



094218

Opportunity To Reduce Costs And
Improve Efficiency By Employing
Civilians Instead Of Marines B-146890

Marine Corps Finance and
Automated Services Centers
Kansas City, Missouri
Department of Defense

*UNITED STATES
GENERAL ACCOUNTING OFFICE*

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JUNE 10, 1974



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-146890

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

This is our report on the opportunity to reduce costs and improve efficiency by employing civilians instead of Marines at the Marine Corps Finance and Automated Services Centers in Kansas City, Missouri.

The information in this report was informally discussed with members of your staff and Marine Corps staff at Marine Corps headquarters and the Centers.

We want to direct your attention to the fact that this report contains recommendations to you which are set forth on pages 9 and 10. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report, and the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen, House and Senate Committees on Appropriations, Armed Services, and Government Operations and the Director, Office of Management and Budget. We are also sending copies to the Commandant of the Marine Corps, the Secretaries of the military services, and the Assistant Secretary of Defense (Comptroller).

Sincerely yours,

A handwritten signature in black ink, appearing to read "Forrest R. Browne".

Forrest R. Browne
Director

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ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
JUMPS	Joint Uniform Military Pay System

D I G E S T

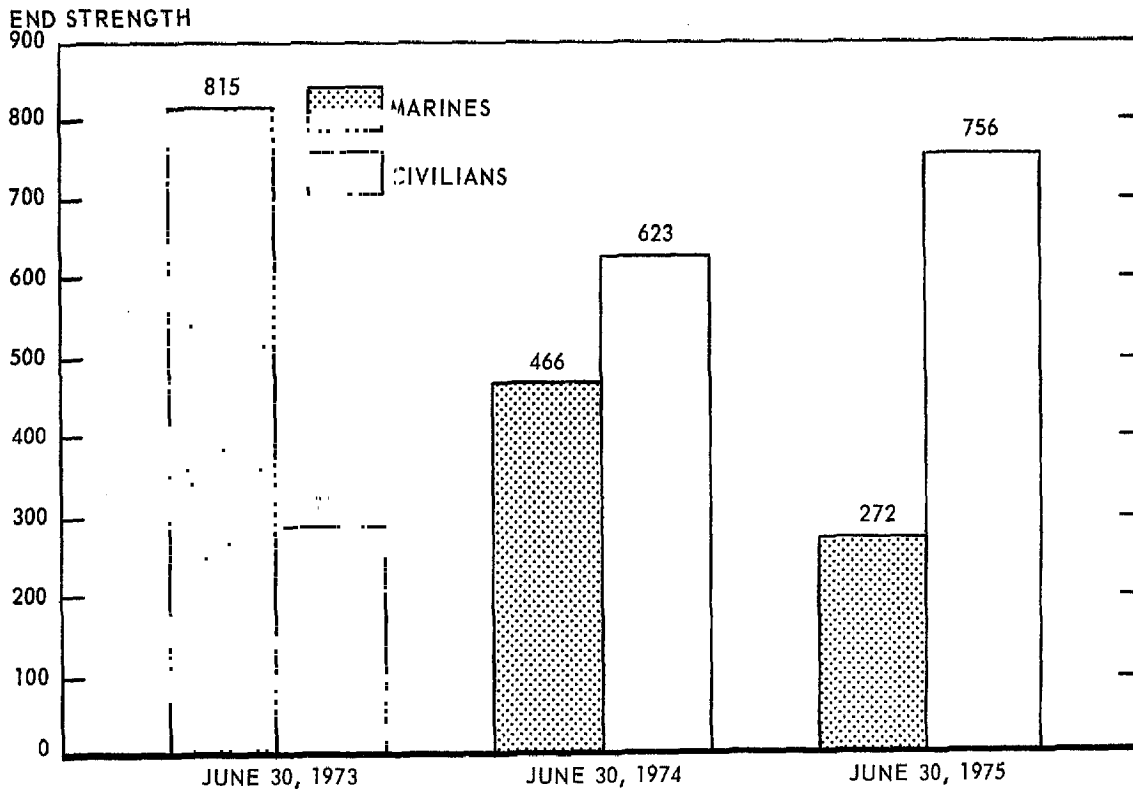
WHY THE REVIEW WAS MADE

Work forces at the Marine Corps Finance Center and Automated Services Center in Kansas City, Missouri, include both Marines and civilians. The Finance Center examines financial transactions of disbursing officers, pays claims, collects amounts due, and maintains files

and records. The Automated Services Center programs and operates computer equipment used mainly for pay and manpower management systems.

