

REPORT BY THE

Comptroller General

OF THE UNITED STATES

95/10/1

Defense Use Of Military Personnel In Industrial Facilities-- Largely Unnecessary And Very Expensive

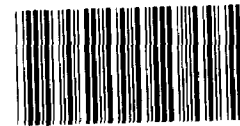
In an earlier report GAO raised questions about the issues and costs of using military instead of civilian workers in an industrial environment.

GAO recommended that the Secretary of Defense correct that particular situation and review all similar activities for potential reduction of military personnel.

However, Defense has taken no significant corrective action. GAO again recommends that the Secretary:

- Direct the Navy to use civilian personnel instead of military personnel at the activity studied.
- Have reviews made at all other commercial and industrial military support activities to identify how military personnel could be reduced.

The Secretary should also, through the Office of Management and Budget, request the Congress to adjust the appropriate authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel.



109239



005129

FPCD-79-10
MAY 1, 1979



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-160813

The Honorable Abraham Ribicoff
Chairman, Committee on Governmental
Affairs
United States Senate

See 06670

Dear Mr. Chairman:

In April 1976 we issued our report "Maintaining a Military Presence in an Industrial Environment." (See appendix II (FPCD-76-7).) That report, a case study of military staffing at the Naval Weapons Support Center, Crane, Indiana (Crane), pointed out the cost savings and other advantages of using civilians instead of military personnel in an industrial environment. We also pointed out that the Department of Defense (DOD) operates a large number of other commercial and industrial military support activities. We estimated that about 10,000 military personnel were assigned to such activities even though the work forces were predominantly civilian.

In view of our findings at Crane, we recommended that the Secretary of Defense correct the situation and review all other such activities for potential reduction of military personnel. The Assistant Secretary of Defense (Manpower and Reserve Affairs) responded favorably to our recommendations. We were pleased with the response and looked forward to DOD's report on corrective action at Crane and review of other commercial and industrial activities. On April 12, 1976, you asked us to evaluate the results of DOD's review when it was available.

Corrective action involving orderly reassignment of military personnel and studies of the scope and nature involved in our recommendations requires considerable time. Therefore, we did not press for the results of DOD's efforts until July 1977. In December 1977 DOD provided us with information on its review at 54 commercial and industrial activities, including Crane. As discussed in appendix I, DOD had made a relatively narrow review of inadequate data without visiting the activities and had taken no significant action.

We were not satisfied with DOD's response, therefore, we made a followup study at Crane and four other installations. This study reinforced our earlier conclusions that DOD's policy for staffing support activities had not been fully implemented and that military personnel were not required to manage primarily industrial functions, such as those at Crane.

Our current findings showed that the recommendations in our earlier report on Crane were still reasonable. Therefore, we are again recommending that the Secretary of Defense:

- Direct the Navy to convert the work force at Crane, as discussed in the alternative staffing plan. (See appendix II, p. 4.) To the extent possible, changes from military personnel to civilian personnel should be made by normal rotation and reassignment. As these changes occur, Navy appropriations should be adjusted to reduce manpower costs.
- Have reviews made at all other commercial and industrial military support activities to identify how military personnel could be reduced and how the activities could be made more efficient and economical by employing more civilians.

In recent years DOD has experienced profound changes affecting its management and use of military personnel. Since the elimination of the draft and introduction of the All-Volunteer Force in 1973, military personnel compensation and support costs have increased and now comprise more than half of the annual DOD budget. Military personnel can no longer be considered a free resource.

DOD management must make the most effective use of critical manpower resources practicable. To do this requires action of the type recommended in this report and others dealing with the issue of substituting civilians for military personnel without adversely affecting military preparedness.

This issue has not gone unnoticed by the Congress. The Senate Committee on Appropriations, in reviewing DOD appropriations for fiscal year 1978, suggested that the services could convert at least 50,000 military positions. Within DOD, several studies have pointed out the same potential with varying but significantly larger numbers.

As recently as September 1978, we addressed the issue of substituting civilians for military personnel in our report "Using Civilian Personnel for Military Administrative and Support Positions--Can More be Done?" (See appendix III.) That report discussed the Defense-wide situation and recommended that the military services initiate without further delay a program to replace military personnel with civilians according to DOD's own existing policies.

