



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

SEP 16 2014

Dear Mr. Chairman:

In accordance with section 955(d) of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112-239), I am submitting the Department of Defense's report on its civilian personnel workforce and contracted services reductions for the Fiscal Year 2015 President's Budget. Subsequent reports will be submitted as part of the President's Budget submission to Congress. I am sending a similar letter to the Chairmen of the other congressional defense committees.

Sincerely,

Michael McCord

Enclosure:
As stated

cc:
The Honorable James M. Inhofe
Ranking Member



CONGRESSIONAL REPORT

**The Department of Defense Report on the Civilian Personnel Workforce and Contracted Services
Reductions in the Fiscal Year 2015 Budget**

The estimated cost of this report for the Department of Defense is approximately \$4,280 for the 2014 Fiscal Year. This includes \$50 in expenses and \$4,230 in DoD labor.

REPORTING REQUIREMENT

In accordance with section 955(d) of the National Defense Authorization Act for Fiscal Year (FY) 2013 (Public Law 112-239), this report provides the Department's military manpower, civilian workforce and contracted services reductions provided in the President's FY 2015 Budget. Subsequent reports will be submitted as part of the President's Budget submission to congress.

As directed by section 955, the Department is committed to ensuring its civilian personnel and service contractor workforce are appropriately sized to support and execute the National Military Strategy, taking into account military personnel and force structure levels. The Department's challenge is to define the right mix of military, civilians, and contracted services needed to reflect new strategic priorities and evolving operational challenges. The Department's sourcing of functions and work among military, civilian, and contracted services must be consistent with workload requirements, funding availability, readiness and management needs, as well as applicable laws and guidance.

The size of the individual components of the Total Force is not always proportional to the others; the greatly varied missions of the Department require all three elements - military, civilian and contracted services - to perform a myriad of functions, including many that are predominantly civilianized. Moreover, in certain functional areas the size of the civilian workforce does not directly correspond to end-strength levels and the tempo of military operations. Currently proposed military end-strength reductions are predicated on revised defense strategy, changing geo-political priorities, increased international cooperation, and force structure changes. The Department's civilian and contracted support workforces perform key enabling functions for the operating forces, such as critical training and preparation to ensure readiness, equipment modernization and reset, medical care, family support, and base operating and infrastructure services - all vital services that support the men and women in uniform. Even during this period of constrained defense budgets, it is important to plan for sufficient numbers of federal civilian personnel to meet the support needs of the military forces. It is also important to ensure that military or federal civilians are performing all inherently governmental jobs, and that sufficient levels of civilians are available to perform critical oversight, management, and readiness functions of the Department.

Although section 955(c) requires the Department to report savings in the total funding for the civilian and service contractor workforce over the period from FY 2012 through FY 2017 relative to the savings in funding for basic military personnel pay achieved from reductions in military end strengths over this period, the Department does not project such funding beyond the budget year. Furthermore, the Department does not project the number of service contractors beyond the budget year.

In order to assess the Department's compliance with section 955(c) over the FY 2012 through FY 2017 period, the Department utilized its civilian full-time equivalent (FTE) and military average strength data over this time period. Using these data and the exclusions granted under section 955(c) results in an 8.9% reduction for civilians and 8.2% reduction for military over FY 2012 through FY 2017. Therefore, the Department is compliant with the intent of section 955(c). To assess contractor reductions, the Department examined the reduction in funding for contracted services over the period

FY 2012 through FY 2015. This resulted in an 8.2% reduction, meeting the FY 2017 goal in FY 2015. The detail data is provided in the following sections of this report.

CIVILIAN EXCLUSIONS GRANTED UNDER SECTION 955(c)

Under section 955(c), the Secretary of Defense may exclude expenses related to the performance of functions identified as core or critical to the mission of the Department, consistent with the workload analysis and risk assessments required by sections 129 and 129a of title 10, United States Code. Section 955(c) further specifies certain civilian and service contractor personnel that shall be considered by the Secretary in making a determination of core or critical functions, including those providing core logistics capabilities, financial audit services, maintenance and repair of military equipment, and medical services.

In accordance with section 955(c), the Department identified the following civilian personnel functions and associated FTEs over the FY 2012 through FY 2017 period as core or critical to the mission of the Department.

