Secretary of Defense Robert McNamara. The memo, titled “Memorandum to the Secretary of Defense on the Need for Effective Use of Military Personnel,” said:

¹² Ibid., 16–17.

¹³ Ibid., 17.

The need for deployment of additional military personnel to Vietnam, for the general augmentation of our active duty military strength, and for the increased readiness of our Reserve forces makes it imperative that all military personnel are assigned to duties for which there is a direct military requirement. To this end, I ask that you once again review the functions now being performed by military personnel with a view to eliminating unnecessary functions, or where functions are necessary but do not have to be performed by military personnel, accomplishing them in other ways. At this time I want you to be absolutely certain that there is no waste or misapplication of America's manpower in the Department of Defense.¹⁴

A little more than a year earlier, in April 1964, President Johnson had charged McNamara and DoD with conducting a comprehensive study of the draft system and other military manpower policies, as one of the primary reasons for substituting civilians for military personnel was to reduce draft requirements.¹⁵ The Office of the Assistant Secretary of Defense (Manpower) led the study in conjunction with representatives from the Armed Services. One of the results was the identification of "military only" positions which included "command and combat positions, positions required for recruiting, positions involved in teaching military subjects, positions providing direct logistical or technical support for combat units, and positions required by law and/or treaty to be occupied by military personnel."¹⁶ Eventually, additional positions—such as Aides de Camp, Inspectors General, and members of military bands—were included. The review brought to light that the Army, for example, considered nearly 70 percent of its existing military authorizations to be "military only."¹⁷

As part of the substitution review, McNamara directed the Services to utilize the following criteria to determine the degree of substitutability, declaring certain types of positions to be "non-substitutable":

1. All Strategic Retaliatory Forces.
2. Continental Air and Missile Defense Forces (except certain administrative, clerical support personnel).
3. General Purpose Forces (except certain types).
4. Airlift and Sealift Forces, i.e., troop carrier airlift, aeromedical transport, overseas logistical support, special air missions and overseas airlift support

¹⁴ Lyndon B. Johnson, "Memorandum to the Secretary of Defense on the Need for Effective Use of Military Personnel," cited by The American Presidency Project, August 1, 1965, <http://www.presidency.ucsb.edu/ws/index.php?pid=27125&st=&st1=>.

¹⁵ Delaune and Ramsey, "Civilian Substitution for Military Personnel," 21.

¹⁶ *Ibid.*, 22.

¹⁷ *Ibid.*

services, airlift non-industrial fund overseas, sealift, US tankers, and overseas headquarters and command support.

5. Reserve and Guard Forces, i.e., general support, active duty non-clerical, NROTC [Naval Reserve Officers Training Corps] and ROTC [Reserve Officers Training Corps] non-clerical skills, combat skilled headquarters and command support.
6. Research and Development, i.e., combat skills in exploratory development, combat support, limited war laboratories, and extraterritorial testing.
7. General Support (with some exceptions).
8. All Military Assistance overseas.¹⁸

McNamara's declaration sent a signal to the Services that certain combat and direct combat support functions "were considered exclusive military functions which could be performed by military personnel only," although, as the criteria list indicates, a number of exceptions permitted a flexible interpretation of the guidelines.¹⁹ The final result of the completed study stated that "more than 350,000 existing military positions were readily capable of being filled by civilians," with 90 percent of these positions in continental United States (CONUS)-based support activities.²⁰ The study also estimated that the substitution ratio would be "nine civilians to every ten military replaced" based on accounting that suggested fewer civilians would be needed due to the amount of time that military personnel spend on duties not directly associated with their primary assignments, e.g., drill and ceremony, weapons qualification, area beautification, guard duty, and so on.²¹

Because the Department's civilianization study had just been completed at the time of the President's memorandum, the existing work was used as the foundation to comply with the new directive. On August 11, ten days after the President's memorandum, McNamara convened a meeting with the Service Secretaries, giving them twelve days to provide comments on the "feasibility of converting 312,700 military positions to civilian occupancy, and as a result of these conversions to reduce supporting military strength another 74,000 spaces."²² Representatives from the Office of the Assistant Secretary of

¹⁸ Office of the Assistant Secretary of Defense (Manpower), Memorandum to the Secretary of Defense, "Reassignment of Military Personnel from Civilian-Type Support Positions to Combat Duties," July 28, 1965.

¹⁹ Delaune and Ramsey, "Civilian Substitution for Military Personnel," 23.

²⁰ *Ibid.*, 23–24.

²¹ *Ibid.*, 24; and Bahadır Kose, "Civilian Substitution of Military Personnel: An Analysis of the Issues" (Master's Thesis, Naval Postgraduate School, 1990), 36.

²² Delaune and Ramsey, "Civilian Substitution for Military Personnel," 25.

Defense (Manpower) who were part of the study group quickly provided a list of occupational areas and numbers of positions that they considered “convertible to civilian occupancy,” most of which were in the areas of administration, services, and the medical/dental fields.²³

The haste with which the Services were asked to evaluate McNamara’s proposal precluded any in-depth analysis. Nonetheless, each of the Services came back with its own estimate of the number of potentially convertible positions: 25,000 for the Army; 17,016 for the Navy; 1,476 for the Marines; and 20,000 for the Air Force. The grand total—63,492—was far below McNamara’s original 312,700. It is unclear how the OSD and revised Service estimates could have been so different, although the original OSD estimate may have only taken a broad look at manpower authorizations and did not account for rotational basis and other Service-specific manpower requirements and constraints.

In any case, after a period of negotiations between OSD and the Services, McNamara announced on September 16, 1965 that “the armed services would replace 74,300 military personnel with 60,500 civilian personnel in 1966.”²⁴ This effort became known as the Civilianization Program, also called “Project Mix Fix,” and required each of the uniformed Services to civilianize a portion of DoD’s military strength. The program would be carried out in two phases. Table 1 shows the goals set for each Service for Phase I.

Table 1. Civilian Substitution Goals by Service in Response to 1965 Secretary of Defense Directive

	Army	Navy	Marine	Air Force	Total
Officers	1,800	1,575	120	3,000	6,495
Enlisted	34,700	13,425	2,680	17,000	67,805
Total	36,500	15,000	2,800	20,000	74,300
Civilian Substitutes	28,500	12,500	2,500	17,000	60,500

Source: Office of the Secretary of Defense, Memorandum for Service Secretaries, “Civilianization Program,” September 16, 1965.

2. Problems with Implementation

One of the major issues with the Civilianization Program was the implementation plan. The Services only had six weeks to submit detailed conversion plans, causing “considerable consternation in the service staffs.”²⁵ Service plans were drafted independently from each other and without a consistent methodology—the Army and Navy used manning documents to identify positions to be converted while the Air Force focused

²³ Ibid., 25–26.

²⁴ Ibid., 21.

²⁵ Ibid., 29.

on functional areas in which substitutions and eliminations would be most feasible. Further, “each service used a different approach in estimating costs of the program, but all three services estimated increases were necessary in their respective budgets in order to complete the conversion.”²⁶ Ultimately, the Secretary did approve budget increases, but for only a small portion of what the Services had requested once OSD analysts convinced the Services that civilians were, in fact, less expensive than military personnel performing the same function.²⁷

Phase I of the Civilianization Program officially went into effect on January 19, 1966. Local unit commanders received computer printouts of the specific positions that had been identified for conversion, but decentralized execution of the program allowed commanders “to substitute other military positions within their commands provided that the military grade and occupational specialty were not changed.” Commanders were also authorized to shift positions between budget accounts if the funds were available.²⁸ Allowing this level of flexibility led to mismatched incentives as local commanders sought to identify and offer billets for conversion that would have the smallest impact on their current operations, including, for example, selecting numerous billets for conversion that were vacant at the time.

Execution of the Civilianization Program did not go as well as hoped. In the early stages of implementation, manpower gaps emerged as military personnel left the billets programmed for conversion but replacement civilian personnel were not yet available. Table 2 shows the percentage of civilian spaces staffed during Phase I of the program for each Service.

Table 2. Percentage of New Civilian Spaces Staffed Over Time

Service	Planned Military Reductions	Planned Civilian Additions	Percentage of New Civilian Spaces Staffed (%) as of:					
			Jun 1966	Aug 1966	Sep 1966	Dec 1966	Mar 1967	Jun 1967
Army	36,500	28,500	61.6	67.6	73.7	94.8	97.5	99.2
Navy	15,000	12,500	28.8	38.4	62.4	78.6	89.4	94.1
Marine Corps	2,800	2,500	47.3	51.2	61.6	98.4	97.6	100.0
Air Force	20,000	17,000	50.0	58.8	70.4	94.8	97.6	99.4
Total	74,300	60,500	51.0	57.0	68.9	90.8	95.7	98.0

Source: Walter S. Downs, *The DoD Civilian Substitutability Program*. March 25, 1968, 64.

²⁶ Ibid., 30.

²⁷ Ibid., 32.

²⁸ Ibid., 33–34.

The second phase of the Civilianization Program began in July 1967, with nearly 40,000 military positions scheduled for conversion in addition to the conversions from Phase I. But additional funding requirements for operations in Vietnam led OSD to direct the Army, which had nearly half of the planned conversions, to “reduce its civilian spaces in other commands by 3.192 [percent] of [its] total space authorization,” including spaces already provided as part of the Civilianization Program.²⁹ In response, the Army requested that the remaining unconverted billets be exempted from the program, but Secretary McNamara refused, saying, “I wish to accord a continued high priority to Phase II civilian-military substitution in order to avoid the use of military personnel in civilian type positions except where justified by rotation and training considerations.”³⁰

3. Outcomes of the Program

In 1968, GAO published a report entitled *Accomplishments Under Phase I of the Civilianization Program*. According to Delaune and Ramsey,

the report alleged that the [Civilianization] program did not result in the release of as many military personnel as had been planned because many positions were vacant, that many of the military were not reassigned to duties which required military personnel, that no directive was issued to revalidate requirements, and that insufficient emphasis was placed on the conversion of higher grades.³¹

These issues led a member of the House Appropriations Committee to comment that, “From these disclosures, it would appear that the major objective of the civilianization program is not being realized—either because it was improperly implemented, is being mismanaged, or there is a complete lack of understanding of the basic purpose of the program.”³²

But at the same time as the Congress was scolding OSD and the Services for failure to execute the Civilianization Program to its full potential, it was also passing legislation that made conversions more difficult. In 1978, ten years after the end of the Johnson-era civilianization effort, GAO reported that although the Services were originally allowed to “increase their civilian personnel ceilings by the number of conversions completed,” the Revenue and Expenditure Control Act of 1968 (or Public Law 90-364)³³ restricted the

²⁹ Ibid., 41.

