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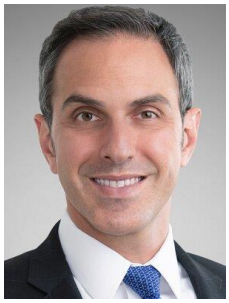
# 11 Tips For Contractors Dealing With DOD Staff Reductions

By **Scott Freling and Homer La Rue** (April 22, 2025, 5:06 PM EDT)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Since Jan. 20, the Trump administration has taken numerous executive actions that affect federal government contractors and grant recipients. In just a single day earlier this month, the Trump administration issued a series of executive orders and presidential memoranda that, among other things, seek to reform the defense acquisition system, bolster the U.S. maritime industry and streamline foreign military sales. The potential impact of these changes on U.S. Department of Defense procurement policy are relatively self-evident.

At the same time, the Trump administration has taken various steps to reorganize and reduce the federal workforce, including significant changes to the DOD civilian workforce. The potential effects of these personnel policies are less obvious but may be equally meaningful for defense contractors.

This article focuses on one such executive action, Executive Order No. 14210, which implemented the president's Department of Government Efficiency workforce optimization initiative, and its potential implications for the defense industrial base.[1]

**The Executive Order**

President Trump issued Executive Order No. 14210 on Feb. 11. It provides directives related to the Trump administration hiring plan and reduction-in-force strategy first described in Executive Order No. 14170 on reforming the federal hiring process and the presidential memo implementing the governmentwide hiring freeze, issued on Jan. 20.[2]

Under Executive Order No. 14210, agencies are required to hire only one new employee for every four that leave. Additionally, the order directs agency heads to develop hiring plans in consultation with their DOGE team leads, and to prioritize reductions in force in nonessential and nonstatutory functions.

Executive Order No. 14210 also calls for revisions to hiring suitability criteria, including compliance with legal obligations and the appropriate use of government resources, which the Office of Personnel Management is to address through rulemaking.

The order excludes military personnel and allows some exemptions for positions related to national security, immigration enforcement, law enforcement and public safety.

**Department of Defense Implementation of Executive Order No. 14210**

Formal DOD implementation of the workforce optimization executive order and the Trump administration's other reduction in force strategies began on Feb. 28, when the secretary of defense instituted a department-wide civilian employee hiring freeze.[3]

This was followed by the mass termination of probationary employees on March 3, and additional guidance memos on the civilian hiring freeze that were issued on March 14 and March 18.[4]

In addition to the hiring freeze and terminations, the DOD has also sought to reduce its civilian workforce through voluntary attrition. In a series of memos beginning on March 28, the DOD introduced the deferred resignation program and began to offer early retirement to eligible DOD civilian employees under its voluntary early retirement authority, or VERA.[5]

Agencies have limited authority to exempt employees or positions from deferred resignation program eligibility, and most DOD employees who are at least 50 years old with 20 years of creditable federal service — or of any age with 25 years of creditable federal service — will be eligible for retirement under VERA.

Department guidance established a deadline of April 14 for DOD civilians to accept separation from the department through the deferred resignation program. All employees approved for deferred resignation or for early retirement through VERA are required to leave federal service by Sept. 30.

**Key Takeaways and Practical Tips for Contractors**

Given this, it is widely anticipated that the DOD's civilian workforce will shrink over the next several months. DOD workforce reductions are likely to result in disruptions and delays for contractors, at least in the short term. Defense contractors should take steps to prepare for this reality.

***Preparing for Delays and Disruption***

Shrinking the civilian procurement workforce, including the number of warranted contracting officers — a key component of the Trump administration's efforts to cut costs and seek workforce efficiencies — has already resulted in increased workloads for the existing contracting personnel and delays in some contracting actions.

DOD's implementation of the workforce optimization executive order is likely to deepen these cuts to its procurement workforce and cause even more delays and disruptions.

Further, under the workforce optimization order, cuts to the DOD procurement workforce are likely to be distributed unevenly and in ways that do not perfectly align with the resourcing needs of particular agencies or their contracting missions.

This is because employee participation in the DOD deferred resignation program and VERA is voluntary, and agencies have limited authority to exempt personnel or positions from these programs.