Since 1968 we have also issued 12 other reports on the opportunities for and advantages of substituting civilians for military personnel under appropriate conditions and assignments. Other institutions and authorities have taken similar positions. A compilation of those reports and summaries of views on civilianization is attached as appendix IV. Nevertheless, there has been little movement in the direction of making these changes.

Basically, the lack of progress seems to center about the difficulty of obtaining increased authorization and funding for civilian personnel. Authorization and funding of military personnel appears to present fewer problems. We are recommending that, if this does in fact constrain DOD from converting military positions to civilian positions, the Secretary of Defense, through the Office of Management and Budget, request the Congress to adjust authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel.

We sent DOD officials a copy of our proposal report and met with the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) to discuss the findings. By letter dated March 1, 1979 (see appendix V), he commented that:

"I would like to give you my reaction to two of your recent reports. * * * Both reports address the general issue of substituting civilians for military personnel under appropriate circumstances.

"As I pointed out in our meeting, we do not think it would be wise to undertake a large program to replace military personnel with civilians at this time. A program to replace significant numbers of military personnel with civilians would exacerbate our current shortage of trained military manpower for the early days of a war. Moreover, if we

tried to institute such a program, we would almost certainly not receive and keep additional civilian spaces.

"At the same time I agree with you that the cost of maintaining a few military people at some of our commercial/industrial facilities is excessive. I have asked the Services to investigate the situation at the 54 facilities identified in my letter to you of December 29, 1977, and to take appropriate action to reduce costs associated with supporting military personnel. My letter to them is enclosed. I will be glad to let you know what actions they are taking."

We recognize that the services are concerned about maintaining the ability to accomplish their missions effectively and about the appropriate mix of military personnel and civilians for this purpose. Nevertheless, DOD's policy on the use of military personnel and civilians has not been revised. Further, we know of no official DOD decision that the maximum practicable or desirable civilianization has been achieved.

We believe that our earlier report on the Naval Weapons Support Center, Crane, and our followup study at Crane and four other DOD commercial and industrial activities showed that there is potential for reducing the use of military personnel where they are not actually needed and, consequently, reducing support costs. This should contribute to eliminating waste of scarce resources of military personnel and funds. In a December 13, 1978, memorandum for the heads of executive departments and agencies on "Steps to Eliminate Waste, Fraud, and Error in Government Programs," the President said:

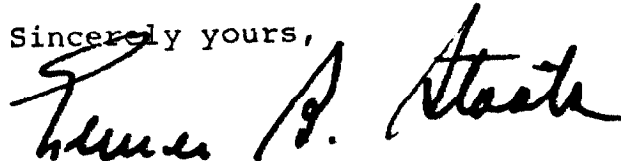
"The resources of this government must be managed well, free of waste, fraud, and inefficiency. The American people believe, and I agree, that managing their tax money is a public trust. * * * Eliminating waste, fraud, and error should be as important to you as your program objectives." (Emphasis added.)

As arranged with your staff, we are sending copies of this report to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Appropriations

B-160813

and Armed Services; the Chairman, House Committee on Government Operations; the Secretaries of Defense, Army, Navy, and Air Force.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas A. Stacht". The signature is written in black ink and is positioned above the typed name.

Comptroller General
of the United States



C o n t e n t s

APPENDIX		<u>Page</u>
I	DOD'S REVIEW AND GAO'S FOLLOWUP STUDY	1
	DOD's review	1
	Analysis of DOD's review	1
	Our followup review at Crane	6
	Observations of military staffing at several Army, Air Force, and DOD support activities	11
	Conclusions	16
	Recommendations	20
II	DIGEST OF GAO'S REPORT "MAINTAINING A MILITARY PRESENCE IN AN INDUSTRIAL ENVIRONMENT--ISSUES AND COSTS	21
III	DIGEST OF GAO'S REPORT "USING CIVILIAN PERSONNEL FOR MILITARY ADMINISTRATIVE AND SUPPORT POSITIONS--CAN MORE BE DONE?	26
IV	OTHER REPORTS CONTAINING VIEWS ON CIVILIANIZATION	28
V	LETTER DATED MARCH 1, 1979, FROM THE PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE	38

ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office



DOD'S REVIEW AND
GAO'S FOLLOWUP STUDY

DOD'S REVIEW

Essentially, DOD's review concluded that the potential for civilianization, with its related cost and other benefits we identified at Crane, did not exist or was not appropriate at the several hundred other commercial or industrial activities considered in its review. We were not satisfied with that response. Consequently, we initiated our own followup study focusing on the following questions:

- Was DOD's review and analysis sufficiently thorough to arrive at its conclusion?
- What was the situation at a small number of other activities where observations could be readily made?
- What actions were taken at Crane to remedy the situation we described in our past report?