Table 1. Summary of Section 955(c) Civilian Exclusions

<u>Civilian Personnel Functions</u>	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Acquisition	132,710	132,317	132,227	136,040	135,400	133,837
Audit Readiness/Service	453	619	611	602	596	597
Cyber	2,726	2,876	3,526	3,925	3,921	3,934
Depots	68,487	66,275	64,784	62,833	62,208	62,494
Foreign Nationals	45,646	46,327	48,130	47,339	47,136	46,676
Inspector General	1,588	1,672	1,679	1,682	1,682	1,682
Medical	62,679	61,604	65,003	64,647	62,446	61,143
Military Technicians	65,160	63,874	69,675	68,577	67,367	66,331
Safety/Security	8,928	9,291	9,544	9,338	9,090	8,941
Sexual Assault Prevention/Response	146	223	299	359	359	359
Shipyards	32,312	32,725	33,828	35,361	35,467	35,950
Other ^{2/}	<u>61,235</u>	<u>58,652</u>	<u>54,984</u>	<u>55,310</u>	<u>54,410</u>	<u>54,989</u>
Total	482,070	476,455	484,290	486,013	480,082	476,933

^{1/} Excludes National Intelligence Programs.

^{2/} Includes DoDEA educators, reimbursable personnel, military construction workforce, and support for special forces.

The Department's section 955(c) exclusions by Component are provided below.

Table 2. Detailed Section 955(c) Civilian Exclusions by Component

<u>Civilian Personnel Functions</u>	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Army:						
Acquisition	40,769	40,211	37,295	39,874	39,052	37,411
Audit Readiness/Service	-	12	12	12	12	12
Cyber	228	360	423	628	614	604
Depots	26,932	26,176	24,536	22,585	21,989	22,841
Foreign Nationals	20,116	20,553	20,551	19,825	19,695	19,215
Medical	39,097	38,722	41,216	41,021	39,346	38,449
MilTechs	33,475	32,314	37,021	36,556	34,977	34,708
Other:						
Counternarcotics	724	724	711	708	708	708
Foreign Military Sales	1,364	1,721	1,899	2,018	2,016	2,004
Military Construction	7,630	6,896	5,639	5,847	5,417	5,187
Reimbursed (external)	6,985	7,372	6,378	6,267	6,087	6,386
Special Forces	<u>2,445</u>	<u>2,408</u>	<u>2,625</u>	<u>2,552</u>	<u>2,552</u>	<u>2,552</u>
Total Other	<u>19,148</u>	<u>19,121</u>	<u>17,252</u>	<u>17,392</u>	<u>16,780</u>	<u>16,837</u>
Total Army	179,765	177,469	178,306	177,893	172,465	170,077
Department of Navy:						
Acquisition	45,844	45,373	45,574	45,916	46,035	46,204
Audit Readiness/Service	365	521	512	503	497	497
Cyber	1,926	1,808	1,991	2,046	1,997	2,020
Depots	11,001	10,467	10,695	10,695	10,695	10,620
Foreign Nationals	13,541	13,646	13,979	14,040	14,090	14,089
Inspector General	52	54	61	64	64	64
Medical	11,622	10,989	11,470	11,385	11,151	10,969
Safety/Security	7,680	7,947	7,517	7,353	7,117	6,968
Sexual Assault Prevention/Response	-	72	85	148	148	148
Shipyards	32,312	32,725	33,828	35,361	35,467	35,950
Other:						
Counternarcotics	244	261	428	505	502	502
Foreign Military Sales	369	366	315	328	328	328
Military Construction	2,505	2,324	2,268	2,129	2,125	2,124
Nuclear	177	175	189	189	189	189
Reimbursed (external)	9,839	4,541	4,247	4,215	4,232	4,213
Special Forces	<u>1,121</u>	<u>1,265</u>	<u>1,448</u>	<u>1,439</u>	<u>1,439</u>	<u>1,439</u>
Total Other	<u>14,255</u>	<u>8,932</u>	<u>8,895</u>	<u>8,805</u>	<u>8,815</u>	<u>8,795</u>
Total Department of Navy	138,598	132,534	134,607	136,316	136,076	136,324

Table 2. Detailed Section 955(c) Civilian Exclusions by Component (continued)