³⁰ Office of the Secretary of Defense, Memorandum for the Secretaries of the Military Departments, “Reprogramming of Civilian Personnel Programs Including Civilian-Military Substitution.” November 13, 1967.

³¹ Delaune and Ramsey, “Civilian Substitution for Military Personnel,” 52.

³² US House Committee on Appropriations, Hearings on Military Personnel Army Appropriation, 90th Cong. (1968), quoted in Delaune and Ramsey, “Civilian Substitution for Military Personnel,” 52.

³³ Revenue and Expenditure Control Act of 1968, Pub. L. No. 90-364, 82 Stat. 251 (1968).

number of authorized civilians within DoD and consequently cost the Services approximately 5,000 civilian billets from the final tally.³⁴

Delaune and Ramsey alleged that the effects of the law went even further:

The Civilianization Program had added approximately 20,000 civilian positions to the Army ceiling from that which existed on 30 June 1966. Army and OSD both appealed to the Congress for a special exemption to [Public Law 90-364] for those spaces converted from military to civilian occupancy during both Phase I and II programs. Congress refused the request which, in effect, meant that the Army had over a two year period lost a combined total of approximately 40,000 military and civilian spaces by implementing the Civilianization Program.³⁵

GAO noted more generally that as a result of the Revenue Expenditure and Control Act of 1968, “DoD was not permitted to adjust the level of civilian employees by the number of positions converted.”³⁶

Of course, it is easy to get lost in the problems and miss the fact that, despite the challenges described earlier, the civilianization program successfully replaced thousands of military personnel in support positions with government civilians, freeing up military manpower to serve in combat units as intended. Table 3, taken from the 1978 GAO report, summarizes the final results of both phases of the Civilianization Program.

Table 3. Summary of Civilianization Program (1964–1968), Phases I and II (Aggregate)

Service	Military Reduction	Civilian Substitution
Army	44,504	35,600
Navy	30,381	25,339
Marine Corps	3,420	3,022
Air Force	35,910	31,018
Total	114,215	94,979

Source: GAO, Using Civilian Personnel for Military Administrative and Support Positions, 8.

DoD’s own evaluation of the Civilianization Program stated the following:

The most notable short-term benefits were reduced draft calls during the Vietnam build-up, although the net effects of the substitution efforts were somewhat obscured by overall military strength addition.³⁷

³⁴ GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 8.

³⁵ Delaune and Ramsey, “Civilian Substitution for Military Personnel,” 53.

³⁶ GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 15.

³⁷ *Ibid.*, 8.

4. Congressional Hearings and Oversight

Even before the Civilianization Program began in earnest in the mid-1960s, the Congress took an interest in overseeing DoD's management of its manpower. In 1960, the House Committee on Armed Services (HASC) held a number of hearings before the Special Subcommittee on Utilization of Military Manpower. During one of the hearings, Mr. Gus C. Lee, Director of DoD's Office of Manpower Utilization, was answering the committee's questions on why there had been reported cases of military personnel filling civilian spaces after the civilian spaces had been abolished, specifically on military installations and in commissaries, when Congressman Jeffrey Cohelan of California interrupted him:

Isn't it fair...that we would conclude or at least infer that maybe you have got more military manpower than you need if all of a sudden spaces are eliminated in the civilian area and quick like a bunny you grab yourself five guys and can put them in just like nothing? I get all cranked up at this point.³⁸

Congressional skepticism and apparent mistrust of how DoD managed its military and civilian workforce led to more hearings. Delaune and Ramsey write that “[t]hese detailed and penetrating type questions...continued to be the hallmark of Congressional Hearings,” and ultimately that “the hearings definitely established that the use of military personnel in nonmilitary tasks could be an ineffective and inefficient use of personnel due to less job stabilization, training costs, and frequent rotation costs.”³⁹

As the 1960s came to an end, the Congress continued its oversight of manpower management and policy through the Armed Services Committees and, in light of the transition to the All-Volunteer Force, expressed concerns about the rising costs of military personnel. Often, though, the Committees took a fragmented approach to manpower appropriations, focusing on civilian ceilings in one hearing and military force structure in another. Delaune and Ramsey again write critically about this approach:

It is not evident that the total manpower program is justified to the appropriation committees in a manner that proves where a military versus a civilian person is required and why. The appropriation committees have a tendency to look at the changes in money requirements from year to year without looking at the total mix of military and civilian personnel required.⁴⁰

³⁸ US House Committee on Armed Services, Hearings Before the Special Subcommittee on Utilization of Military Manpower, 86th Cong. (1960), 5623.

³⁹ Delaune and Ramsey, “Civilian Substitution for Military Personnel,” 51.

⁴⁰ *Ibid.*, 61.

This lack of a holistic approach to analyzing manpower mix and requirements across the Defense establishment became one of the key obstacles facing civilianization efforts, and persisted into the 1970s and beyond.

5. Summary

Three key elements characterized the DoD experience with military-to-civilian conversion efforts throughout the 1960s, the first decade to see a formalized program aimed at creating a more efficient mix of total manpower:

- Inconsistent methodologies across the Services to identify which billets and functions were suitable for conversion;
- Emerging manpower gaps between converted military positions and the eventual hiring of civilians to replace them;
- The impact of the Revenue and Expenditure Control Act of 1968, which capped the number of civilian authorizations available to DoD even while conversion efforts were ongoing, causing some commands to lose portions of their end strength when positions that had been identified for conversion were not funded.

Even with these obstacles, a substantial number of positions were successfully converted with an eye on the transition to an All-Volunteer Force, an issue which would soon become the driver of DoD's total force management policy.

D. Manpower and the All-Volunteer Force in the 1970s

The civilianization efforts in the 1960s were at least partially inspired by the impending transition to an All-Volunteer Force, and the congressional committee hearings and Defense appropriation bills of the early 1970s reveal officials' concerns with the appropriate use of military manpower across the Services. Fiscal year 1973 was a turning point in these discussions, as the Congress used the power of appropriations bills to wag a scolding finger at the Services for misuse of military manpower, couched in the language of the proper use of taxpayer dollars. While the Senate Committee wrote that "as the cost of military manpower has increased and the difficulties of achieving an all-volunteer force become apparent, civilianization programs need to be reassessed,"⁴¹ the House Committee was even more direct:

The Committee wants and expects to see military personnel out from behind desks and back in aircraft, ships and troop units...While the Committee expects the Office of the Secretary of Defense to take the lead in directing the implementation of this program, all other elements of the Department of Defense should be encouraged to actively pursue the objective...

⁴¹ GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 8.

Additionally, the Committee serves notice on all concerned that ceilings on civilian personnel, however imposed, are to be adjusted as and when necessary to permit this program to go forward.⁴²

However, despite the Congress's insistence that civilian personnel caps would be adjusted to accommodate future conversions, the Services' experience during the 1960s program led to resistance in the years to come, and threatened to undermine the transition to an efficient total force in the post-conscription era.

1. 1972 Central All-Volunteer Task Force

DoD dedicated significant analytical brainpower to the issues surrounding the transition from a conscription-based military to the All-Volunteer Force. The Assistant Secretary of Defense (Manpower and Reserve Affairs) put together a Central All-Volunteer Task Force to study a range of issues that affected the transition, including the substitution of civilians for military personnel in each of the Armed Services.⁴³ The study was specifically focused on evaluating alternatives for “maintaining required military force levels in a zero-draft environment.”⁴⁴

The Task Force reviewed Service-submitted data and documentation on the theoretical maximum number of positions that could be civilianized. The Task Force concluded that “Army, Navy, and Marine Corps calculations of civilianization potential are reasonable,” but that, “compared to the other Services, the Air Force submission greatly underestimates civilianization potential.”⁴⁵ A few of the reasons given for this discrepancy were the Air Force's “more liberal rotation policy” than the other Services, as well as because “[t]he method used by the Air Force in designating positions as ‘military only’ excessively depletes the number of jobs available for civilian substitution.”⁴⁶

The Task Force report stated that “the Services generally oppose civilianization.”⁴⁷ As part of their document submission to the Task Force, each of the Services attached a cover letter. The report discussed a sampling of comments from those letters, which “were not substantiated,”⁴⁸ as follows:⁴⁹

⁴² Ibid., 9.

⁴³ Central All-Volunteer Task Force, Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs), *Civilian Substitution (A Report on Substitution of Civilians for Military Personnel in the Armed Forces)* (Washington, DC, October 1972).

⁴⁴ Ibid., 1.

⁴⁵ Ibid., 6.

⁴⁶ Ibid.

⁴⁷ Ibid., 14.

⁴⁸ Ibid.

⁴⁹ Ibid., 14–15 and Tab D.

– Army:

There must be “assurances that the difficulties which occurred following the most recent civilianization program do not recur.”

“The Army considers that any large scale civilianization plan should be undertaken only as a last resort.”

– Navy:

“It must be stressed that the possible substitutions presented in enclosures (1) and (2) are only as valid as the methodology employed in the study will allow....The potential savings which might accrue from the program might change significantly.”

– Air Force:

“We do not anticipate a shortfall in recruiting. We do believe that if one should occur a civilianization program would be counterproductive to Air Force objectives.”

“We believe that the civilianization alternative contemplated by the study should not be applied to the Air Force.”

– Marine Corps:

“Any military savings in these areas can be expected to be offset by an increase in the civilian overhead required to administer the approximately 25% and 50% increases to the currently authorized civilian labor force.”