The losses agencies sustain under VERA may be particularly painful since VERA-eligible federal employees are, by definition, among the most experienced workers in the federal government.

At least in the short term, it will be the departing agency employees themselves who dictate where cuts

are made and felt, not agency leadership or mission needs.

Accordingly, contractors should anticipate potential delays and disruptions to the procurement process and certain contract administration functions. These could include delayed solicitations, proposal evaluations, contract awards and contracting officer determinations. There is also the potential for delays and disruptions to billings, financing payments, audits, business system reviews and claim processing.

Contractors can prepare by taking the following steps now.

*1. Prioritize Communication*

Maintain regular and proactive communication with contracting officers and other DOD contacts to stay informed about personnel and assignment changes that could have an impact on contract administration and other procurement processes.

*2. Plan for Delays*

Develop contingency plans for delayed solicitations, contract awards and contract officer determinations, factoring these potential delays into project timelines and budgets.

*3. Strengthen Relationships*

Build and strengthen relationships with existing contracting personnel to facilitate smoother communication and address issues promptly.

*4. Increase Internal Monitoring*

Monitor compliance and contract performance closely, and keep detailed records to facilitate audits and claims processing by DOD contracting and auditing teams that may be less familiar with contractor personnel and operations.

*5. Identify Dependencies in Performance*

Identify whether key aspects of contract performance are dependent on government action or approval, and consider proactive engagement with government officials.

*6. Optimize and Realign Resources*

Consider reallocating resources and adjusting workforce plans to account for possible slowdowns in contract administration functions.

*7. Explore Alternate Strategies*

Identify alternate strategies for procurement, such as leveraging existing contracts and exploring opportunities for schedule flexibility.

*8. Keep Tabs on Policy Developments*

Stay informed about DOD policies and the implementation of Executive Order No. 14210 to anticipate changes and respond appropriately.

*9. Engage with Peers*

Engage with industry groups and professional organizations to anticipate changes and advocate for sectorwide remedies for disruptions caused by workforce reductions.

*10. Review Contract Terms*

Revisit contract clauses related to schedule changes, delays and dispute resolution to ensure you are adequately protected and prepared for potential issues.

*11. Accelerate Negotiations and Settlements*

Consider prioritizing administrative closeouts, final rate agreements and other negotiations to ensure that they are handled by government personnel familiar with the facts and circumstances of these matters.

***New Opportunities for DOD Contractors***

Finally, we should note that even though the Trump administration and DOD leadership may view the reduction of the civilian workforce as a necessary cost-saving and efficiency measure, these changes could well provide new contracting opportunities for some DOD contractors.

For example, DOD agencies, at least in part, may need to rely on contracted services to replace departing employees.

Additionally, while the civilian workforce may be shrinking, the Trump administration has signaled that they intend to expand federal spending in other areas. Accordingly, DOD contractors may see increased spending on contracts that align with the administration's policy priorities.

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[1] https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/Implementing_DOGE_Workforce_Optimization/Implementing_DOGE_Workforce_Optimization.pdf.

[2] https://www.federalregister.gov/documents/2025/01/30/2025-02094/reforming-the-federal-hiring-process-and-restoring-merit-to-government-service; and https://www.whitehouse.gov/presidential-actions/2025/01/hiring-freeze/

[3] https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/Immediate-Civilian-Hiring-Freeze-for-Alignment-With-National-Defense-Priorities-OSD-Guidance.pdf.

[4] https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/P&R-Guidance-EO-14210-Probationary-Employees-Implementing-DOGE-Workforce-Optimization.pdf; https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/Implementing_DOGE_Workforce_Optimization/Additional-OSD-Guidance-Civilian-Hiring-Freeze.pdf; https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/PR-Guidance-on-Hiring-Freeze-Exemptions-for-the-Civilian-Workforce-EO-14210.pdf.

[5] https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/Additional-OSD-Guidance-Initiating-the-Workforce-Acceleration-and-Recapitalization-Initiative.pdf; https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/Additional-PR-Guidance-DOD-Initiated-Delayed-Resignation-Program.pdf; https://www.defense.gov/Portals/1/Spotlight/2025/Guidance_For_Federal_Policies/WORKFORCE-ACCELERATION-RECAPITALIZATION-INITIATIVE-ORGANIZATIONAL-REVIEW.pdf.