Civilian Personnel Functions	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Air Force:						
Acquisition	25,041	24,993	25,218	25,011	24,929	24,875
Audit Readiness/Service	32	32	32	32	32	32
Cyber	124	237	635	772	830	830
Depots	30,554	29,632	29,553	29,553	29,524	29,033
Foreign Nationals	7,792	8,210	9,375	9,326	9,256	9,277
Medical	6,185	6,415	6,393	6,367	6,278	6,224
MilTechs	31,685	31,560	32,654	32,021	32,390	31,623
Sexual Assault Prevention/Response	146	151	214	211	211	211
Other:						
Child Care	2,444	2,720	2,764	2,720	2,720	2,720
Counternarcotics	266	252	267	255	242	242
Foreign Military Sales	2,837	3,036	2,988	2,982	2,976	2,960
Military Construction	1,725	4,098	2,141	2,486	2,251	2,856
Nuclear	296	281	363	363	362	358
Reimbursed (external)	5,029	5,625	5,623	5,596	5,565	5,532
Special Forces	<u>2,997</u>	<u>2,453</u>	<u>2,462</u>	<u>2,489</u>	<u>2,490</u>	<u>2,490</u>
Total Other	<u>15,594</u>	<u>18,465</u>	<u>16,608</u>	<u>16,891</u>	<u>16,606</u>	<u>17,158</u>
Total Air Force	117,153	119,695	120,682	120,184	120,056	119,263
Defense-Wide Agencies:						
Defense Acquisition University (DAU):						
Acquisition	351	417	412	414	412	409
Defense Advanced Research Projects Agency (DARPA):						
Acquisition	13	13	13	13	13	13
Audit Readiness/Service	6	6	6	6	6	6
Cyber	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total DARPA	26	26	26	26	26	26
Department of Defense Chief Information Office (DoD CIO):						
Cyber	25	25	25	25	25	25
Other:						
National Leadership Command Capabilities	9	9	9	9	9	9
Spectrum Programs and Policies	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total Other	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Total DoD CIO	39	39	39	39	39	39
Defense Commissary Agency:						
Acquisition	121	142	143	143	143	143

Table 2. Detailed Section 955(c) Civilian Exclusions by Component (continued)

Civilian Personnel Functions	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Defense Contract Audit Agency:						
Acquisition	3,792	4,140	4,108	4,109	4,129	4,111
Defense Contract Management Agency:						
Acquisition	7,761	7,286	8,447	8,635	8,741	8,894
Department of Defense Education Activity (DoDEA):						
Acquisition	64	68	70	72	72	72
Safety/Security	26	26	26	26	26	26
Other:						
School Level Educators	<u>11,045</u>	<u>11,014</u>	<u>11,052</u>	<u>11,052</u>	<u>11,052</u>	<u>11,052</u>
Total DoDEA	11,135	11,108	11,148	11,150	11,150	11,150
Department of Defense Inspector General (DoD IG):						
Inspector General	1,533	1,614	1,614	1,614	1,614	1,614
Defense Finance and Accounting Service:						
Acquisition	71	68	69	67	67	67
Defense Human Resource Activity (DHRA):						
Acquisition	-	25	25	25	25	25
Audit Readiness/Service	7	7	7	7	7	7
Cyber	207	208	209	209	209	209
Safety/Security	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total DHRA	217	243	244	244	244	244
Defense Information Systems Agency (DISA):						
Acquisition	850	834	1,059	1,124	1,148	1,169
Audit Readiness/Service	21	21	21	21	21	21
Cyber	177	177	177	177	177	177
Other:						
DISA Command Center/Theater NetOps Centers	399	399	399	399	399	399
Defense Information Systems Network	525	525	525	525	525	525
White House Support	<u>33</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Total Other	<u>957</u>	<u>958</u>	<u>958</u>	<u>958</u>	<u>958</u>	<u>958</u>
Total DISA	2,005	1,990	2,215	2,280	2,304	2,325
Defense Logistics Agency:						
Acquisition	4,980	4,986	5,760	6,615	6,829	6,829
Defense Media Activity:						
Acquisition	24	24	24	24	24	24
Defense Prisoner of War and Missing Personnel Office (DPMO):						
Acquisition	2	1	1	1	1	1
Audit Readiness/Service	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total DPMO	4	3	3	3	3	3

Table 2. Detailed Section 955(c) Civilian Exclusions by Component (continued)