In addition to these comments, the Services also raised a number of managerial implications of the civilianization efforts, specifically:

1. The effect on enlisted promotion flow
2. Unpredictability or “turbulence” of current Service assignments
3. The flexibility of civilians versus military personnel with respect to hiring and assignments
4. The impact of civilianization on the military’s surge capability and readiness in times of national crisis
5. Availability of qualified civilians
6. The potential for increased friction between military and civilian personnel
7. Manpower ceilings and the danger that “that after executing a civilian substitution program, civilian manpower ceiling reductions will subsequently eliminate the civilian space increase.”

8. Operational difficulties in the field.⁵⁰

The Task Force responded to each of these comments and concluded that the only valid concerns were the availability of qualified civilians, the fear of manpower ceilings, and the specific details of how these conversions would occur in the field. With respect to the manpower ceilings that constrained the total number of authorized civilians, the Task Force noted that it was “vital to bring this problem to the attention of the Office of Management and Budget and Congress” in order to avoid past mistakes.⁵¹

The Services’ objections ran deeper than their comments indicated, though. At the core of the issue were the fresh memories of the Civilianization Program of the 1960s—the Services worried that they would not be able to protect their manpower authorizations if they converted the positions from military to civilians. Indeed, the Task Force wrote that

The Services oppose further civilianization principally because they view it as threatening their abilities to accomplish their missions. **They recall prior civilianization programs which resulted first in the intended shift from military to civilian positions and then ended with a subsequent cut in civilian spaces. The net result was a lowering of military strength without any compensating increase in civilian strength.**⁵² (Emphasis added)

In the end, the aggregated Service estimates for the theoretical maximum number of suitable billets for conversion was 102,862, although the Task Force determined that this number was more of a lower bound than a maximum limit based on their own assessment of the Services’ methodology. One reason was the arguably generous criteria afforded to the Services to classify billets as military essential, or “military only” in the language of the time. This may have been self-inflicted, though, as the Task Force had asked each of the Services to use the broad criteria of DoD Directive 1100.4, issued in 1954, which stated that “[c]ivilian personnel will be used in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness, which do not require a military background.”⁵³ Without a standard method to implement these guidelines, however, each of the Services interpreted them in their own way.

2. 1973–1975 Civilianization Program

In response to the Central All-Volunteer Task Force as well as congressional hearings throughout 1972, Secretary of Defense Melvin Laird called for another 31,000 military-to-civilian conversions by the end of fiscal year 1974, primarily enlisted positions located in

⁵⁰ Ibid., Tab C, 16–19.

⁵¹ Ibid., Tab C, 18.

⁵² Ibid., 17.

⁵³ DoDD 1100.4, “Guidance for Manpower Programs,” August 20, 1954, 2.

the continental United States.⁵⁴ The House Appropriations Committee, commenting on the FY 1972 Defense Appropriations Bill, had emphasized the importance of letting “civilians do civilian jobs in the Department of Defense... as the cost of military personnel continues to increase,” citing increases in high ranking officers’ pay and benefits as well as training and rotation costs.⁵⁵

At the same time as the Secretary’s directive to convert the 31,000 positions, other Defense initiatives were cutting the size of headquarters staff, closing and consolidating bases, and reducing general support requirements, making it “difficult to assess the benefits of conversion actions” independently from all other initiatives.⁵⁶ Still, DoD officials clearly thought the efforts were going well enough to replace another 10,000 military personnel with around 8,700 civilians in FY 1975.⁵⁷

Table 4 summarizes the total number of conversions for each Service during the FY 1973–1975 civilianization program.

Table 4. Military-to-Civilian Conversions during the FY 1973–1975 Civilianization Program

	<u>Total</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Defense Agencies</u>
Military Positions Converted	47,898	16,890	11,973	1,361	17,674	-
Civilian Positions Added	40,022	14,080	10,000	1,194	14,078	670

The 1978 GAO report indicates that Defense officials, in reviewing the results of more than a decade of the Department’s civilianization efforts, saw value in the programs despite the challenges facing them:

The multiplicity of simultaneous and overlapping reduction programs within DoD during the past decade makes it difficult to isolate the specific consequences of each individual program. However, it may be concluded that the civilianization programs were of some value in easing the transition to the all-volunteer force by decreasing military strength requirements. Civilianization has also helped to reduce total manpower costs.⁵⁸

⁵⁴ GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 9.

⁵⁵ US Congress, House Report on Department of Defense Appropriations Bill for FY 1972, 92nd Cong. (1971).

⁵⁶ GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 9.

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*, 10.

3. New Efforts, Continued Skepticism

Even after 10 years of civilianization and more than 100,000 military-to-civilian conversions, members of the Senate Committee on Appropriations reported on July 1, 1977, that they believed “at least 50,000, and possibly more, military positions could be filled with civilians without affecting military readiness in any way.”⁵⁹ The Army, Marine Corps, and Air Force all disagreed, while the Navy was already drafting plans to convert another 12,000 positions over a three-year period starting in FY 1979.⁶⁰ The Acting Assistant Secretary of the Army (Manpower and Reserve Affairs) put it bluntly when he stated that the Army had “passed the point of being able to realize any appreciable payoff from another wholesale civilianization program.”⁶¹

On May 3, 1977, perhaps anticipating the July report from the Senate Appropriations Committee, the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) published a report entitled *Civilian Substitution Potential*, arguing that FY 1978 would not be a good year to undertake another round of conversion efforts because President Carter had already developed an initiative to reduce the Department’s civilian employment ceiling. The report further recommended that (1) the Air Force and Army defer any civilianization efforts until after DoD had reviewed their proposed programs for FY 1979–1983, (2) the Navy complete its planned conversion of 12,000 positions by FY 1980, and (3) the Marine Corps’ zero-conversion proposal be accepted.⁶² It does not appear that there was any additional pressure on the Services to civilianize further that year.

Nonetheless, in September 1978, the GAO published a report entitled *Using Civilian Personnel for Military Administrative and Support Positions—Can More Be Done?* The report examined the previous civilianization efforts in the 1960s and early 1970s and also looked into some of the factors that influenced how the Pentagon and the Services viewed the civilianization programs. Specifically, the GAO report sought to identify the incentives and disincentives facing DoD as well as the Services when determining whether to choose military or civilian personnel to serve in various support positions.

The GAO report only listed a single incentive for choosing, or substituting, civilians—cost savings, both on an individual billet level as well as the reduction in support costs associated with a smaller military force structure. Disincentives, however, included “(1) loss of civilianized positions because of simultaneous or subsequent personnel reduction programs, (2) loss of mobilization flexibility, and (3) less management control

⁵⁹ Quoted in GAO, *Using Civilian Personnel for Military Administrative and Support Positions*, 1.

⁶⁰ *Ibid.*, 11.

⁶¹ *Ibid.*, 10–11.

⁶² *Ibid.*, 11.

of civilian employees and contractor personnel.”⁶³ Fear of losing civilianized positions is generally presented as the main argument from the military Services against further civilianization, and, as seen earlier, is not without historical precedent. The GAO report puts the issue in clear terms:

According to service officials converting a military position is commensurate with losing it; first, the military position is converted, then it is eliminated because of a civilian reduction program or a personnel ceiling adjustment.⁶⁴

A year after the GAO report, an oft-cited US Army War College study by Anthony Wermuth—a 32-year veteran of the Army who subsequently worked at various research institutes, think tanks, and finally as a civil servant—looked at the role played by civilians in DoD as well as the dynamics and friction between Service members and their civilian counterparts within the cultural context of the 1970s military establishment.⁶⁵

In contrast to previous studies that examined the potential for civilian substitution of military personnel in terms of numbers and billet authorizations, Wermuth attempted to understand how changes in modern war and organizational dynamics had affected the proportion of Service members who would actually be required to fight in combat versus those assigned to support positions, and how civilians fit into the picture. He noted that the trend was toward more uniformed personnel in support activities as well as an increased reliance on civilians in similar positions. He also noted that:

The Defense Manpower Commission calculated in 1976 that while civilians in the military establishment are well known to work in support systems, 65 percent of the active military also work in support, not in fighting systems. The burgeoning of both military and civilian participation in military support activities has brought with it displacement of numerous soldiers by civilians.⁶⁶

Wermuth also criticizes the Defense establishment for lacking a holistic approach to managing military and civilian manpower, noting that the intermingling of civilians and military personnel within combat support functions means that “there is no practicable perspective in which the enormous civilian effort in the military establishment can be looked upon as a work force apart, let alone as a vacuum, or as some mere ‘adjunct’ to the military.”⁶⁷

⁶³ Ibid., 13.

⁶⁴ Ibid.

⁶⁵ Anthony Wermuth, “An Armored Convertible?: Shuffling Soldiers and Civilians in the Military Establishment” (Carlisle Barracks, PA: Strategic Studies Institute, US Army War College, October 30, 1979).

⁶⁶ Ibid., 2.

⁶⁷ Ibid., 47.

Because Wermuth was concerned with how DoD could maintain adequate levels of military manpower going into the 1980s, he spends a significant portion of his study addressing alternative approaches to military manpower management, devoting the bulk of his analysis to civilianization. Even writing in 1979, Wermuth notes with skepticism that civilianization is a subject:

with a substantial history already accumulated....It is the premise of this study that, while it may indeed be possible—even quite desirable, from the viewpoint of national interest—to civilianize even more of the current military spaces in the Department of Defense, there are numerous substantial obstacles firmly fixed in the path of such an effort. As this discussion will show, further conversion would be an enormously complex thing to do. It may also be a harmful thing to do. Whether or not the proposal would result in any appreciable saving of public funds, while purporting to provide a more effectively-manned defense establishment, is not reasonably clear.⁶⁸

He cites several examples to illustrate the obstacles facing further civilianization of military billets, including:

uncertainty about alleged savings resulting from cost differences; discrepancies between military and civilian grade structures in the Defense establishment; and, perhaps the condition most difficult of all to resolve: certain long-standing and deeply-rooted tensions between military and civilian members of the military departments.⁶⁹

Of these, the first concern has been effectively resolved—DoD Instruction 7041.04, issued by the Director of Cost Assessment and Program Evaluation (CAPE) in 2013, contains detailed guidance on estimating the full cost of civilian and military manpower, and represents an important success story in total force management policy.⁷⁰ The second concern is mitigated by DoD pay scale equivalents between active military and civilian ranks, although some concerns may still exist within individual organizations and hierarchies. The third concern, while difficult to substantiate in general, may pervade specific organizational structures more than others; however, evidence to date has been mostly anecdotal, and further study may be needed to understand the dynamics between civilians and military personnel at the organizational and unit level.