ANALYSIS OF DOD'S REVIEW

In our analysis of the correspondence we received from DOD and the working paper files made available for our review, we observed several major discrepancies. For example, DOD agreed with our recommendation to have reviews made at all commercial and industrial support activities to determine if manpower and other cost reductions could be made. However, the DOD staff did not visit Crane or other support establishments. The review was done at the headquarters of each service and consisted of an examination of manpower statistics or strength estimates as of June 30, 1976. We found significant differences in DOD's stated review objectives and the scope of work actually done.

Our evaluation of the results of DOD's review was limited to some extent because we could not reconstruct the events that occurred in the 2-year period the review was in process. Also, we could neither identify nor determine the whereabouts of the staff who made the DOD review. Further, the records made available for our examination were incomplete and lacked specific details showing the depth of DOD's analysis. It was clearly evident to us that DOD's review was not sufficiently comprehensive to arrive at anything but a general negative conclusion.

The following details relate to these matters.

Activities excluded
from DOD's review

DOD identified several hundred commercial and industrial support activities where military personnel are assigned. However, most were excluded from the manpower analysis because they did not have staffing patterns similar to Crane. Activities with less than 10 authorized positions and activities located at major military complexes with total strength authorizations exceeding 2,000 military positions were not included in the study. By applying these numerical criteria, DOD eliminated all except 54 support activities including Crane, as follows:

<u>Services</u>	<u>Number of activities initially identified by the services</u>	<u>Number of activities included in manpower analysis</u>
Army	161	29
Navy	279	a/23
Air Force	b/	<u>2</u>
Total		<u>54</u>

a/Includes three Marine Corps activities.

b/The original Air Force list could not be found but a responsible official told us it was the largest.

The numerical criteria used to identify activities for review were questionable. Many of the activities excluded were performing functions identical to those of the activities selected. For example, the Navy and Marine Corps Finance Centers were selected for review but the Army and Air Force Finance Centers were not. Complete functional areas were eliminated from the study based on the 10 to 2,000 criteria. Proving grounds, test ranges, hospital/medical activities, and many others were originally included in the study but later excluded.

DOD also excluded Defense Logistics Agency activities involved in military procurement and supply support, contract administration, and other logistics services. These activities were apparently omitted inadvertently.

Since the DOD efforts were limited to identifying activities where large numbers of military personnel are assigned to provide support services, we believe it was logical to assume that support costs would not be reduced significantly at commercial and industrial activities with very small support complements or at major complexes where commercial, industrial, and other military activities share support services. However, this rationale obscures the principal issue and the original objective of the DOD review, i.e., whether military manpower is required at commercial and industrial activities or is less expensive than civilian manpower.

Principal issue
remains unresolved

DOD agreed with our recommendation to review the staffing problem identified in our Crane report to determine if military manpower is required at commercial or industrial activities or is less expensive on a billet-by-billet basis than civilian manpower. DOD did not resolve these questions. In fact, DOD's summary of findings showed that it made the review to determine if other commercial and industrial activities had military staffing patterns similar to that "which we found at Crane."

DOD told us that the review was made

"to determine if significant savings could be made by greatly reducing military manpower at support activities, thereby eliminating the requirement for support services that are provided to military people but not to civilian employees."

DOD attempted to identify activities where sizable numbers of military personnel were assigned to provide morale, welfare, recreation, and other support services. This appears to be the extent of its total effort.

DOD concluded that a reduction of military positions at the 54 locations included in its review would not be appropriate at this time. We were unable to find any evidence that DOD considered the potential for cost/effective, operationally feasible substitution of civilians in the 11,000 military positions authorized for mission-related functions at the 54 activities. In fact, DOD did not determine whether the military manpower at these locations consisted of officer or enlisted personnel, if the positions required skills and

knowledge acquired through military training and experience, or if experience in the position was essential to maintain combat-related support or career development.