Civilian Personnel Functions	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Defense Security Service (DSS):						
Acquisition	18	18	18	18	18	18
Audit Readiness/Service	1	1	2	2	2	3
Inspector General	3	4	4	4	4	4
Safety/Security	<u>67</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>72</u>
Total DSS	89	95	96	96	96	97
Defense Technical Information Center:						
Acquisition	-	282	282	272	264	254
Defense Threat Reduction Agency:						
Acquisition	457	530	537	531	513	503
Missile Defense Agency (MDA):						
Acquisition	2,243	2,464	2,733	2,727	2,551	2,388
National Defense University (NDU):						
Acquisition	2	2	2	2	2	2
Cyber	25	25	25	25	25	25
Safety/Security	<u>8</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total NDU	35	33	33	33	33	33
Office of the Director, Operational Test and Evaluation (DOT&E):						
Acquisition	80	78	82	82	81	80
Office of the Under Secretary of Defense (Comptroller) (OUSD(C)):						
Audit Readiness/Service	17	15	15	15	15	15
Office of the Under Secretary of Defense for Personnel and Readiness (OUSD P&R):						
Cyber	2	2	2	2	2	2
Pentagon Force Protection Agency (PFPA):						
Safety/Security	1,067	1,160	1,152	1,127	1,127	1,127
Test Resource Management Center (TRMC):						
Acquisition	20	20	20	20	20	20
Audit Readiness/Service	1	1	1	1	1	1
Cyber	<u>5</u>	<u>5</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total TRMC	26	26	28	29	29	29
The Joint Staff (TJS):						
Acquisition	1	1	1	1	1	1
Audit Readiness/Service	1	1	1	1	1	1
Cyber	-	<u>22</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>27</u>
Total TJS	2	24	27	28	29	29

Table 2. Detailed Section 955(c) Civilian Exclusions by Component (continued)

<u>Civilian Personnel Functions</u>	<i>Civilian Full-Time Equivalents (FTEs)^{1/}</i>					
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
TRICARE Management Activity (TMA)/Defense Health Agency (DHA):						
Acquisition	154	202	177	177	177	177
Medical	<u>5,775</u>	<u>5,478</u>	<u>5,924</u>	<u>5,874</u>	<u>5,671</u>	<u>5,501</u>
Total TMA/DHA	5,929	5,680	6,101	6,051	5,848	5,678
Washington Headquarters Services (WHS):						
Acquisition	52	139	157	167	153	147
Safety/Security	<u>77</u>	<u>77</u>	<u>768</u>	<u>751</u>	<u>739</u>	<u>739</u>
Total WHS	129	216	925	918	892	886
Other Defense-Wide Exclusions:						
Foreign Nationals	4,197	3,918	4,225	4,148	4,095	4,095
Other:						
Counternarcotics	<u>222</u>	<u>148</u>	<u>205</u>	<u>198</u>	<u>185</u>	<u>175</u>
Total Other Defense-Wide Exclusions	4,419	4,066	4,430	4,346	4,280	4,270
Total Defense-Wide Agencies	46,554	46,757	50,695	51,620	51,485	51,269
Total Department of Defense	482,070	476,455	484,290	486,013	480,082	476,933

1/ Excludes National Intelligence Programs.

NUMBER OF MILITARY AND CIVILIAN PERSONNEL REDUCED

The Department utilized its civilian FTE and military average strength data over the FY 2012 through FY 2017 period to assess its compliance with section 955(c) regarding its civilian workforce savings over this time period. The Department's civilian FTE data exclude the Army's cemeterial expenses, the National Security Agency, and classified National Intelligence Programs. Its military average strength data include Active, Reserve, and National Guard.

Incorporating the exclusions granted under section 955(c), the Department's civilian FTEs are estimated to decrease by 8.9% over the FY 2012 through FY 2017 period. In comparison, the military average strength is estimated to decrease by 8.2% over this time period. Thus, the Department is compliant with section 955(c). The Department is committed to ensuring its civilian personnel are appropriately sized to support and execute the National Military Strategy while taking into account military personnel and force structure levels. Through the end of the FY 2015 President's Budget projection window in FY 2019, the Department projects its civilian FTEs decrease by 14.8%, which outpaces the 8.7% reduction in military average strength.

The Department's civilian FTE and military average strength figures over the FY 2012 through FY 2019 period are provided below.