The Marine Corps plans to convert some of the military positions in the work forces at the Centers to civilian positions, as illustrated in figure 1.

FIGURE 1
COMPOSITION OF THE WORK FORCES^a
JUNE 30, 1973 THROUGH JUNE 30, 1975



^aExcludes 4 Navy medical corpsmen also assigned to Centers

GAO wanted to evaluate

--the necessity for continuing to employ Marines at the Centers especially since the Marine Corps is having difficulty in meeting its authorized military personnel strength, and

--the potential for increased efficiency and economy that could result from employing civilians instead of Marines.

1973 turnover rates of Marines and civilians at the Centers.

The greater stability of civilian employees would increase the Centers' overall efficiency by providing needed continuity of management and experience. (See p. 6.)

GAO identified minimum potential savings of about \$957,500 a year if civilians were employed instead of Marines. Savings would result because 249, or fewer, civilians would be needed instead of about 300 Marines. (See p. 7.) Additional savings and increased efficiency could be expected because civilians, unlike Marines, would not be diverted from their work for other activities, such as calisthenics, inspections, and parades. (See p. 8.)

FINDINGS AND CONCLUSIONS

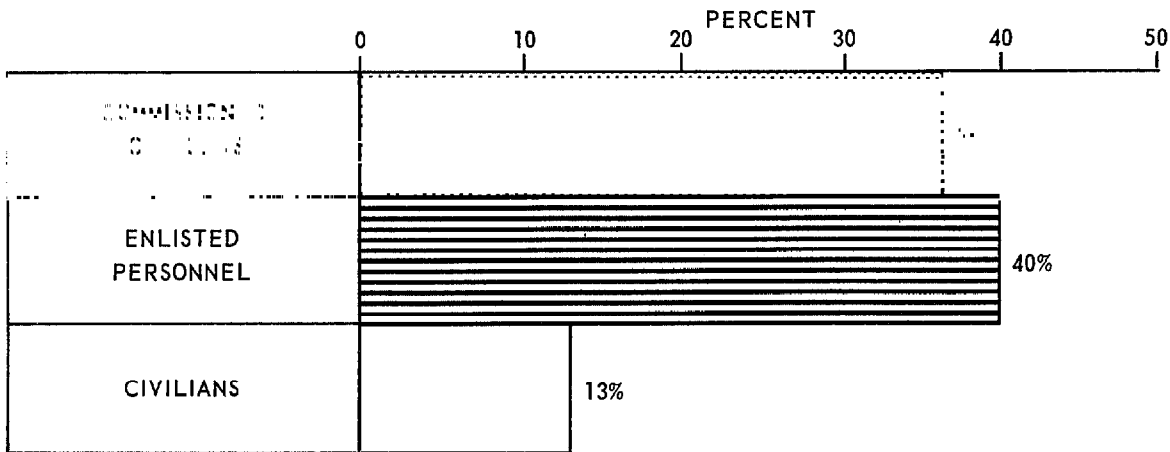
GAO found no need for employing Marines at the Centers as planned. Marines are not required to be there by law, or for rotation, training, security, discipline, or combat readiness. The Centers' functions are mainly administrative and can be performed by civilians. (See p. 4.)

RECOMMENDATIONS

Figure 2 compares the fiscal year

The Secretary of Defense should:

**FIGURE 2
COMPARATIVE TURNOVER RATES
FISCAL YEAR 1973**



--Direct the Marine Corps to "civilianize" the work forces at the Marine Corps Finance Center and Automated Services Center by June 30, 1975.