DOD also did not attempt to verify whether any manpower or other cost reductions could be made at Crane or the other 53 commercial and industrial activities. However, documentation in the Army workpaper files showed that military personnel were doing jobs normally assigned to civilians. For example:

- 217 of the 249 billets authorized for mission-related functions at Sierra Depot were occupied by military police. They provided security. An additional 77 spaces (35 military and 42 civilian) were authorized for morale, welfare, recreation, and other military support functions.
- Another complement of 185 military police was authorized to provide security at Seneca Depot. Seneca was authorized 111 additional spaces for mission-related functions and 98 spaces (39 military and 59 civilian) for military support services.

A May 3, 1977, report prepared by the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) showed that about 6,800 military personnel in nondeploying military police units would guard installations in fiscal year 1978. The report noted that GSA or contractor personnel performed this function at many DOD installations. The report also noted that 49,000 additional spaces provided to the military departments for commercial and industrial functions in fiscal year 1978 had civilian substitution potential.

Results of DOD's analysis

The 1976 strength statistics compiled by DOD showed that 13,103 military spaces were authorized at the 54 locations--10,945 for commercial and industrial functions and 2,158 for other military activities. An additional 2,799 spaces (1,568 military and 1,231 civilian) were authorized for military support services.

DOD did not verify whether these statistics were complete and accurate, but acknowledged that several caveats should be considered in reviewing this data, such as:

"The manpower numbers were based on unit manpower authorization documents. These documents do not show how many people are actually assigned to a unit or how they are actually being used. GAO found that the actual number of people assigned to Crane exceeded the number authorized.

"Support-of-military functions being performed by contractor are not discernible from manpower authorization documents.

"The system used to identify manpower authorized to perform support-of-military functions was necessarily different for each service because of differences in how their manpower authorizations are documented. This may introduce minor inconsistencies among the data of each service."

We could not determine whether "minor" inconsistencies were among the data of each service because documentation was not available to substantiate the nature and extent of the work done by DOD. However, the official who compiled the Army data told DOD that his determination about military support personnel was based on subjective judgment.

DOD told us that 9 of the 54 locations tested and evaluated the ability of military people to operate and maintain newly developed equipment and that 9 others contained activities not directly involved in commercial or industrial activities, but required some military staffing. Regarding the remaining 36 locations, DOD commented that:

"* * * there were no activities requiring sizable numbers of military people, except for C&I (Commercial and Industrial) functions. While each had some manpower providing military support services, none approached the ratio of 55 people supporting 68 military that the GAO found at Naval Weapons Center, Crane, Indiana."

Because of the limited scope of the DOD review, the age of the manpower statistics, and the lack of supporting documentation, we could not do extensive verification work. However, our tests disclosed that the mathematical and other analyses were less than acceptably reliable. With respect to Crane, for example, we reported in 1976 that 55 people (45 military and 10 civilians) were supporting 23 officers and enlisted men, rather than 55 supporting 68 as stated above. The 1976 statistics compiled by DOD

showed that 67 people (32 military and 35 civilians) were supporting 23. DOD determined how these differences occurred but did not reconcile the strength totals.

DOD's summary of findings showed that 2,156 military personnel were authorized at 17 Army depots and that 1,607 of the positions were for mission-related functions. These totals were computed incorrectly. The number of authorized positions compiled by DOD actually totaled 2,296 and 1,747, respectively. Because of this situation and others cited below, we could not reconcile the authorized strength totals.

An incorrect distribution of manpower authorizations caused distortions in the Army depot statistics. For example, DOD's summary showed that 162 military spaces were authorized at the Tobyhanna Army Depot in 1976--136 for mission-related functions, 10 for military support services, and 16 for other military activities. Army records showed that 66 of the 136 spaces were authorized for a deployable medical depot unit outside the parameters of the review. Army records also showed that Tobyhanna has been authorized only 51 military spaces since 1974--45 for mission-related functions and 6 for military support services. DOD did not reconcile these differences.

We found similar discrepancies in the mission/support manning levels of other activities. We could not determine how much subjective judgment was used in establishing these estimates, but our findings indicated that the data was highly suspect. For example, DOD's summary showed that 84 people (57 military and 27 civilians) were supporting 248 military at Dugway Proving Grounds, a ratio of about 1 to 3. Documentation provided to DOD by the Army showed that 176 people (121 military and 55 civilian) were supporting 184, a ratio of about 1 to 1.