Table 3. Summary of Section 955 Military and Civilian Personnel Reductions

	<i>Full-Time Equivalents (FTEs)/Average Strength</i>								<i>Percent Change</i>	
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY12-17</u>	<u>FY12-19</u>
DoD Civilian FTEs^{1/}										
Direct	414,477	401,418	410,876	407,494	401,895	397,908	394,334	387,152	-4.0%	-6.6%
Reimbursable	<u>316,141</u>	<u>302,844</u>	<u>308,177</u>	<u>303,417</u>	<u>302,118</u>	<u>300,504</u>	<u>293,923</u>	<u>294,214</u>	-4.9%	-6.9%
U.S. Direct Hires	730,618	704,262	719,053	710,911	704,013	698,412	688,257	681,366	-4.4%	-6.7%
Foreign Direct/Indirect Hires	<u>45,646</u>	<u>46,327</u>	<u>48,130</u>	<u>47,339</u>	<u>47,136</u>	<u>46,676</u>	<u>46,370</u>	<u>46,099</u>	<u>2.3%</u>	<u>1.0%</u>
Total without Exclusions	776,264	750,589	767,183	758,250	751,149	745,088	734,627	727,465	-4.0%	-6.3%
Section 955(c) Exclusions ^{2/}	<u>482,070</u>	<u>476,455</u>	<u>484,290</u>	<u>486,013</u>	<u>480,082</u>	<u>476,933</u>	<u>476,933</u>	<u>476,933</u>	-1.1%	-1.1%
Total with Exclusions	294,194	274,134	282,893	272,237	271,067	268,155	257,694	250,532	-8.9%	-14.8%
Military Average Strength^{3/}										
Active	1,412,368	1,390,984	1,366,373	1,329,500	1,295,950	1,273,400	1,263,650	1,263,900	-9.8%	-10.5%
Reserve	378,771	374,031	371,154	368,350	361,800	357,900	358,300	358,800	-5.5%	-5.3%
National Guard	<u>465,357</u>	<u>463,455</u>	<u>461,522</u>	<u>457,400</u>	<u>448,800</u>	<u>440,600</u>	<u>438,700</u>	<u>438,600</u>	-5.3%	-5.7%
Total	2,256,495	2,228,469	2,199,048	2,155,250	2,106,550	2,071,900	2,060,650	2,061,300	-8.2%	-8.7%

^{1/} Excludes the Army's cemeterial expenses, the National Security Agency, and classified National Intelligence Programs.

^{2/} Section 955(c) exclusions are estimated through FY 2017; estimates are straightlined thereafter in FYs 2018 and 2019.

^{3/} Assumes drawdown stops at Army Active End Strength (ES) of 450,000, Army Reserve ES of 195,000, Army National Guard ES of 335,000 and Marine Corps Active ES of 182,000.

The Department's civilian FTE and military average strength figures over the FY 2012 through FY 2019 period by Component are provided below.

Table 4. Detailed Section 955 Military and Civilian Personnel Reductions by Component