--Adjust Marine Corps manning authorizations for the addition of 249, or fewer, civilians and the

reduction of approximately 300 Marines.

--Adjust future funding for the estimated \$957,500 savings identified in this report.

--Have reviews made of similar activities of the Army, Navy, and Air Force.

CHAPTER 1

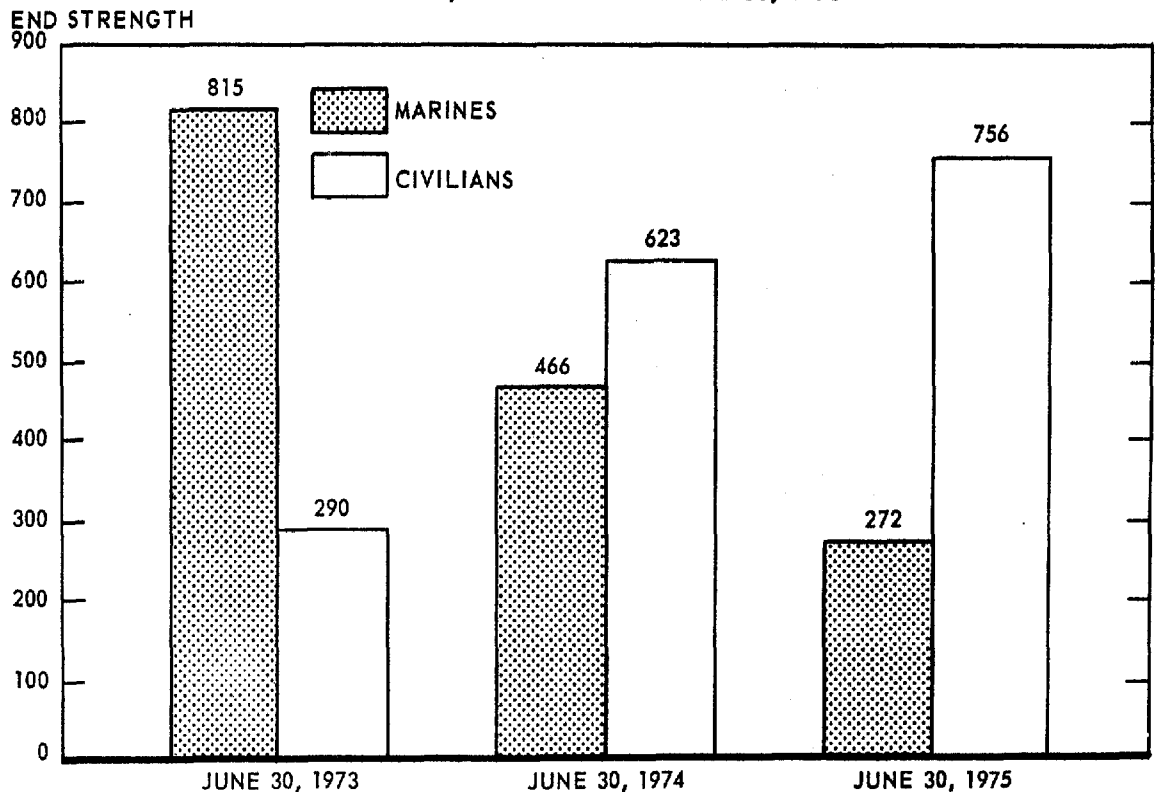
INTRODUCTION

We reviewed Marine Corps plans to convert, from military to civilian, portions of the work forces at the Marine Corps Finance Center and Automated Services Center. These Centers are in the General Services Administration complex in Kansas City, Missouri.

The Finance Center examines financial transactions of Marine Corps disbursing officers, pays claims, collects amounts due, and maintains files and records. The Automated Services Center programs and operates computer equipment used mainly for the Joint Uniform Military Pay System (JUMPS), the Manpower Management System, and certain related subsystems.

Plans for the Centers call for changes in the composition of the work forces as illustrated in figure 1.