⁶⁸ Ibid., 122.

⁶⁹ Ibid., 122–3.

⁷⁰ DoDI 7041.04, *Estimating and Comparing the Full Costs of Civilian and Active Duty Military Manpower and Contract Support*, July 3, 2013.

Wermuth's conclusions also echoed those of the Central All-Volunteer Task Force from 1972, which wrote:

Replacement of military positions with civilians lowers military accession and retention requirements thus making achievement of AVF objectives easier and less costly. Done improperly and excessively, civilianization could over the long run slow down military promotions and increase personnel turbulence. These conditions, if allowed to develop, would adversely affect attainment of AVF objectives.⁷¹

4. Summary

Three key points stood out from DoD's conversion efforts in the early 1970s:

- As DoD had hoped, civilianization efforts helped ease the transition from conscription to an All-Volunteer Force;
- Based on their experiences during the 1960s civilianization initiatives, the Services became skeptical of further civilian conversion efforts;
- Manpower analysts began to realize that factors other than cost should be considered when analyzing billets and functions for conversion potential.

With the war in Vietnam soon to be relegated to a painful memory and the shift to an All-Volunteer Force nearly complete, these final two points would carry through the rest of the 1970s and into the 1980s, beginning a new debate about the meaning of military essentiality and the other variables that must be included when discussing the potential for civilianization.

E. Military Essentiality in Peacetime

1. Definitions and Interpretations

Even after the transition to the All-Volunteer Force, achieving an efficient total force continued to occupy a prominent space in congressional and DoD priorities. In 1974, the Congress enacted Public Law 93-365, which stated that:

in developing the annual manpower authorization requests to Congress and in carrying out manpower policies, the Secretary of Defense shall, in particular, consider the advantage of converting from one form of manpower to another (military, civilian, or private contract) for the performance of a specified job.⁷²

⁷¹ Central All-Volunteer Task Force, *Civilian Substitution*, 16–17.

⁷² Pub. L. No. 93-365, 88 Stat. 400 (1974), <https://www.gpo.gov/fdsys/pkg/STATUTE-88/pdf/STATUTE-88-Pg399-2.pdf>.

The Congress was effectively telling DoD that each vacancy in its inventory should be filled by a civilian unless there was a compelling reason why it needed to be military. This was not just philosophy; in an all-volunteer environment, it was considered good policy.

Despite this direction, the Services were still grappling with how to determine the proper military-civilian mix. In 1976, the Department of the Army commissioned a study to “develop an improved quantitative methodology for establishing positions in the active structure as military or civilian.”⁷³ Ten years later, in 1986, the Deputy Chief of Staff of Personnel in the Army’s Office of Manpower Policies and Standards submitted a request to the Army War College to study and develop “explicit criteria to identify positions as military or civilian,” but it took until 1988 for the study to make the list of proposed Military Studies Program topics.⁷⁴

LTC Curtis Peters—the officer who chose to tackle the military-civilian position classification topic at the Army War College in 1988—was deeply skeptical of civilianization programs in general, calling them a “fact of life” in his abstract and intimating that civilianizing military billets was a coping mechanism to deal with shrinking budgets and reduced personnel ceilings. He wrote that:

The fact that the Army has experienced a great amount of civilianization and contracting-out over the past few years is a good indication of a problem...the original intent of civilianization may have been to free military personnel for combat-type duty, but now it seems to be a simple way to economize and reduce the size of the active force.⁷⁵

That same year, Secretary of Defense Caspar Weinberger reported to the Congress on the use of civilians within the Defense establishment, stating that the Department’s policy was

to use civilian employees and contractors wherever operationally possible to free our military forces to perform military functions. This policy not only minimizes the number of men and women required on active duty, it also enables civilians to provide stability and continuity to those functions requiring rotation of uniformed personnel.⁷⁶

To codify the policy on manpower utilization, DoD issued an updated version of Directive 1400.5 (originally issued in 1970) in 1983, titled “DoD Policy for Civilian Personnel” which specified seven criteria that would lead a position to be categorized as

⁷³ Curtis A. Peters, LTC, “Military/Civilian Position Classification in Peacetime” (Carlisle Barracks, PA: Military Studies Program, US Army War College, March 1988), 3.

⁷⁴ *Ibid.*, 4.

⁷⁵ *Ibid.*, 1.

⁷⁶ *Ibid.*, 7.

military essential.⁷⁷ These criteria were law, training, security, discipline, rotation, combat readiness, and military background.⁷⁸ Using the DoD Directive 1400.5 as a foundation, the Services drafted their own requirements and criteria codes to determine military essentiality beyond the top-level guidance.⁷⁹

The Air Force coded each of its positions as military, civilian, or contract service in Air Force Regulation 26-1. For the Air Force, justifying military manpower was fairly straightforward; DoD authorization documents provided a link between strategic missions and the actual number of required systems and personnel. The criteria codes assigned to each billet were meant to indicate whether a position was designated military or civilian, as well as the reason why.⁸⁰

The Navy, in OPNAVINST 1000.16F, *Manual of Navy Total Force Manpower Policies and Procedures*, used coding criteria nearly identical to that of the Air Force, but with the added wrinkle of its sea-shore rotation policy.⁸¹ Because most of the Navy's manpower requirements were generated by ships, calculations were supposedly even simpler. Each ship had a designated number of assigned sailors and crew, and the associated shore rotation base was, in theory, a simple multiplicative factor. As a result, the Navy did not devote analytical resources to developing more sophisticated manpower models at the time, though this would change in later years and become far more rigorous.⁸²

In contrast to the Air Force and Navy, the Army coded each of its positions by gender and rank as well as whether the position was currently staffed by a military Service member or a civilian.⁸³ Army guidance became even more complicated as Army Regulation 570-4 cited "an additional 52 Army Regulations, 6 Department of Defense Directives, 14 Army Pamphlets and 2 National Guard Bureau Directives for specific guidance needed to administer the program."⁸⁴ Naturally, this discrepancy between how the Army interpreted DoD's manpower guidance compared with the other Services further complicated any attempt to develop a standard, Defense-wide picture of the appropriate military-civilian mix for job functions which were supposedly non-military essential.

⁷⁷ DoDD 1400.5, "DoD Policy for Civilian Personnel," March 21, 1983.

⁷⁸ Ibid.

⁷⁹ Kose, "Civilian Substitution of Military Personnel," 20–21.

⁸⁰ Peters, "Military/Civilian Position Classification," 8.

⁸¹ OPNAVINST 1000.16F, *Manual of Navy Total Force Manpower Policies and Procedures*, August 1986.

⁸² Peters, "Military/Civilian Position Classification," 11.

⁸³ Ibid., 14.

⁸⁴ Ibid., 11–12.

Methodologically, it was known that this was a tough but central problem. A decade earlier, the Central All-Volunteer Task Force report had already called attention to the difficulty facing an analyst in the Pentagon when trying to determine

which positions must be military because of the nature of the job. The analyst deals with aggregated positions by occupational code and grade and lacks the information which is available at the job site. The error could be in either direction, but the Task Force noted some bias towards depleting the pool available for civilian substitution. For example, the Air Force reserved entire occupational fields for ‘military only’ incumbency. The Army study contains some overlap between CONUS support positions reserved for rotation and those reserved for military incumbency because of the nature of the job.⁸⁵

These qualitative difficulties were only made more complicated when analysts began to consider additional, less tangible variables for comparing the pros and cons of choosing military versus civilian personnel to perform specific tasks across the Defense establishment.

2. Factors beyond Cost

Although cost effectiveness is routinely cited as the most significant benefit of civilianization efforts, a recurring theme in the analyses of civilian substitution during this timeframe is that there are factors beyond cost that should be considered when making substitution decisions. Wermuth devotes a substantial portion of his 1979 study to the concept of military essentiality and the “X factor” of military service, which he defines as the “cluster of characteristics that are unique to military service that distinguish the military environment from the other social environments.”⁸⁶ Although he acknowledges that combat is at the heart of this distinction, he argues that “combat is not the whole of it” and that “there are many common factors in various kinds of civilian and military work, including danger.”⁸⁷

In his 1990 Master’s thesis at the Naval Postgraduate School, Bahadir Kose, a Turkish military exchange student, stated that “although cost is a factor that must be considered, there are *other* human resource factors that have an effect on the organization and its personnel.”⁸⁸ On military essentiality, he echoed the same philosophy that the US military had been using for decades, noting that while certain functional areas, such as the infantry, are inherently military essential,

⁸⁵ Central All-Volunteer Task Force, *Civilian Substitution*, Tab C, 12–13.

⁸⁶ Wermuth, “An Armored Convertible?,” 13.

⁸⁷ Ibid.

⁸⁸ Kose, “Civilian Substitution of Military Personnel,” 12.

[t]he remainder of the jobs could theoretically be manned by either military or civilian personnel on the basis of the job tasks alone; but many of these jobs are, in fact, best manned by uniformed personnel in order to satisfy certain personnel management constraints, such as the maintenance of an adequate rotation base or the provision of sufficient career opportunities.⁸⁹

As with other studies, Kose acknowledges that, for a variety of reasons, the “proportion of uniformed persons who do the actual warfighting is declining within military establishments” while “the proportion of uniformed persons who perform supporting activities is rising, allowing more civilians to also become engaged in military support.”⁹⁰ He also looks at factors beyond cost-effectiveness comparisons that may affect civilian substitution decisions—heritage, availability of qualified personnel, work environment, skill variety, perceived inequities of effort/reward ratio between Service members and civilians, performance appraisals, morale, civilian personnel management issues, discipline, legal concerns, promotion possibilities, continuity of operations, readiness, and training.⁹¹ Ultimately, he argues that:

Conversions are very complex actions which require an in-depth analysis of all the consequences involved from cost to the morale implications and other human resource factors that may affect the unit. To rely on cost alone or the release of military personnel for other combat related duties, without analyzing the situation, may result in decreased unit cohesion and readiness.⁹²

Along these lines, a 1984 study by Maj. Stuart Morthole, USAF, entitled *An Investigation of the Facets for Converting Military Authorizations for Maintenance Personnel to Civilian Positions*, looked beyond the two main reasons typically given to justify civilianization efforts: cost-effectiveness and the release of military personnel from administrative duties to serve in combat units.⁹³ In his 1988 study for the Army War College, LTC Curtis Peters comments on Morthole’s work, saying that Morthole took an organizational approach with respect to productivity, morale, career progression, retention, and management factors, and ultimately recommended that:

all of these factors be considered when making conversion (including contracting out) decisions and that cost or the release of military personnel for combat duties not be the sole basis. If the impact on morale is considered significant enough to affect anticipated cost savings this concept would

⁸⁹ Ibid., 2.

