

Fact Sheet: Defense Business Board's Findings on Pentagon Bureaucracy

On December 5, 2016 the Washington Post published a story entitled, [“Pentagon buries evidence of \\$125 billion in bureaucratic waste,”](#) based on the 2015 findings of the Defense Business Board review of the Department's back office bureaucracy. The following resources provide important context on the DBB study.

Contrary to reporting, the House Armed Services Committee knew about the study.

From the FY16 NDAA, which passed in May 2015: “The committee is aware that the Defense Business Board (DBB) completed the report “Transforming Department of Defense's Core Business Processes for Revolutionary Change” in January 2015. The review took a rigorous, data-driven view of Department of Defense business operations to help identify a potential for \$125.0 billion in savings over the next 5 years...

...The committee believes that it is important to further explore the recommendations of the DBB's review in order for Congress to fully debate the merits, as well as the potential pitfalls, of each of the DBB's suggestions. Much like the push to achieve auditability, the committee believes that such institutional reform will be necessary to maximize productivity from the Department's funds so that “saved” dollars can be redirected to important training, readiness, and modernization challenges facing the warfighter. (House Report 114-102 to H.R. 1735 National Defense Authorization Act for Fiscal Year 2016)

HASC has enacted a bold DOD reform agenda – informed by the DBB and others.

In the FY16 NDAA, the committee mandated a 25% cut to DOD headquarters and a \$10B reduction in administrative and support functions. The FY17 NDAA went further with a 12 percent reduction to the number of general and flag officers, and a 12 percent reduction to the number of Senior Executive Service civilian employees. Next year's HASC reform effort will focus on the sprawling “4th estate” of defense agencies.

“While many Americans are trimming their tree this holiday season, the Defense Department will most likely be preparing to trim something else. The 2017 defense authorization bill requires cuts and caps to military and civilian positions, mostly within headquarters elements of the Defense Department and the military services. One [2015 study](#) by the Defense Business Board estimated about one million people were employed in “backoffice” functions. The bill passed both the House and the Senate by veto proof margins, so it is all but certain the reductions will become a reality.” – Federal News Radio, [“Final NDAA trims civilian and military jobs in DoD”](#) December 9, 2016.

DOD Reformers believe some of the DBB savings calculations are unrealistic.

“Want to save \$125 billion by slashing Pentagon “waste”? Not so fast. If you take a closer look at the much-touted [Defense Business Board study](#) proposing those cuts– which was published in 2015 but went viral after [Monday's Washington Post story](#) saying the Pentagon had “burie[d]” it — and talk to experts, officials, and [the top House Democrat](#) on defense policy, the savings turn out to be less of a slam-dunk than advertised.” – Breaking Defense, 12/7/2016

“A crucial detail the headlines always omitted is that the DBB forecast \$125 billion in savings over five years. That makes the annual savings from their proposed efficiencies a still respectable but hardly game-changing \$25 billion a year. “That's [about] 4% of total DoD outlays,” calculates Capital Alpha analyst [Byron Callan](#), “which is well within the types of savings corporations would strive to achieve.” – Breaking Defense, 12/7/2016

We must continue to follow two tracks: Reform and Rebuild.

Even if an additional 4% savings a year (\$25 billion) in overhead and back office functions were achievable on top of the NDAA's reforms, it still dwarfs the \$100 billion annually (\$1 trillion over 10 years) cut from the military during the Obama administration.

Reform is not a replacement for sufficient resources. Rebuilding is also required to undo the damage of arbitrary defense cuts and the resulting military readiness crisis.

Additional Context for DOD Reformers:

- [Statement](#) By Thornberry & McCain On Defense Business Board Findings On Pentagon Bureaucracy
- [Fox News:](#) Thornberry On Reports Of Pentagon Waste
- [Washington Post Op-Ed](#), “Just cutting waste at the Pentagon won’t cut it.”
- [Breaking Defense](#), “\$125 Billion Savings? Not So Fast, Say Experts, DoD, Rep. Smith”
- [CSIS:](#) Can DOD Save Billions Through Efficiencies in Its Back Office?
- [Federal News Radio:](#) Final NDAA Trims Civilian and Military Jobs in DOD

Original Study & Story:

- Defense Business Board Report: “[Transforming Department of Defense’s Core Business Processes for Revolutionary Change.](#)” January 2015.
- Washington Post: “[Pentagon buries evidence of \\$125 billion in bureaucratic waste.](#)” December 5, 2016