DOD told us that the amount of manpower providing military support at the 54 locations was about 19 percent, with 2,800 people supporting a total military population of 14,700. We could not reconcile these strength totals. However, at Crane and two of the other locations we visited, the mission/support manning levels were at a ratio of about 1 to 1.

OUR FOLLOWUP REVIEW AT CRANE

DOD's November 1975 response to our preliminary report contained the following comments:

"At this time we do not concur in the recommendation to convert the work force at * * * Crane along the lines discussed in the draft report. This activity will be examined in the overall review of the staffing of commercial and industrial activities. Alterations to the authorized military/civilian mix of personnel directly involved in depot operations at this activity should be withheld until revised staffing policies resulting from the overall review are established."

The military staffing policy at Crane has not changed as a result of DOD's review. Crane's Commanding Officer was unaware of the actions taken by DOD to determine if reductions in military staffing should be made at Crane. He said DOD had not visited the installation or made any inquiries concerning local staffing policies and practices.

The military staffing pattern at Crane has been altered as a result of minor reorganizations and transfer of excess personnel to other duty stations. However, a net reduction of only 2 military spaces in Crane's authorized strength has occurred since our earlier review--from 38 in December 1974 to 36 in fiscal year 1978.

When we made our earlier review, 68 military personnel were assigned at Crane. Twenty-three, or about one-third of the complement, were involved in center operations and other military activities; the remaining 45, plus 10 civilians, were assigned to provide military support services. At the beginning of fiscal year 1978 the complement was comprised of 54 military personnel. Twenty-three were involved in center-related work and other military activities; the remaining 31, plus 8 civilians, were providing support services. The following table is a comparison of the mission/support manning levels at the end of 1974 and the beginning of fiscal year 1978.

APPENDIX I

APPENDIX I

	<u>12/31/74</u>	<u>10/1/77</u>
Center operations:		
Officers	15	12
Enlisted	<u>3</u>	a/ <u>6</u>
Total	<u>18</u>	<u>18</u>
Tenant organizations:		
Officers	2	2
Enlisted	<u>3</u>	<u>3</u>
Total	<u>5</u>	<u>5</u>
Military support:		
Officers	2	1
Enlisted	43	30
Civilians	<u>10</u>	<u>8</u>
Total	<u>55</u>	<u>39</u>
Total	<u>78</u>	<u>62</u>

a/Two additional authorized billets were vacant.

There have been no major changes in the duties and responsibilities of the personnel assigned to center operations and other military activities. The officer personnel are performing command functions and supervising local public works and construction contracting programs, supply activities, ammunition production engineering and ordnance disposal, document security, and liaison. Civilians occupy either first- or second-level supervisory positions in all operating departments. The enlisted personnel are assisting the command and executive staff, operating or repairing automatic data processing and communications equipment, and inspecting storage magazines, ordnance demolition jobs, and other technical functions.

At the end of 1974, the Center was incurring costs of about \$1.2 million annually to maintain the complement of 68 military personnel. Although the complement has been reduced to 54 personnel, the annual costs have remained at about \$1.2 million as follows:

--\$437,300 for paying 23 military personnel involved in center-related work, liaison, and security.

- \$447,900 for paying 31 military personnel and 8 civilians supporting the military component.
- \$294,500 for operating and maintaining military personnel support activities and facilities.

When we made our earlier review, the enlisted strength at Crane exceeded the authorized level by 44 percent. The excess personnel have been transferred to other duty stations. Many adjustments have been made in the organization and staffing of the military support services to compensate for their loss, including the following:

- The bachelor officers' quarters have been converted to an enlisted barracks. Seven enlisted personnel assigned at the bachelors' quarters (two authorized and five excess) were transferred to other duty stations.
- The officers' club has been converted to a Consolidated Mess (open) for officers and enlisted personnel. Two civilian mess management positions (GS-10 and GS-7) were abolished. They were replaced by an enlisted Chief Mess Management Specialist. The enlisted club has been closed.
- Four excess enlisted personnel assigned at the military dispensary were transferred to other duty stations. Two positions were added, a GS-7 Clinical Nurse and a Chief, Hospital Corpsman.
- Four excess enlisted personnel assigned to athletic, hobby, and other special service activities were transferred to other duty stations. Many of the functions (movies, ceramic shops, golf, and others) were being managed and operated on a self-sustaining basis.
- Two civilian positions (clerk-typist and groceryman) were abolished at the commissary. Two enlisted billets were added, a receiver-checker and assistant meat cutter.