FIGURE 1
COMPOSITION OF THE WORK FORCES^a
JUNE 30, 1973 THROUGH JUNE 30, 1975



^aExcludes 4 Navy medical corpsmen also assigned to Centers

We made this review to evaluate the necessity for continuing to use Marines in these Centers, especially in view of the difficulty the Marine Corps is having in meeting its authorized military personnel strength. In our review we applied the guidance and criteria contained in Department of Defense (DOD) Directive 1100.4 (Guidance for Manpower Programs) and DOD Directive 1100.9 (Military-Civilian Staffing of Management Positions in the Support Activities) and considered the relevant criteria set forth in the draft revision of those Directives. Additionally, we assessed the potential for economy and increased efficiency that could result from civilian work forces.

CHAPTER 2

OPPORTUNITY FOR CIVILIANIZATION

OF THE CENTERS' WORK FORCES

Marine Corps plans for converting work forces at the Centers provide for continuing after June 30, 1975, the use of 272 Marines, although civilian work forces would be more efficient and economical. These 272 Marines could be replaced by 249 civilians. Because of this and other readily identifiable savings, conversion to civilian work forces could reduce the Centers' costs by about \$957,500 a year.

DOD Directive 1100.4 states that the military services should employ civilians in positions which

- do not require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness;
- do not require a military background for successful performance of the duties involved; and
- do not entail unusual hours not normally associated or compatible with civilian employment.

DOD Directive 1100.9 states that management positions in support activities, such as the Centers, should be designated in manning documents as military or civilian according to the following criteria:

Military--if required by law, if the position requires skills and knowledge acquired primarily through military training and experience, and when experience in the position is essential to enable officer personnel to assume responsibilities necessary to maintain combat-related support and proper career development.

Civilian--if the skills required are usually found in the civilian economy and continuity of management and experience is essential and can be better provided by civilians.

We found no legal obstruction to civilianizing the Centers' work forces. The use of Marines at the Centers is not needed for rotation, training, military career development, or combat readiness. Civilians could perform all of the Centers' functions; civilians would provide needed continuity of management and experience; the Centers do not work abnormal hours; and the General Services Administration provides necessary security forces.

MILITARY POSITIONS NOT
NEEDED FOR ROTATION

Officials at the two Centers said the Marine Corps needed military positions at the Centers for rotation of personnel between the United States and overseas locations. We analyzed the movements for the past 10 years of the Marines stationed at both Centers as of September 1973. There were relatively few rotations between the Centers and overseas locations. The 321 Marines stationed at the Finance Center had transferred between locations 509 times, but only about one-fourth of these transfers were between the Finance Center and overseas locations. The 209 Marines stationed at the Automated Services Center had transferred 302 times, but only about one-fifth of these transfers were between the Center and overseas locations.

Assignment listings and other information obtained at Marine Corps headquarters showed many positions at other installations which could be used for such rotations. For example, as of January 31, 1974, the following number of military positions were authorized at other locations for the types of occupational specialties employed at the Centers.

	<u>Disbursing functions</u>		<u>Data processing functions</u>	
	<u>Loca- tions</u>	<u>Positions</u>	<u>Loca- tions</u>	<u>Positions</u>
Within the continental United States	19	657	24	1,141
Overseas	6	178	3	419

If the military positions at the Centers were eliminated, it might appear that career Marines would have to make more frequent rotations to overseas locations. But eliminating these positions would have little, if any, impact on rotation frequency since it would reduce Marine Corps total authorized military personnel.

MILITARY POSITIONS NOT NEEDED FOR TRAINING

Except for limited disbursing and computer operating activities, the functions at the Centers are not conducted at any other Marine Corps installation or combat location. Many other major installations in the continental United States do provide a military environment and training in disbursing and computer operations similar to those needed in combat locations.

Computer programming functions at the Automated Services Center are mostly involved with JUMPS and would not normally be performed at a combat location. The Automated Services Center is the only installation operating the JUMPS computer programs. The computer programs used at the Center for processing personnel data are used at five other data processing installations in the continental United States and two overseas. The experience gained at those installations would be similar to that at the Center and provide an environment more closely related to activities encountered at combat locations.