⁹⁰ Ibid., 26.

⁹¹ Ibid., 51–79.

⁹² Ibid., 79.

⁹³ Maj. Stuart E. Morthole, USAF, “An Investigation of the Facets for Converting Military Authorizations for Maintenance Personnel to Civilian Positions,” Student Report Number 84-1830 (Maxwell Air Force Base, AL: Air Command and Staff College, Air University, March 1984).

have some merit, at least in principle. However, at the Congressional level, where the dollars are controlled, this will likely be a cost-effectiveness decision.⁹⁴

Six years after Morthole's study, Kose came to a nearly identical conclusion:

It is highly recommended that cost and the intended release of military personnel for combat duties should not be the only factors used to determine conversion actions. Rather, an investigation including the human resource aspects must also be accomplished to determine the true picture in each conversion regarding the advantages and disadvantages of any future position conversions.⁹⁵

In addition to the human resource considerations, critics of civilianization efforts also cite wartime readiness and mobilization capability as important factors when determining how to constrain the number of possible convertible positions.⁹⁶ During national emergencies, for example, there is a requirement to deploy a subset of military support positions that, in theory, could be performed by civilians at a lower cost. Kose cites Navy maintenance jobs as an example, noting that, "There is a wartime requirement to deploy the entire maintenance activity to a combat zone."⁹⁷

3. Summary

The relative peace and expanding budgets of the early 1980s enabled analysts to take a deeper look at the philosophy of military-to-civilian conversions without the operational haste or fiscal pressure of the previous two decades. Two key points emerge from the literature of the time:

- Updated DoD policy provided more extensive codification of military essentiality and manpower mix criteria, but still left the Services leeway to justify the need for military authorizations via their own implementation guidance;
- As with the 1970s, analysts started to give more weight to human resource and readiness factors beyond cost-effectiveness that affected conversion decisions.

Although there were no documented attempts to pursue conversion efforts during this time on the scale of the initiatives in the 1960s and 1970s, changes in the fiscal and strategic environments would soon resurrect the topic as an important element of total force management.

⁹⁴ Peters, "Military/Civilian Position Classification," 16.

⁹⁵ Kose, "Civilian Substitution of Military Personnel," 80.

⁹⁶ *Ibid.*, 31.

⁹⁷ *Ibid.*, 33.

F. GAO Reports in the 1990s

As the 1980s came to a close, overall US military manpower strength began to decline. The end of the Cold War increased the pressure to reduce defense spending and find more efficient ways to manage existing manpower. Downsizing led Department officials once again to consider where it might be possible to use civilians in supporting roles to achieve the greatest cost efficiency while making the best use of military manpower. Two GAO reports in the mid-1990s took on this issue in detail.

1. 1994 Report

According to the 1994 GAO report, *Greater Reliance on Civilians in Support Roles Could Provide Significant Benefits*, the 1994 *DoD Manpower Requirements Report* indicated that “more than 245,000 military personnel throughout the services and defense agencies were serving in noncombat program areas such as service management headquarters, training and personnel, research and development, central logistics, and support activities.”⁹⁸

The GAO report also noted that:

As the Department of Defense continues to downsize its work forces, DoD officials increasingly express concern for maintaining high operational requirements. Using civilians in support positions has been cited as a cost-effective way to help ensure that the best use is made of military personnel.⁹⁹

The report states that, at the time, civilians accounted for around one-third of DoD’s active personnel, “performing functions such as airplane, ship, and tank repairs; communications and logistical support; and operation and maintenance of military installations.”¹⁰⁰ The GAO analysts took aggregate data on major job categories by Service and identified what they believed to be “thousands of positions that seem to have potential for civilian incumbency, but are instead now held by military personnel.”¹⁰¹ Recalling the logic of nearly every previous study in this area, the report argued that:

The services currently use thousands of military personnel in support positions that, according to DoD and service officials, could be civilian. Replacing these military personnel with civilian employees would reduce

⁹⁸ GAO, *Greater Reliance on Civilians in Support Roles Could Provide Significant Benefits*, GAO/NSIAD-95-5, October 19, 1994, 18, <http://www.gao.gov/assets/160/154677.pdf>.

⁹⁹ *Ibid.*, 2.

¹⁰⁰ *Ibid.*

¹⁰¹ *Ibid.*, 3.

peacetime personnel costs and could release military members for use in more combat-specific duties.¹⁰²

The report acknowledges previous efforts to civilianize, including a brief mention of the FY 1973–1975 program that replaced 48,000 military personnel with 40,000 civilians, but states that “the results have not been well documented,” and “the extent of change appears limited, since the ratios of military and civilian personnel have not changed significantly in recent years.”¹⁰³ The authors also reference nearly 20,000 positions targeted across all four Services between FY 1991 and FY 1993, stating that the Services “did not maintain adequate records to substantiate the achievement of the intended conversions or validate the savings.”¹⁰⁴

The report hits on a persistent theme and challenge with civilianization efforts, namely the Services’ reluctance to undertake substitution efforts because of the fear that, in times of fiscal austerity and force reductions, converting military billets to civilian performance would ultimately result in losing both positions. As in the 1970s, the lack of a holistic approach to military and civilian personnel management meant that:

Budget allocations and civilian personnel requirements decisions often have been made in isolation of each other, and sometimes have prevented officials from receiving sufficient funds to support civilian replacements.¹⁰⁵

Not surprisingly, GAO noted that “decisions to use military or civilian personnel are often made by military leaders who prefer to use military personnel because they believe they can exercise greater control over such personnel.”¹⁰⁶ In many cases, it appeared that this decision authority was delegated to local installation and unit commanders who, as mentioned earlier, worried that they would not receive enough funding to hire civilians to replace the military positions offered for conversion, or that the civilian positions would be cut entirely through higher headquarters’ reduction initiatives. In their view, identifying a military billet for civilian conversion was tantamount to losing both positions.¹⁰⁷ In a story strikingly similar to the 1962 Army experience of the 638 military positions in Sales Commissaries selected for conversion (Section B.2), GAO personnel visited one location and found that:

2,200 military positions were identified in 1991 for replacement by civilian employees. A command official said the command lost about 2,000 of these military personnel, but gained only 800 civilians. According to this official,

¹⁰² Ibid., 2.

¹⁰³ Ibid., 3.

¹⁰⁴ Ibid., 12.

¹⁰⁵ Ibid., 3.

¹⁰⁶ Ibid., 4.

¹⁰⁷ Ibid., 27.

the command's budget was reduced, in part, due to downsizing, before civilians could be hired.¹⁰⁸

The heart of the issue continued to be that “unlike funding for military personnel, funding for civilian personnel is not aggregated into a single account that permits close monitoring. Rather, funding for civilian personnel is spread among several accounts within the DoD budget,” although most of the personnel funds could be found in the operations and maintenance account.¹⁰⁹ This presented additional incentive challenges, though, as funding allocated for the purpose of hiring civilians to fill converted positions could also be used to purchase “spare parts, fuel for equipment, and military training.”¹¹⁰

A more sobering assessment of the problem revealed that, according to DoD officials, determining civilian personnel end strengths was more of a budgeting exercise than an assessment of analytical requirements—if the dollars were available, civilian positions would be filled. Commanders also tended to prefer military manpower to civilians because military labor was perceived as free since it was paid for out of the aggregate military personnel account, obscuring the true costs to DoD and the federal government. The overall incentive structure during the drawdown in the early to mid-1990s worked against efforts to find potential positions to civilianize, even when doing so may have saved money that, in theory, could have been used to pay for a larger military force structure. The GAO interviewers wrote that the DoD officials “see little opportunity to obtain the necessary funding to support new civilian positions, particularly in the wake of what they sometimes view as arbitrary cuts in end strengths and budgets.”¹¹¹

The GAO analysis revealed that the lack of an integrated process to determine civilian personnel requirements, combined with a separate budgetary process, served as a significant impediment against replacing military personnel with civilians. Local commanders simply did not trust the existing process to fund additional civilian positions when all of the pressure was pushing downward on Defense budgets and personnel strengths. The report tried to explain this issue from both perspectives:

Although local commanders determine their civilian requirements based on estimated workloads and request budgets to cover the costs of such requirements, budgets are allocated from higher levels and often do not support the identified requirements. According to some DoD and service officials, constant pressures to reduce the defense budget and personnel strengths compel them to allocate anticipated reductions across all defense programs on a proportional basis. According to local officials, the

¹⁰⁸ Ibid., 4.

¹⁰⁹ Ibid., 13.

¹¹⁰ Ibid.

¹¹¹ Ibid., 27.

reductions are perceived as having been made arbitrarily, without fully considering civilian requirements.¹¹²

2. 1996 Report

Two years after the original study, GAO published yet another report with the title *Converting Some Support Officer Positions to Civilian Status Could Save Money*.¹¹³ This report noted that DoD Directive 1100.4, which had provided the fundamental policy guidance about staffing the Defense establishment since 1954, as well as each Service's implementation guidance, gave "local commanders... wide latitude in justifying the use of military personnel in their staffing requests."¹¹⁴ GAO's analysis suggested that DoD could save around \$95 million annually if the Army, Navy, and Air Force converted approximately 9,500 administrative and support positions currently filled by officers to government civilian positions.¹¹⁵

The push toward more civilianization was clearly not new, although the Department's response to this report marked a tonal shift toward a higher degree of skepticism that previously had been concentrated within the Services. The specific concerns remained the same, however: lack of consistent funding to hire civilians, the continued reduction of civilian staffing levels, and minimum military strength requirements mandated by the Congress. Consequently, Defense officials continued to resist new conversion efforts. The Department's response to the report also stated that GAO's solutions "do not adequately resolve these difficulties and are, in some respects, contrary to the general thrust by Congress and the administration to reduce the size of government."¹¹⁶ GAO responded that "developing solutions to the impediments was beyond the scope of our work, although the impediments do not appear insurmountable."¹¹⁷

There are no records of any substantial civilianization efforts that occurred as a result.