A net reduction of less than \$27,000 has resulted in the total support costs. These costs were averaging about \$742,400 annually at the beginning of fiscal year 1978, or over 60 percent of the total costs of \$1.2 million, as shown on the following page:

<u>Activity</u>	<u>Military Support Costs</u>	
	<u>12/31/74</u> (note a)	<u>10/1/77</u>
Enlisted men's mess	\$ 51,800	\$ 74,000
Health services	172,000	196,300
Bachelor officers' quarters	70,100	26,100
Officer and enlisted clubs	64,800	52,800
Navy exchange	48,500	50,900
Commissary	92,400	95,300
Administration	40,400	55,000
Family housing	48,100	76,400
Athletic, hobby, and recreation services	181,200	59,000
Utilities for above	-	56,600
Total	<u>\$769,300</u>	<u>\$742,400</u>

a/Includes utility costs.

In our earlier report we discussed the staffing and types of services provided at each of the military support activities. We recommended that the work force at the Center be converted from military to civilian. However, in our followup work we observed an opposite trend. For example:

- At the end of 1974, 3 enlisted men and 2 civilians were feeding an average of less than 10 persons daily at the enlisted men's mess at a net operating cost of about \$51,000 or about \$5,200 per person a year. At the beginning of fiscal year 1978, four enlisted men and two civilians were feeding the same number of rations at a cost of \$74,000 or \$7,400 per person a year.
- Two civilian positions were abolished at the commissary and two enlisted billets were added.
- Two civilian mess management positions (GS-10 and GS-7) were abolished at the Consolidated (open) Mess. They were replaced by an enlisted Chief Mess Management Specialist.

We developed an alternative staffing plan for the Center when we completed our earlier review, and we concluded that the Navy could save about \$858,000 annually by employing civilians for essential management positions rather than military personnel. We believe the potential for significant savings still exists.

OBSERVATIONS OF MILITARY STAFFING
AT SEVERAL ARMY, AIR FORCE, AND
DOD SUPPORT ACTIVITIES

Since DOD's review did not comply with our recommendations and did not comprehensively address its stated objectives, we made brief visits to the following Army, Air Force, and Defense Logistics Agency support activities to evaluate the potential for reducing military manpower and related overhead costs:

- Arnold Engineering Development Center.
- Tobyhanna Army Depot.
- Aerospace Guidance and Metrology Center.
- Defense Construction Supply Center.

Arnold Engineering
Development Center

The Center is on a 40,000 acre reservation at Arnold Air Force Station near Tullahoma, Tennessee. Valued in excess of \$1 billion, it is the largest complex of wind tunnels, high altitude jet and rocket engine test cells, space environmental chambers, and ballistic ranges in the free world.

The Center is operated by ARO, Inc., a subsidiary of Sverdrup Corporation, under a cost-plus, award-fee contract. ARO employs about 3,100 civilians and is responsible for conducting from 200 to 300 tests annually. ARO is also responsible for the associated design, alteration, improvement, modification, and rehabilitation of all test facilities and for providing various housekeeping and other services including utilities, real property maintenance, motor pool, custodial, security, fire protection, and logistics.

The Air Force monitors ARO's performance and progress and has assigned a permanent staff of 90 military personnel (52 officers and 38 enlisted men) and 127 civilians to accomplish this mission.

On May 1, 1978, 69 military personnel (47 officers and 22 enlisted men) were involved in directing, planning, scheduling, and budgeting Center operations and related test programs and special projects.

The Center provides a wide variety of morale, welfare, recreation, and other support services for this small military complement. These include officer and enlisted clubs, exchange, commissary, 9-hole golf course, theatre, 38 housing units, a 54-room visiting officer's quarters, a 5,000 acre reservoir with about 75 miles of shoreline, hunting and fishing, swimming, and family camping area.

Twenty-one military personnel (5 officers and 16 enlisted men) and 56 civilians (including 28 paid from appropriated funds) were providing these support services. Essentially, for each military person involved in operations, another military or civilian person provided support services.