CIVILIANS COULD PERFORM THE CENTERS' FUNCTIONS

Marine Corps plans designate Marines for 121 positions at the Finance Center and 151 positions at the Automated Services Center at the conclusion of fiscal year 1975. The Marines in these positions are to be mostly officers and senior noncommissioned officers assigned to supervise and manage such administrative functions as

- preparing military payrolls,
- approving and paying vouchers,
- developing procedures,
- processing and controlling JUMPS input data,
- preparing financial returns,
- maintaining pay record files,

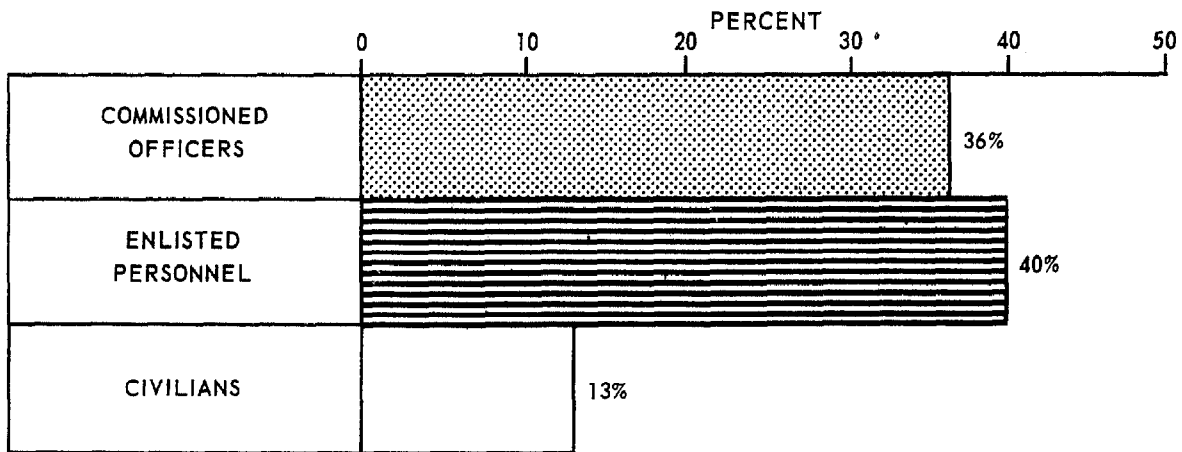
- examining financial transactions,
- maintaining military personnel records,
- acquiring supplies,
- administering transportation,
- writing computer programs and analyzing systems,
- operating computer equipment,
- accounting.

The skills required for these functions are similar to civilian skills widely used by the Government and private industry.

CIVILIANS WOULD PROVIDE
MORE STABLE WORK FORCES

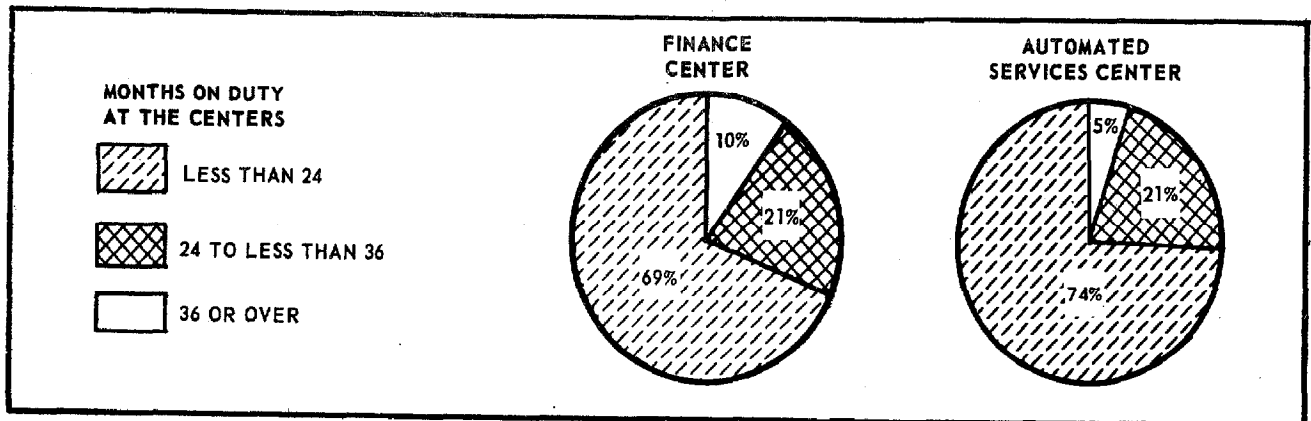
The Centers have experienced high turnover of military personnel which is both costly and reduces efficiency below that expected where employment has more continuity. Figure 2 compares the turnover rates of Marines and civilians at the Centers during fiscal year 1973.