3. Summary

Many of the problems that hindered conversion efforts in the 1960s resurfaced during the 1990s. GAO analysis at the time revealed two major issues:

- The lack of an integrated methodology to determine civilian personnel requirements, combined with a separate budgetary process, led to a mismatch

¹¹² Ibid.

¹¹³ GAO, *DOD FORCE MIX ISSUES: Converting Some Support Officer Positions to Civilian Status Could Save Money*. GAO/NSIAD-97-15, October 1996, <http://www.gao.gov/assets/230/223317.pdf>.

¹¹⁴ Ibid., 3.

¹¹⁵ Ibid.

¹¹⁶ Ibid., 18.

¹¹⁷ Ibid., 14.

between military positions identified for conversion and the money available to fund their civilian replacements;

- Downward budgetary pressure incentivized local commanders to prioritize military authorizations over civilians because the perceived costs were lower.

As the Cold War faded to history and the Defense budget continued its downward trend throughout the 1990s, the analytical rationale for civilianization was overshadowed by a general reduction in the DoD civilian workforce. But after the terrorist attacks of September 11, 2001 and the invasions of Afghanistan and Iraq, the demand for military personnel to deploy on frequent overseas rotations led to a new round of conversion efforts with similar logic to those undertaken during Vietnam.

G. Post-9/11 Civilianization Efforts

At the beginning of December 2015, the Senate Armed Services Committee held a hearing on Defense personnel reform. The climate was less than optimal—fewer troops deployed to overseas contingency operations, planned reductions in the force structure, and increased budgetary pressure all contributed to an environment in which DoD would be expected to operate with fewer dollars and people.

During his testimony before the Committee, former Under Secretary of Defense (Comptroller) Robert Hale noted an apparent double standard for those who serve within the Defense community. “Some in Congress criticize career civilians,” he said, “seemingly treating them not as valued employees, but, rather, as symbols of a government that they believe is too large.”¹¹⁸

In recent years, pressure to reduce DoD headquarters’ costs has come from multiple directions, including internal. In March 2015, Secretary of Defense Ashton Carter told the Congress that “civilian workforce reductions need to be part of the Pentagon’s strategy to deal with tightening budgets,” though he also urged members of the Congress to “keep in mind that the vast majority of DoD’s civilian workforce performs functions the department can’t do without.”¹¹⁹ During the hearing, Representative Ken Calvert (R-CA) criticized DoD for employing too many civilians at a time when budgetary pressure was reducing the size of the active force:

Since 2001, we’ve cut the active force by 4 percent and we’ve grown the civilian workforce by 15 percent. The ratio of civilian employees to active duty personnel is at its highest since World War II and the civilian

¹¹⁸ Stenographic Transcript Before the United States Senate Committee on Armed Services, *Department of Defense Personnel Reform and Strengthening the All-Volunteer Force*, December 2, 2015, 29, <http://www.armed-services.senate.gov/imo/media/doc/15-90%20-12-2-15.pdf>.

¹¹⁹ “Carter opens door to more DoD civilian job cuts,” Federal News Radio: 1500 AM, <http://federalnewsradio.com/sequestration/2015/03/carter-opens-door-to-more-dod-civilian-job-cuts/>.

workforce has grown every single year since 2003...Bringing that ratio down to its historic norm would save the department \$82.5 billion over five years, which would help alleviate the impact of the [Budget Control Act]. But I cannot get a concession from anyone at DoD that we should have a proportional right-sizing of the civilian workforce.¹²⁰

A year later, in March 2016, the Under Secretary of Defense (Comptroller) Michael McCord told the House Armed Services Committee that the Department has “instructions, both internal and from the Congress to hold down civilian [jobs] commensurate with draw down in the military, and we recognize that mandate.”¹²¹ In frank terms, Secretary Carter explained the monetary tradeoff between personnel costs and investments toward modernization: “If we don’t keep working on tail, we’re not going to be able to invest in the tooth.”¹²²

Efforts to reduce DoD headquarters staff predate Carter, however; in 2013, Secretary of Defense Chuck Hagel ordered a 20 percent reduction in headquarters personnel levels across the board,¹²³ and Hagel’s predecessor, Secretary Robert Gates, previously ordered a three-year hiring freeze for civilians in OSD, the Joint Staff, and even the geographic combatant commands.

Even with the attention already paid to constraining the size of the Defense establishment’s civilian workforce over the last five years, the FY 2016 National Defense Authorization Act (NDAA) directed the Department to cut all headquarters’ support staffs by 25 percent over the next five years, and Senate Armed Services Committee (SASC) Chairman John McCain (R-AZ) indicated that he would “continue to chip away at Pentagon bureaucracy in the coming year.”¹²⁴ Having anticipated the increased scrutiny, Deputy Secretary of Defense Robert Work had already directed the 25 percent reduction in August 2015, before the final version of the NDAA passed. Six months later, in February

¹²⁰ Ibid.

¹²¹ US House Committee on Armed Services, *The Fiscal Year 2017 National Defense Authorization Budget Request from the Department of Defense*, March 22, 2016, <http://www.cq.com/doc/congressionaltranscripts-4857494?0>.

¹²² Ibid.

¹²³ “Hagel orders 20 percent cut in Pentagon top brass, senior civilians,” *The Washington Post*, July 16, 2013, https://www.washingtonpost.com/world/national-security/hagel-orders-20-percent-cut-in-pentagon-top-brass-senior-civilians/2013/07/16/7a004788-ee56-11e2-8163-2c7021381a75_story.html.

¹²⁴ “Pentagon staff sizes remain under fire as CBO sees potential savings,” *Inside Defense*, December 9, 2015, <http://insidedefense.com/inside-pentagon/pentagon-staff-sizes-remain-under-fire-cbo-sees-potential-savings>.

2016, Work signed yet another memorandum ordering a civilian hiring freeze for OSD, Defense agencies, and field activities.¹²⁵

But the story begins long before Carter, McCain, the 2016 NDAA, and the hiring freezes. After the September 11, 2001 terrorist attacks and the beginning of the wars in Afghanistan and Iraq, the US base Defense budget rose dramatically to a peak in 2010, followed by another decline similar to the early 1990s. Throughout this time, officials continued to search for an efficient mix of military and civilian manpower, undertaking new civilianization initiatives and updating DoD’s manpower categorization guidance and policy while working within statutory boundaries that would constrain their flexibility to convert positions in certain career fields.

1. Program Budget Decision 722 and the Impact of Afghanistan and Iraq

In 2004, the Under Secretary of Defense (Comptroller) approved Program Budget Decision (PBD) 722, “Military to Civilian Conversions,” which laid out an allocation of military position authorizations to be converted to civilians through FY 2007.¹²⁶ The document notes that “Secretary Rumsfeld has consistently stated that many military personnel are performing tasks that can be done by DoD civilians or the private sector,” and recalled that PBD 712, from 2003, “directed the services to convert a total of 20,070 military positions during FY 2004 and FY 2005.”

Comparing the directed number of conversions by Service against the actual number of conversions showed that during the first year of implementation (FY 2004), the Army and Marines converted fewer positions than directed, the Navy converted several hundred more, and the Air Force was right on target. PBD 722 also revised the total number of directed conversions first specified in PBD 712 from 20,070 to 35,368. Eventually, the total number of programmed conversions would rise to 55,000, although a 2013 CBO report refers only to 48,000 military authorizations converted to 32,000 civilian positions between 2004 and 2010.¹²⁷

Around the same time as the Services began to implement the guidance in PBD 722, the wars in Iraq and Afghanistan—like the war in Vietnam—acted as a catalyst to force the Services, particularly the Army and Marines, to find ways to use their military manpower for combat rotations rather than in supporting functions. Frequent overseas deployment rotations began to strain the existing pool of military personnel in the modern

¹²⁵ “Pentagon Institutes Civilian Hiring Freeze,” DefenseNews, March 24, 2016, <http://www.defensenews.com/story/defense/policy-budget/budget/2016/03/24/pentagon-civilian-hiring-freeze-dod-position-staff-cuts/82221662/>.

¹²⁶ Department of Defense Program Budget Decision 722, “Military to Civilian Conversions,” December 2004.

¹²⁷ CBO, *Options for Reducing the Deficit*, 60.

All-Volunteer Force, and civilianization seemed like a viable way to ensure that the people in uniform were assigned to the combat units that needed them the most. In this light, the 2008 *DoD Manpower Requirements Report*, discussing the size of the active Army, stated:

The Army is not converting positions to save money from reduced end strength, but instead the Army is realigning the converted military positions to the operational Army to meet operational demands and man the force. Conversions yield mid-grade military needed to build operational capability more quickly. In addition, conversions are less costly than additional military manpower. The number of future conversions will be determined based on the operational demand, the level of funding available and the number of convertible positions identified by the DoD Manpower Mix Criteria coding.¹²⁸

Like the Army, the Marines and the Air Force also made similar manpower adjustments during the mid-2000s, converting military positions to civilian authorizations without reducing their military end strength, allowing more military personnel to be available for assignment to combat units during the high-demand periods in Iraq and Afghanistan.¹²⁹ (In contrast, the Navy replaced several thousand sailors with civilians and *did* reduce military end strength in order to partially fund recapitalization and ship modernization initiatives). Writing about these conversion efforts in 2015, the Congressional Budget Office stated that, to their knowledge, “no study has looked at how replacing military personnel with fewer civilians affected the functioning of each office.”¹³⁰

2. Updating DoD Directive 1100.4

In 2005, DoD reissued Directive 1100.4, “Guidance for Manpower Management,” the document’s first update since its introduction in 1954. The directive’s guiding principle declared that “[n]ational military objectives shall be accomplished with a minimum of manpower that is organized and employed to provide maximum effectiveness and combat power.”¹³¹ The updated policy also reiterated the same basic principles of military essentiality of the previous fifty years:

Manpower shall be designated as civilian except when military incumbency is required for reasons of law, command and control of crisis situations, combat readiness, or esprit de corps; when unusual working conditions are

¹²⁸ Office of the Under Secretary of Defense (Personnel and Readiness), *Defense Manpower Requirements Report: Fiscal Year 2008*, August 2007, 67.

