



# AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

**J. David Cox, Sr.**  
National President

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National Vice President for  
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August 1, 2013

The Honorable Chuck Hagel  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Hagel:

On behalf of the American Federation of Government Employees, AFL-CIO, which represents more than 650,000 federal employees who serve the American people across the nation and around the world, including 250,000 in the Department of Defense (DoD), I was surprised and disappointed to see the Pentagon resort to discredited practices to reduce headquarters staffing in the attached memorandum "20% Headquarters Reductions".

As the scope of the Pentagon's mission is reduced, a commensurate reduction in headquarters staffing is not just inevitable but desirable as well. However, imposing arbitrary cuts and focusing almost exclusively on civilian and military personnel are failed approaches to downsizing.

The Department is still statutorily obligated to manage its workforce by available budgets and workloads. Rather than identify functions the Department should no longer perform or those functions that should be reduced in scope, the Pentagon's memorandum simply dictates 20% reductions in civilian positions and military billets, without any consideration of mission, and clearly in defiance of 10 USC 129 and the total force management philosophy codified as recently as the FY12 National Defense Authorization Act (NDAA).

Not only does the memorandum disregard the law, but it also disregards the Department's own guidance pertaining to total force management (DoD Directive 1100.4), workforce mix (DoD Instruction 1100.22), and the cost of manpower (DoD Instruction 7041.04). In fact, DoD Instruction 7041.04, which requires that the Department size and structure its workforces—including headquarters—based on the most cost effective workforce was issued less than a month ago, on July 3, 2013. Yet the Pentagon's guidance ignores this recent, thoughtful policy in favor of arbitrary and capricious reductions to civilians and military, irrespective of cost.

Despite references to allocations and reallocations, we all know that the result of this arbitrary approach will likely be across-the-board cuts and stubborn efforts to do the same with less—rather than thoughtful, mission-driven decisions to downsize—which will leave most organizations less responsive without eliminating the functions that the Department no longer needs or can afford.

Uninformed readers of the Pentagon's "20% Headquarters Reductions" memorandum would labor under the misapprehension that the Department is not ruinously over-reliant on service contractors, particularly at headquarters. In fact, the memorandum is so obviously biased in favor of contractors that an organization could achieve the mandated downsizing targets without reducing any service contractors:

*"The 20% cut applies to the total headquarters budgets...The 20% cut applies to budget dollars. However, organizations will strive for a goal of 20% reductions in authorized government civilian staff at their headquarters. Similarly...organizations will strive for a goal of 20 percent reductions in military personnel billets on headquarters staff."*

No separate reduction target is imposed for contractors. Why would the Pentagon want to shield contractors in headquarters from cuts given the recent admission by Comptroller Hale before the Senate Defense Appropriations Subcommittee that contractors are significantly more (as much as two to three times) expensive than civilian employees?

It is not responsive for the Department to reply that it does not measure the number of contractor employees. In fact, that is precisely what the inventory of contracts for services, required by 10 USC 2330a, directs the Department to do. Moreover, it is just as arbitrary or thoughtful, depending on one's point of view, to measure reductions of civilian and military personnel by positions and billets as it is contractors by positions.

Further, what measures will be taken by the Department to ensure that downsized headquarters military and civilian staff won't be replaced by contractors? It is well-known that the current cap on civilian personnel has resulted in contractors replacing civilians, regardless of cost or law. As Senate Armed Services Committee Chairman Carl Levin once sagely observed, in the absence of an inventory of contracts for services integrated into the budget process, the Department has been incapable of reducing service contract costs.

Finally, there is no workforce more worthy of reductions than contractors at headquarters, most of whom are performing inherently governmental and closely associated with inherently governmental functions, often pursuant to unauthorized personal services contracts--developing budgets; interpreting regulations; overseeing contractors; and drafting policies, analyses, feasibility studies, strategy options, and organization plans. We all know of the former senior civilian and military officials who leave government service and then return to their old offices as contractors, and, effectively, continue to make policy even though their first loyalty is no longer to the Department.

The Department's acquisition process, particularly at headquarters, also uses contractors extensively to perform many closely associated with inherently governmental functions: evaluating another contractor's performance, planning acquisition strategies, assisting in support of acquisition planning, assisting in contract management, evaluating another contractor's proposal, and assisting in the development of statements of work. Many complain that the acquisition process too often involves contractors awarding contracts and then overseeing contractors—and that's because contractors are allowed by the Department to perform closely associated with inherently governmental functions related to acquisition.

In fact, in the FY12 NDAA, the Congress required the Department to incrementally reduce spending for such contracts by, you guessed it, 20%. The Department has never complied with this requirement, and some influential lawmakers, besieged by contractors who are determined to retain their illegal and risky contracts, are eager to let this requirement expire, the public interest be damned.

AFGE is proud to represent rank-and-file civilian employees, few of whom work in headquarters. However, our members have a compelling interest in seeing that the Department is managed by civilian managers whose first loyalty is to the Department. The Department should insist that reductions in

headquarters staff are thoughtful and mission-driven, as well as consistent with laws and guidance for workforce management. Moreover, the Department should insist that the bulk of headquarters reductions come from contractors—many of whom are beneficiaries of illegal and risky service contracts, and all of whom were hired to supplement the civilian workforce, rather than outlast it. Thanks for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "J. David Cox, Sr.", written in a cursive style.

J. David Cox, Sr.  
National President