**FIGURE 2
COMPARATIVE TURNOVER RATES
FISCAL YEAR 1973**



Because of the high turnover of military personnel, the Centers have been staffed with many Marines who have not been, and probably will not be, on the job long enough to reach the level of efficiency required in functions peculiar to the Centers. Figure 3 shows the percentage distribution by months of duty at the Centers of the 530 Marines stationed there in 1973.

FIGURE 3
PERCENTAGE DISTRIBUTION BY MONTHS ON DUTY
AT THE CENTERS



We believe the frequency with which Marines are transferred in and out of the Centers prevents them from achieving the level of proficiency needed in the Centers' operations. The greater stability of civilian employees would increase the overall efficiency of the Centers by providing needed continuity of management and experience.

EMPLOYMENT OF CIVILIANS
WOULD BE MORE ECONOMICAL

Costs to the Government could be reduced at least \$957,500 a year if the Centers employed civilian work forces after June 30, 1975. A total of 249 civilians would be required instead of 302 Marines and 4 Navy medical corpsmen. These reductions are detailed below.

- To satisfy the work requirements of the Centers, 249 positions designated for Marines could be filled by civilians. Using average cost tables provided in the March 1974 DOD report entitled "Economic Cost of Military and Civilian Personnel in the Department of Defense," we compared military and civilian costs grade-for-grade. For the 249 positions which could be converted, total military costs exceeded total civilian costs by about \$295,100 a year.
- To render administrative and health services for Marines stationed at the Centers, 27 military positions (23 Marines and 4 Navy medical corpsmen) and 1 civilian position have been authorized. With civilian work forces these services and positions would no longer be required. Using the cost tables contained in the DOD March 1974 report and the authorized grades for these positions, we estimate that the potential savings would be \$368,200 a year.

--To maintain the level of military strength assigned to the Centers, the Marine Corps includes within its total authorization an additional support increment or "tail" (trainees, transients, patients, and prisoners) of about 11 percent of the Centers' authorized military strength. This amounts to an additional 30 Marines who would not be required if the Centers' staffs were civilian.

The Marine Corps has estimated the cost of this support increment at about \$294,200 a year.

Additional savings and increased efficiency could be expected. For example, civilians, unlike military personnel, would not be diverted from their primary duties at the Centers for other required activities, such as calisthenics, games, military inspections, and parades. Because of this and a lower turnover rate which would result in more efficiency, it is probable that the 249 civilian positions included in the above estimates could be further reduced.

Since civilian personnel and payroll functions are already performed at the Centers, the addition of civilian employees should not significantly increase administrative costs of these functions.

PAY GRADE CEILINGS ARE TOO LOW
FOR AN ALL-CIVILIAN WORK FORCE

In the fiscal year 1974 conversion programs, Marine Corps headquarters imposed average civilian pay grade ceilings of 5.14 at the Finance Center and 5.79 at the Automated Services Center. Headquarters officials said that some increase in the civilian grade ceilings has been authorized in fiscal year 1975 but the ceilings will remain under the grade 6 level.

The 272 military positions planned by the Centers for the end of fiscal year 1975 are to be filled by 60 officers and 212 enlisted personnel. The commissioned officers will have the rank of lieutenant through colonel, and most of the enlisted personnel will be noncommissioned officers. The Marine Corps uses GS grades 7 through 15 as equivalents for these commissioned officers and GS grades 5 through 9 for noncommissioned officers. Civilianizing the positions planned for Marines after June 30, 1975, would require raising the current civilian grade ceiling to accommodate the change. We

have considered this requirement in the comparison of military and civilian costs.