	<i>Full-Time Equivalents (FTEs)/Average Strength</i>								<i>Percent Change</i>	
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY12-17</u>	<u>FY12-19</u>
Army:										
Civilian FTEs ^{1/}										
Direct	148,430	136,327	141,753	140,642	134,885	130,832	128,067	127,832	-11.9%	-13.9%
Reimbursable	<u>104,473</u>	<u>97,163</u>	<u>98,718</u>	<u>95,448</u>	<u>92,458</u>	<u>92,035</u>	<u>88,759</u>	<u>88,632</u>	<u>-11.9%</u>	<u>-15.2%</u>
U.S. Direct Hires	252,903	233,490	240,471	236,090	227,343	222,867	216,826	216,464	-11.9%	-14.4%
Foreign Direct/Indirect Hires	<u>20,116</u>	<u>20,553</u>	<u>20,551</u>	<u>19,825</u>	<u>19,695</u>	<u>19,215</u>	<u>19,056</u>	<u>18,910</u>	<u>-4.5%</u>	<u>-6.0%</u>
Total without Exclusions	273,019	254,043	261,022	255,915	247,038	242,082	235,882	235,374	-11.3%	-13.8%
Section 955(c) Exclusions ^{2/}	<u>179,765</u>	<u>177,469</u>	<u>178,306</u>	<u>177,893</u>	<u>172,465</u>	<u>170,077</u>	<u>170,077</u>	<u>170,077</u>	<u>-5.4%</u>	<u>-5.4%</u>
Total with Exclusions	93,254	76,574	82,716	78,022	74,573	72,005	65,805	65,297	-22.8%	-30.0%
Military Average Strength ^{3/}										
Active	557,764	541,054	521,222	500,200	480,000	460,000	450,000	450,000	-17.5%	-19.3%
Reserve	202,985	199,688	200,105	202,000	198,500	195,000	195,000	195,000	-3.9%	-3.9%
National Guard	<u>359,820</u>	<u>357,907</u>	<u>355,968</u>	<u>352,200</u>	<u>343,250</u>	<u>335,650</u>	<u>335,000</u>	<u>335,000</u>	<u>-6.7%</u>	<u>-6.9%</u>
Total	1,120,568	1,098,648	1,077,294	1,054,400	1,021,750	990,650	980,000	980,000	-11.6%	-12.5%
Department of Navy:										
Civilian FTEs ^{1/}										
Direct	90,512	88,649	90,985	92,809	91,453	90,168	90,406	88,216	-0.4%	-2.5%
Reimbursable	<u>106,178</u>	<u>103,059</u>	<u>105,186</u>	<u>105,511</u>	<u>105,991</u>	<u>105,485</u>	<u>103,184</u>	<u>103,791</u>	<u>-0.7%</u>	<u>-2.2%</u>
U.S. Direct Hires	196,690	191,708	196,171	198,320	197,444	195,653	193,590	192,007	-0.5%	-2.4%
Foreign Direct/Indirect Hires	<u>13,541</u>	<u>13,646</u>	<u>13,979</u>	<u>14,040</u>	<u>14,090</u>	<u>14,089</u>	<u>14,083</u>	<u>14,082</u>	<u>4.0%</u>	<u>4.0%</u>
Total without Exclusions	210,231	205,354	210,150	212,360	211,534	209,742	207,673	206,089	-0.2%	-2.0%
Section 955(c) Exclusions ^{2/}	<u>138,598</u>	<u>132,534</u>	<u>134,607</u>	<u>136,316</u>	<u>136,076</u>	<u>136,324</u>	<u>136,324</u>	<u>136,324</u>	<u>-1.6%</u>	<u>-1.6%</u>
Total with Exclusions	71,633	72,820	75,543	76,044	75,458	73,418	71,349	69,765	2.5%	-2.6%
Military Average Strength ^{3/}										
Navy Active	321,765	321,179	323,776	323,600	322,350	321,800	322,650	323,000	0.0%	0.4%
Marine Corps Active	199,675	196,925	192,229	186,450	183,050	182,000	182,000	182,000	-8.9%	-8.9%
Navy/Marine Corps Reserve	<u>104,412</u>	<u>103,173</u>	<u>100,393</u>	<u>97,600</u>	<u>96,300</u>	<u>96,200</u>	<u>96,800</u>	<u>97,300</u>	<u>-7.9%</u>	<u>-6.8%</u>
Total	625,851	621,276	616,397	607,650	601,700	600,000	601,450	602,300	-4.1%	-3.8%
Air Force:										
Civilian FTEs ^{1/}										
Direct	120,524	119,601	120,356	117,606	119,401	121,084	120,701	120,850	0.5%	0.3%
Reimbursable	<u>45,277</u>	<u>44,901</u>	<u>42,556</u>	<u>42,095</u>	<u>43,745</u>	<u>43,512</u>	<u>43,025</u>	<u>43,025</u>	<u>-3.9%</u>	<u>-5.0%</u>
U.S. Direct Hires	165,801	164,502	162,912	159,701	163,146	164,596	163,726	163,875	-0.7%	-1.2%
Foreign Direct/Indirect Hires	<u>7,792</u>	<u>8,210</u>	<u>9,375</u>	<u>9,326</u>	<u>9,256</u>	<u>9,277</u>	<u>9,136</u>	<u>9,012</u>	<u>19.1%</u>	<u>15.7%</u>
Total without Exclusions	173,593	172,712	172,287	169,027	172,402	173,873	172,862	172,887	0.2%	-0.4%
Section 955(c) Exclusions ^{2/}	<u>117,153</u>	<u>119,695</u>	<u>120,682</u>	<u>120,184</u>	<u>120,056</u>	<u>119,263</u>	<u>119,263</u>	<u>119,263</u>	<u>1.8%</u>	<u>1.8%</u>
Total with Exclusions	56,440	53,017	51,605	48,843	52,346	54,610	53,599	53,624	-3.2%	-5.0%
Military Average Strength										
Active	333,165	331,827	329,147	319,250	310,550	309,600	309,000	308,900	-7.1%	-7.3%
Reserve	71,375	71,171	70,657	68,750	67,000	66,700	66,500	66,500	-6.5%	-6.8%
National Guard	<u>105,537</u>	<u>105,549</u>	<u>105,554</u>	<u>105,200</u>	<u>105,550</u>	<u>104,950</u>	<u>103,700</u>	<u>103,600</u>	<u>-0.6%</u>	<u>-1.8%</u>
Total	510,076	508,546	505,358	493,200	483,100	481,250	479,200	479,000	-5.7%	-6.1%