¹²⁹ CBO, *Replacing Military Personnel*, 3–4.

¹³⁰ *Ibid.*, 7.

¹³¹ DoDD 1100.4, “Guidance for Manpower Management,” February 12, 2005, 2.

not conducive to civilian employment; or when military-unique knowledge and skills are required for successful performance of the duties.¹³²

A year later, Department officials issued DoD Instruction 1100.22, *Guidance for Determining Workforce Mix*,¹³³ which contained instructions on how to implement the policy established by DoDD 1100.4. Within the framework of the Inherently Governmental/Commercial Activities inventory, the document provided the entire Defense establishment with detailed instructions to determine the proper workforce mix, including criteria used to distinguish between functions that should be performed by military versus civilian personnel. The instruction was updated again in 2010 with a new title (*Policies and Procedures for Determining Workforce Mix*) and other minor changes.

But the instruction's criteria still left enough room for interpretation that the CBO identified, on more than one occasion, thousands of active duty military personnel assigned to so-called "commercial" positions that perform support functions, which, according to the instruction's definitions, "require skills that could be obtained from the private sector so that, in principle, those same positions could be filled by civilian employees."¹³⁴ Although this was a straightforward notion in theory, one career field soon found itself at the center of a statutory controversy that led to a self-imposed constraint on achieving total force efficiency.

3. Prohibition of Medical and Dental Conversions

At the same time as the Department was looking to create more manpower efficiency through civilianization initiatives and PBD 722, one specific field targeted for conversions became the focal point of a legislative attack. The military medical community had been the subject of analytical scrutiny going back to the early 1990s,¹³⁵ and, at the beginning of 2003, a medical manpower study led to each of the Services programming conversions of medical billets over the next five fiscal years.¹³⁶

In a joint statement before the HASC Subcommittee on Military Personnel on March 29, 2006, the Under Secretary of Defense (Personnel and Readiness) David S.C. Chu and the Assistant Secretary of Defense (Health Affairs) William Winkenwerder, Jr. discussed some of DoD's initiatives to increase the efficiency of military treatment facilities. They spoke of budget savings generated through emphasizing performance-based healthcare

¹³² Ibid., 3.

¹³³ DoDI 1100.22, *Guidance for Determining Workforce Mix*, September 7, 2006.

¹³⁴ CBO, *Replacing Military Personnel*, 1.

¹³⁵ For more background about analytical efforts addressing the military health care system, see John E. Whitley et al., "Medical Total Force Management," IDA Paper P-5047 (Alexandria, VA: Institute for Defense Analyses, May 2014).

¹³⁶ Assistant Secretary of Defense (Health Affairs), *Congressional Report on Fiscal Year 2007 Medical and Dental Military to Civilian Conversions*, September 2008.

delivery as well as through Base Realignment and Closure (BRAC) activities. “Of course,” they also testified, “we maintain that even greater resource savings can be achieved through a ‘military to civilian conversion’ for thousands of medical positions that are needed but can be performed by civilian employees.”¹³⁷

Conversions began in FY 2005, but in January 2006, the Congress became concerned with the effects of these conversions on the Defense Health Program (DHP) and inserted a provision into the FY 2006 NDAA that prohibited further conversions until the secretary of each military Service department submitted a report certifying that “the conversions within that department will not increase cost or decrease quality of care or access to care.”¹³⁸ The legislation also required the Comptroller General to conduct a study on “the effect of conversions of military medical and dental positions to civilian medical or dental positions on the defense health program.”¹³⁹

Less than six months later, in May 2006, GAO reported that the Services did not believe that these conversions would cause any adverse effects.¹⁴⁰ Between FY 2005 and FY 2007, the Army, Navy, and Air Force had converted 5,305 positions and had planned for another 4,426 in FY 2008 and FY 2009.¹⁴¹ Nonetheless, the Congress introduced an amendment into the FY 2007 NDAA that solidified the requirement for the Services to submit a certification report for future conversions. Among other items, the report had to include the following:

- The methodology used by the [service] Secretary in making the determinations necessary for the certification.
- The number of positions, by grade or band and specialty, planned for conversion.
- An analysis showing the extent to which access to care and cost of care will be affected.
- A comparison of the full costs for the military medical and dental positions planned for conversion with the estimated full costs for the civilian medical and

¹³⁷ The Military Health System Overview Statement by David S. C. Chu and William Winkenwerder, Jr., Before the Committee on Armed Services Subcommittee on Military Personnel, US House of Representatives, March 29, 2006, 11, <http://www.dod.mil/dodgc/olc/docs/TestChuWink060329.pdf>.

¹³⁸ *National Defense Authorization Act for Fiscal Year 2006*, Pub. L. No. 109-163, §744a (2006) (hereafter referred to as NDAA 2006).

¹³⁹ *Ibid.*, §744b.

¹⁴⁰ Government Accountability Office (GAO), *MILITARY PERSONNEL: Military Departments Need to Ensure that Full Costs of Converting Military Health Care Positions are Reported to Congress*, GAO-06-642, May 2006, <http://www.gao.gov/assets/250/249996.pdf>.

¹⁴¹ GAO, *Guidance Needed for Any Future Conversions of Military Medical Positions to Civilian Positions*, GAO-08-370R, February 8, 2008, 7, <http://www.gao.gov/assets/100/95352.pdf>.

dental positions that will replace them, including expenses such as recruiting, salary, benefits, training, and any other costs the department identifies.

- An assessment showing that the military medical or dental positions planned for conversion are in excess of those needed to meet medical and dental readiness requirements.¹⁴²

A 2008 GAO report found that none of the Services had complied with the full requirements of the law.¹⁴³

As with previous conversion efforts in other functional areas like the 1960s Civilianization Program (discussed in Section 1.C.2), one problem that emerged during the execution phase was a mismatch between the number of military positions identified for conversion and how many positions were actually filled with civilian replacements. Table 5 shows the reported gap between planned civilian hires and the number of positions filled for each Service from FY 2005 through FY 2007.

Table 5. Military Medical and Dental Conversion Gap, FY 2005–2007

Military Department	Converted Positions	Planned Hires	Positions Filled	Percentage of Positions Filled
Air Force				
FY 2005	0	0	0	0
FY 2006	403	403	299	74
FY 2007	813	813	483	59
Total	1,216	1,216	782	64
Army				
FY 2005	0	0	0	0
FY 2006	977	977	716	73
FY 2007	436	436	370	85
Total	1,413	1,413	1,086	77
Navy				
FY 2005	1,772	1,323	1,260	94
FY 2006	215	128	102	80
FY 2007	689	625	58	9
Total	2,676	2,076	1,420	68
DoD Total	5,305	4,705	3,288	70

Source: GAO, *Guidance Needed for Any Future Conversions*, 29.

¹⁴² Ibid., 3.

¹⁴³ Ibid., 23.

One reason for this gap may have been linked to the way civilian replacements were funded. As discussed in the 1994 GAO report,¹⁴⁴ funding for civilian personnel typically comes from the operations and maintenance account of the DoD budget, which allows program managers flexibility when deciding how to allocate their financial resources. Because of this, the medical community may have funded other priorities ahead of hiring civilian replacements, depending on how they determined their personnel requirements at the time relative to other needs.

In 2007, the Congress continued to cite concerns about the effects of conversions on healthcare access and quality based on testimony from military families. Consequently, Section 721 of the FY 2008 NDAA enacted a prohibition on the civilianization of medical and dental positions for the next five years.¹⁴⁵ Committee reports on the FY 2008 NDAA also cite conversions as having a negative impact on the number of deployments for military medical and dental personnel as well as the staffing of Warrior Transition Units, although a Congressional Research Service report would later comment that the HASC, in H. Rept. 111-166, “state[d] without explanation that such conversions have had an adverse impact on the military health system.”¹⁴⁶

As the Congress prohibited conversions through the NDAA, GAO report GAO-08-370R warned that growth of the Defense Health Program would continue to strain the military health system in the years to come, including managing manpower efficiently. “As a result,” they wrote, “the issue of converting military medical and dental positions to civilian positions might arise again in the near future.”¹⁴⁷

And it did. The SASC report on the FY 2009 NDAA recommended a repeal of the previous conversion ban, citing comments from DoD officials that the legislation had “created chaos in planned personnel actions...essentially guaranteeing a detrimental impact on medical staffing levels and access to care.”¹⁴⁸ The SASC maintained the need to keep the certification requirement for any proposed conversions, but looked to soften the prohibition.

Not so for the House. The HASC report on the same draft FY 2009 NDAA not only reiterated support for the temporary ban on civilianizing medical and dental positions, but also called to “indefinitely extend the prohibition on conversions.”¹⁴⁹ The report noted that

¹⁴⁴ GAO, *Greater Reliance on Civilians in Support Roles*, Section F.1.

¹⁴⁵ *NDAA for Fiscal Year 2008*, Pub. L. No. 110-181, §721 (2007).

¹⁴⁶ Don J. Jansen et al., *FY2010 National Defense Authorization Act: Selected Military Personnel Policy Issues*, CRS Report No. R40711 (Congressional Research Service, August 27, 2009), 14, <https://www.fas.org/sgp/crs/natsec/R40711.pdf>.

¹⁴⁷ GAO, *Guidance Needed for Any Future Conversions*, 8.

¹⁴⁸ Whitley et al., “Medical Total Force Management,” E-7.

