

Pentagon to Hire Thousands of Employees, Cut Contractors

By Katherine McIntire Peters *kpeters@govexec.com* April 6, 2009

Defense Secretary Robert Gates on Monday recommended major changes in the Pentagon's procurement priorities and acquisition practices, and **said the department would scale back significantly the role of contractors in support services.**

The recommendations are part of the Pentagon's 2010 budget request, which the White House will submit to Congress in a few weeks. Gates said President Obama agreed to the "unorthodox approach" of announcing the Pentagon's request before the White House sends the full budget to Capitol Hill, because the scope and significance of the changes warrant a deeper explanation in the context of military reform.

The recommendations also are sure to generate a lot of pushback from lawmakers. Within an hour of Gates' briefing to reporters, a bipartisan group of senators sent the president a letter protesting recommended cuts in missile defense funding.

Gates said Defense had three main objectives: take care of troops; rebalance programs to adequately support the ongoing wars in Iraq and Afghanistan; and reform how the services buy weapons.

Among the most far-reaching changes he recommended were reducing the number of support service contractors from the current level of 39 percent of the workforce to the pre-2001 level of 26 percent and replacing them with full-time government employees.

"Our goal is to hire as many as 13,000 new civil servants in 2010 to replace contractors and up to 30,000 new civil servants in place of contractors over the next five years," Gates said.

In addition, he said the department would increase the size of the defense acquisition workforce, converting 11,000 contractors and hiring an additional 9,000 government acquisition professionals by 2015, beginning with 4,100 in 2010.

Bringing back in-house more support work and expanding the acquisition workforce are essential to restoring accountability to the procurement process, Gates said.

A number of programs would be accelerated, delayed or terminated under the proposed 2010 budget. Some of the key changes include:

- Increase the number of F-35 Joint Strike Fighter from 14 aircraft to 30 in 2010
- End production of the F-22 Raptor program
- Increase funding for theater missile defense programs
- Augment funding for the conversion of six additional Aegis ships to provide ballistic missile defense capability
- Increase the number of cyber experts the department can train from 80 students annually to 250 annually by 2011
- Solicit bids for a new refueling tanker by this summer
- Delay the next-generation cruiser to reconsider requirements and strategic rationale
- Postpone amphibious ship and sea-basing programs to better assess costs, capabilities and strategic needs
- Complete and end production of the C-17 airlifter this year.

The Pentagon must demonstrate a commitment to stop programs that significantly exceed their budget or that spend limited tax dollars to buy more capability than the nation needs, Gates said. In that vein, he recommended that Congress cancel a number of programs, including:

- The VH-71 presidential helicopter program, which was designed to provide 23 helicopters for \$6.5 billion. Today the program is estimated to cost more than \$13 billion and is six years behind schedule.
- The Air Force combat search-and-rescue helicopter. It's not clear that the mission is best-served by a single-service solution with a single-purpose aircraft, according to Gates.
- The Transformational Satellite program. As an alternative to this program, the Pentagon wants to purchase two more Advanced Extremely High-Frequency satellites.
- Several programs in the area of missile defense, largely due to technical problems, estimated to cost about \$1.4 billion.

Under the 2010 budget proposal, the Pentagon would significantly restructure the Army's Future Combat Systems, spinning out technology enhancements to all combat brigades, but canceling the vehicle component of the program.

The Pentagon also plans to press Bath Iron Works to produce all three DDG-1000 Navy destroyers in Maine in an effort to achieve economies of scale and facilitate restarting the older DDG-51 destroyer program at Northrop Grumman Corp.'s Ingalls shipyard in Mississippi, eventually building the DDG-51 at both shipyards when the DDG-1000 program wraps up after three ships. If those negotiations fail, the department would consider instead building only one prototype DDG-1000 ship. "It would unfortunately reduce our overall procurement of ships and cut workload in both shipyards," he said.

Gates said his decisions in the 2010 budget were made with an eye toward what the nation needs, and not to balance the books or to meet some pre-determined budget figure.

The budget provides an opportunity to reform the way Defense does business, he said: "It is one thing to speak generally about the need for budget discipline and acquisition and contract reform. It is quite another to make tough choices about specific systems."