Table 4. Detailed Section 955 Military and Civilian Personnel Reductions by Component (Continued)

	Full-Time Equivalents (FTEs)/Average Strength								Percent Change	
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY12-17	FY12-19
Defense-Wide Agencies:										
Civilian FTEs ^{1/}										
Direct	55,011	56,841	57,782	56,437	56,156	55,824	55,160	50,254	1.5%	-8.6%
Reimbursable	<u>60,213</u>	<u>57,721</u>	<u>61,717</u>	<u>60,363</u>	<u>59,924</u>	<u>59,472</u>	<u>58,955</u>	<u>58,766</u>	<u>-1.2%</u>	<u>-2.4%</u>
U.S. Direct Hires	115,224	114,562	119,499	116,800	116,080	115,296	114,115	109,020	0.1%	-5.4%
Foreign Direct/Indirect Hires	<u>4,197</u>	<u>3,918</u>	<u>4,225</u>	<u>4,148</u>	<u>4,095</u>	<u>4,095</u>	<u>4,095</u>	<u>4,095</u>	<u>-2.4%</u>	<u>-2.4%</u>
Total without Exclusions	119,421	118,480	123,724	120,948	120,175	119,391	118,210	113,115	0.0%	-5.3%
Section 955(c) Exclusions ^{2/}	<u>46,554</u>	<u>46,757</u>	<u>50,695</u>	<u>51,620</u>	<u>51,485</u>	<u>51,269</u>	<u>51,269</u>	<u>51,269</u>	<u>10.1%</u>	<u>10.1%</u>
Total with Exclusions	72,867	71,723	73,029	69,328	68,690	68,122	66,941	61,846	-6.5%	-15.1%

1/ Excludes the Army's cemeterial expenses, the National Security Agency, and classified National Intelligence Programs.

2/ Section 955(c) exclusions are estimated through FY 2017; estimates are straightlined thereafter in FYs 2018 and 2019.

3/ Assumes drawdown stops at Army Active End Strength (ES) of 450,000, Army Reserve ES of 195,000, Army National Guard ES of 335,000 and Marine Corps Active ES of 182,000.

CONTRACTOR REDUCTIONS

For measuring contract services funding limitations, the Department is measured against Section 802 (formerly Section 808) of the FY 2014 National Defense Authorization Act (P.L. 113-66), which directs the Department to limit contract services funding to the FY 2010 President's budget request for contract services plus growth in civilian personnel funding and transfers from the Overseas Contingency Operations (OCO) budget to the base budget since FY 2010. The Department was \$1.8 billion below the limitation in FY 2013, is \$3.4 billion below based on the FY 2014 enacted position, and is \$5.4 billion below based on the FY 2015 request.

Table 5 displays the contract services funding included in the Section 802 limitations as submitted in the March 2014 Operation and Maintenance Overview justification book. The FY 2015 President's budget request is 8.2% below FY 2012 actuals due to reductions in service support contractors and accepting short term risk in facilities maintenance contracts. The Department does not project contract services funding beyond the budget year.

Table 5. Section 802 Contract Services Funding FY 2012 - FY 2015

<u>Component (\$ in M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Army	12,707	15,445	12,834	13,846
Navy	13,124	13,308	11,657	11,483
Air Force	16,491	13,088	14,332	14,312
Defense-wide	15,486	13,809	13,964	13,440
Total ^{/1}	57,806	55,650	52,787	53,081

1/ Excludes Overseas Contingency Operations funding

Excludes MILCON and RDT&E

Excludes medical contracts (25.6) and R&D contracts (25.5)

Excludes other intragovernmental purchases (25.3)

The Department continues to improve the projection of contracted services FTEs as required by section 235 of title 10, United States Code. The accuracy of the estimate of FTEs will improve as the Department implements an enterprise-wide approach to tracking contract expenditures and improves programming for contracted services. Components will gain a budget projection tool that connects completed reviews of their Inventory of Contracts for Services together with improved reporting on each service contract obligation to support improved total force planning.