¹⁴⁹ *Ibid.*, E-8.

the “committee continues to hear directly from military families who face difficulties accessing care at military treatment facilities.”¹⁵⁰ In the House report, there is no mention of the DoD comments quoted in the Senate report indicating that the conversion ban had led to manpower management problems. Although neither the House nor the Senate language made it into the final law that year, one year later, the FY 2010 NDAA did, in fact, extend the prohibition on conversions indefinitely.¹⁵¹

But the story did not end there. Downward pressure on the Defense budget beginning in 2011 caused some congressional representatives to wonder, once again, if civilianization might be a good idea after all. Congressional hearings in 2012 questioned whether the ban was unnecessarily constraining DoD from managing its manpower force most efficiently. During a hearing on the FY 2013 NDAA, Representative Madeleine Bordallo (D-Guam) submitted questions to the surgeon general of each military Service as well as to Dr. Jonathan Woodson, the Assistant Secretary of Defense (Health Affairs), asking if the prohibition on converting military medical personnel should be continued.

“No, I do not believe that the prohibition should be continued,” Woodson responded. “Given the fiscal and budgetary pressures facing the Department and the nation, the Department can achieve great savings from pursuing such conversions.”¹⁵² He continued:

Additionally, with declining end-strengths and changing force structures, the Department must do everything it can to minimize the utilization of uniformed military personnel in positions that are not military essential, or do not require military unique knowledge and skills to support readiness or career progression. A significant portion of the current medical positions filled by military personnel do not meet these criteria and could, and should, be considered for conversion to civilian performance.¹⁵³

Secretary Woodson also noted that nearly 17,000 military medical positions had been identified for conversion between 2005 and 2013, before the prohibition took effect, and that there was the potential to convert at least 6,000 as of March 2012. Woodson again argued for a repeal of the conversion ban during testimony before the HASC in 2015, saying that

As the military services are making force structure changes, we would benefit from the ability to convert some military medical authorizations to

¹⁵⁰ Ibid.

¹⁵¹ *NDAA for Fiscal Year 2010*, Pub. L. No. 111-84, §701 (2009).

¹⁵² *National Defense Authorization Act for Fiscal Year 2013 and Oversight of Previously Authorized Programs*, Hearing on H. R. 4310, Before the House Armed Services Committee, 112th Cong. (2012), March 21, 2012.

¹⁵³ Ibid.

civilian authorizations when it supports our readiness needs and management efficiency.¹⁵⁴

That same year, several early drafts of the FY 2016 NDAA and its associated committee reports included a provision to repeal the prohibition on conversions, but the provision did not make it into the final bill, which passed in November 2015.¹⁵⁵ As of May 2016, the latest version of the FY 2017 NDAA once again includes a provision to repeal the conversion ban, using the same text as the section from the previous year.¹⁵⁶

4. The 2015 CBO Study

The December 2015 CBO study, *Replacing Military Personnel in Support Positions with Civilian Employees*, generated considerable buzz within the Defense community. Journalists working on the Defense beat published articles in the popular press with attention-grabbing headlines like “Pentagon staff sizes remain under fire as CBO sees potential savings.”¹⁵⁷ According to the CBO’s analysis, converting 80,000 full-time military positions could save the government between \$3.1 billion and \$5.7 billion in annualized costs, depending on the chosen civilian-to-military replacement ratio.¹⁵⁸ The report also acknowledged that “DoD has already made several efforts in recent years to make its support organizations more efficient, and the easiest improvements may have already occurred.”¹⁵⁹

Yet the CBO study, like many others during the previous fifty years, found that there are factors beyond cost savings that affect these decisions. “Civilians can offer more stability and experience than military personnel, who must periodically change jobs,” the authors wrote. They also addressed some of the disadvantages, including the need for support positions to serve as a rotation base, career advancement and progress, and the utility of keeping “extra” military manpower on hand to quickly expand new units or meet an overseas deployment need on short notice.¹⁶⁰

Given the lengthy history of the subject, these conclusions should not have been surprising. Unlike many previous studies, though, the CBO acknowledged the critical role that the Congress plays in funding DoD’s civilian workforce. The report came to the

¹⁵⁴ Prepared Statement by Jonathan Woodson, Assistant Secretary of Defense (Health Affairs), Before the Committee on Armed Services Subcommittee on Military Personnel, US House of Representatives, June 11, 2015.

¹⁵⁵ See, for example, SASC, *NDAA for Fiscal Year 2016*, S. 1376, S. Report No. 114-49, §717 (2015).

¹⁵⁶ SASC, *NDAA for Fiscal Year 2017*, S. 2943, S. Report No. 114-255, §724 (2016), <https://www.congress.gov/114/bills/s2943/BILLS-114s2943pcs.pdf>.

¹⁵⁷ “Pentagon staff sizes remain under fire as CBO sees potential savings,” Inside Defense.

¹⁵⁸ CBO, *Replacing Military Personnel*, 1.

¹⁵⁹ *Ibid.*, 7.

¹⁶⁰ *Ibid.*, 3.

conclusion that, in the absence of additional incentives for the Services to civilianize, the Congress could force DoD to adjust its workforce mix through annual appropriations legislation:

Through the annual National Defense Authorization Act, lawmakers could reduce active-duty end strength while authorizing commensurate funding to add the number of civilian replacements according to a specified replacement ratio. Or the Congress could direct DoD to report to oversight committees the number and types of active-duty positions that might be converted, along with DoD's assumptions (such as for achievable replacement ratios) and estimated savings. If legislation specified a replacement ratio that DoD could not achieve, the department might not be able to sustain current levels of service in support functions.¹⁶¹

This has not yet happened, and with the political climate tilting against hiring more civilians (and, arguably, against cutting the military force structure), it may be an overly optimistic view of how to achieve an efficient mix of military and civilian manpower.

5. Sequestration and the Military Pay Exemption

One final wrinkle in the modern discussion of civilianization is the impact of the 2011 Budget Control Act, also known as *sequestration*. Although the Act was designed to impose uniform budget cuts across the federal government, President Obama exempted military personnel accounts from sequestration's effects.¹⁶² Consequently, the Services have even less incentive to civilianize existing positions, especially when confronting continued pressure to reduce overall military and civilian end strength. Despite the promise of cost savings and the theoretical shift of existing uniformed personnel to combat jobs rather than administrative or support positions, the Services have little reason to pursue civilianization efforts in the current fiscal environment.

6. Summary

For the last 15 years, civilianization has been an important tool of total force management policy, successfully replacing thousands of military personnel performing non-military-essential functions with government civilians. Highlights of these most recent years include:

- Conversion efforts during the wars in Iraq and Afghanistan, like those during Vietnam, aimed to realign military manpower to support of operational deployments overseas rather than reduce personnel costs;

¹⁶¹ Ibid., 4.

¹⁶² Letter from Sylvia Burwell, Director of the Office of Management and Budget (OMB) to Vice President Biden on August 9, 2013, https://www.whitehouse.gov/sites/default/files/omb/legislative/letters/military-personnel-letter-biden_080913.pdf.

- The Services continue to leverage the broad criteria of DoD’s manpower mix policy to justify using military personnel where civilians may be more appropriate;
- The Congress plays a critical role in the outcomes of conversion efforts, from authorizing funding for civilian personnel to replace converted military positions to targeted legislation that prohibits conversions in specific fields.

H. Conclusions

In his 2006 tome on the evolution of the All-Volunteer Force, former Under Secretary of Defense (Personnel and Readiness) Bernard Rostker wrote that “a central feature of...all substitution studies, whether the civilianization study of 1972 or the more recent outsourcing studies of the 1990s, is the lack of any consistent application of a reasonable methodology.”¹⁶³ Now, ten years later, this review has identified six primary issues confronting civilianization during the last five decades:

- The lack of a consistent methodology to determine military essentiality for specific positions and functions across the Services.
- The lack of a unified, holistic approach to determine DoD military and civilian personnel requirements and, importantly, budget allocations.
- The critical role of congressional legislation—from capping civilian authorizations to prohibiting conversions in certain career fields—in the outcomes of conversion efforts.
- Military Service concerns, rooted in historical precedent, about losing converted positions due to decreased civilian personnel ceilings caused by pressure to reduce overhead and Pentagon civilian staff.
- Manpower gaps that emerge while executing conversions, where military billets have been civilianized but civilian replacements have not yet filled the converted positions.
- Other human resource and management factors beyond cost—including mobilization potential, unit morale, and career progression—that affect the decision to employ military versus civilian manpower to perform a specific function.

So what more can be done? Are future civilianization efforts doomed to failure because of these institutional obstacles, or do they represent an effective workaround for DoD to manage its manpower within political constraints that tend to value uniformed

¹⁶³ Bernard Rostker, “I Want You! The Evolution of the All-Volunteer Force” (Santa Monica, CA: RAND Corporation, 2006), 200.

personnel over government civilians? An optimistic view might hold that nothing is insurmountable, while an opposing view may question the value of pursuing such initiatives when the challenges are clear and the monetary benefits may not outweigh the organizational and institutional costs. There is no obvious answer to this question, though simply asking it and working through the arguments may represent a step in the right direction.

It is important to remember that, in spite of these obstacles and challenges, DoD *has* successfully substituted civilians for military personnel in support positions, saving the government money and shifting military personnel back into combat units to support deployments and rotations overseas. The extent of these successes, though, is neither well-documented nor indicative that such efforts have reached a limit to their potential benefits.

Overcoming fifty years of persistent challenges will not be easy, nor will success occur overnight. Future attempts to find potential savings from civilianization should be mindful of this history and address the factors that have stifled such programs in the past. Although achieving an efficient mix of military and civilian manpower within the Defense establishment is influenced by the ever-changing tug of war between balancing requirements and reducing costs, there is enough evidence to suggest that pursuing such a goal, including through civilianization, remains as important today as it was in 1965.

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Abbreviations

AVF	All-Volunteer Force
BRAC	Base Realignment and Closure
CAPE	Cost Assessment and Program Evaluation
CBO	Congressional Budget Office
CONUS	Continental United States
DHP	Defense Health Program
DoD	Department of Defense
DoDD	Department of Defense Directive
DoDI	Department of Defense Instruction
FY	Fiscal Year
GAO	General Accounting Office/Government Accountability Office
HASC	House Armed Services Committee
NDAA	National Defense Authorization Act
NROTC	Naval Reserve Officers Training Corps
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PBD	Program Budget Decision
ROTC	Reserve Officers Training Corps
SASC	Senate Armed Services Committee
US	United States

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