CONCLUSION

Marines in the two Centers' work forces are not required by law, or for rotation, training, security, discipline, or combat readiness. The Centers' functions are administrative in nature, do not require Marines for their execution, and do not involve unusual hours not normally associated or compatible with civilian employment. The management of these functions does not require skills and knowledge acquired primarily through military training and experience, and experience in these functions is not essential to enable officers to assume responsibilities under combat conditions or for military career development.

The skills required to supervise and manage these functions can be found in the civilian economy, and civilian employees could provide continuity of management which, in our opinion, is essential to efficiency and economy.

We identified minimum potential savings of about \$957,500 a year if the Marine Corps civilianized the work forces at the Centers. Additional savings appear probable. The savings would result because 249 civilians could be substituted for 302 Marines and 4 Navy medical corpsmen and because of increased efficiency in the Centers' operations.

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

We recommend that the Secretary of Defense direct the Marine Corps to civilianize the work forces at the Marine Corps Finance Center and the Automated Services Center by June 30, 1975. This recommendation is not intended to preclude a decision to continue the assignment of Marine Corps officers as Center commanders. It is intended, however, that all other functions be performed by civilians.

To the extent possible, the conversion from Marine Corps personnel to civilians should be accomplished by normal rotation and reassignment. The leadtime to accomplish the conversion seems reasonable in view of the turnover rate and reassignment experience discussed in this report.

In keeping with this recommendation, Marine Corps manning authorizations after June 30, 1975, should be adjusted for the addition of 249, or fewer, civilians and the reduction of approximately 300 Marines. Funding adjustments should also be made in Marine Corps appropriations for the estimated \$957,500 savings identified in this report.

In view of our findings at the Marine Corps Centers, we further recommend that the Secretary of Defense have reviews made of similar activities of the Army, Navy, and Air Force to identify the reduction in military personnel and increased efficiency and economy that could be realized by civilianizing those work forces.

PRINCIPAL OFFICIALS RESPONSIBLE
FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
James R. Schlesinger	July 1973	Present
Elliot Richardson	Jan. 1973	Apr. 1973
Melvin R. Laird	Jan. 1969	Jan. 1973
ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND RESERVE AFFAIRS):		
William K. Brehm	Sept. 1973	Present
Carl W. Clewlow (acting)	June 1973	Aug. 1973
Roger T. Kelley	Feb. 1969	June 1973
<u>DEPARTMENT OF THE NAVY</u>		
SECRETARY OF THE NAVY:		
John W. Warner	May 1972	Present
John H. Chaffee	Jan. 1969	May 1972
ASSISTANT SECRETARY OF THE NAVY (MANPOWER AND RESERVE AFFAIRS):		
Joseph T. McCullum, Jr.	Sept. 1973	Present
James E. Johnson	June 1971	Sept. 1973
Robert H. Willey (acting)	Apr. 1971	June 1971
James D. Hittle	Mar. 1969	Mar. 1971
Randolph S. Driver	Aug. 1967	Feb. 1969
COMMANDANT OF THE MARINE CORPS:		
General Robert E. Cushman, Jr.	Jan. 1972	Present
General Leonard F. Chapman, Jr.	Jan. 1968	Dec. 1971

APPENDIX

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

MARINE CORPS AUTOMATED SERVICES
CENTER:

Commanding Officers:

Colonel G. L. Yundt	May 1973	Present
Lieutenant Colonel T. M. Reedy	May 1972	May 1973
Colonel R. F. Peterson	Feb. 1969	May 1972

MARINE CORPS FINANCE CENTER:

Commanding Officers:

Colonel N. K. Bodnar	Jan. 1974	Present
Lieutenant Colonel C. S. McNeill	Nov. 1971	Jan. 1974
Lieutenant Colonel John A. Rapp	Aug. 1967	Oct. 1971

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