We observed that:

- ARO employees comprised about 70 percent of the membership of the officer and enlisted clubs and 86 percent of the golf course membership.
- The volume of sales at the commissary ranges between \$180,000 to \$200,000 a month. About 90 percent of the customers are retired military personnel. The commissary was operated by 21 civilians paid from appropriated funds.
- Maintenance costs for the golf course, paid from appropriated funds, totaled \$36,000 in fiscal year 1977.
- Plans have been made to construct a consolidated base exchange and commissary at an estimated cost of \$900,000.

Tobyhanna Army Depot

The Depot, located at Tobyhanna, Pennsylvania, employs 3,200 civilians and 45 military personnel--21 officers and 24 enlisted men. Its mission is the receipt, storage, maintenance, and distribution of electronics and communications equipment and spare parts. Another 73 military personnel at the depot were assigned to tenant organizations.

Thirty-nine of the depot's 45 military personnel were involved in mission-related work. The remaining 7, including a veterinarian, and 118 civilians, were assigned to provide morale, welfare, recreation, and other military support services. Of the 118 civilians, 77 were paid from appropriated funds. For each military person assigned to

depot operations or who were tenants at the depot, another military person or civilian provided support services.

Many facilities and services are provided at the depot to accommodate the needs of the small military complement. These include a permanent barracks, 42 family housing units, health clinic, chapel, theatre, officer and enlisted clubs, exchange, commissary and package beverage stores, gymnasium, a 2-acre lake and picnic area, and auto and ceramic shops.

We observed that:

--Forty 3- and 4-bedroom family housing units were built at the depot in fiscal year 1978 at a cost of \$1.5 million. Twenty-one of the units were occupied by enlisted members of the 47th Medical Depot, a deployable tenant unit.

--A club facility was built for the noncommissioned officers in fiscal year 1978 at a cost of about \$550,000, paid from nonappropriated funds. Of the club membership of 168, 58 were military and 110 were civilians.

--The sales volume at the commissary averages about \$400,000 monthly. Over 90 percent of the customers are retired military personnel. The 56 commissary employees are paid from appropriated funds.

Seventy-three of the military personnel at the depot were assigned to three tenant organizations. The largest of these tenant organizations is the 47th Medical Depot Unit with a military complement of 64. The military complement of the other two tenants totaled nine persons.

The medical unit was transferred to Tobyhanna from Atlanta General Depot in June 1974. It was established to provide medical depot support in a combat environment-- to receive, store, classify, issue medical supplies and general support medical equipment, provide optical laboratory services, and distribute whole blood to hospitals. However, Tobyhanna does not handle medical supplies and equipment.

The unit has attempted to maintain a state of readiness but has been unable to provide essential on-the-job training. Several enlisted personnel have been working at the depot optical laboratory, but the large majority have participated in classroom exercises or

performed temporary duty training for the past 4 years at the West Point (New York) and Walter Reed (Washington, D.C.) Hospitals.

The Commanding Officer of the 47th Medical Depot Unit expressed concern about this problem. He believed the unit could function more effectively at an activity with a large troop concentration or at one of the Defense Logistics Agency depots that handle medical supplies and equipment, such as the depots at Mechanicsburg, Pennsylvania, and Tracy, California. He also expressed concern about the level of support provided by the Tobyhanna Depot and commented that:

- Virtually all administrative functions involving personnel (payroll and records) are done at Carlisle Barracks.
- Laundry services are provided by New Cumberland Army Depot.
- Dental services are provided by West Point.
- Food services for unmarried enlisted men are obtained under contract from the Tobyhanna Noncommissioned Officer's Club at an average daily cost of \$7.75 per person. Cooks are permanently assigned to the unit but are not permitted to use available kitchen facilities.
- Legal support and medical services for military dependents at the depot are inadequate.

We brought these matters to the attention of Army officials. They said that two installations have mission-related functions that would be beneficial to the training of the 47th Medical Depot personnel, but neither installation has troop support facilities. They also said that Headquarters, Army Forces Command, with the Department of the Army Surgeon General and Army Medical Materiel Agency, is attempting to provide the 47th Medical Depot with an ongoing mission "e.g., long-term storage of medical sets, kits, and outfits in support of existing contingencies."

Aerospace Guidance and Metrology Center

The Center, located at Newark, Ohio, employs 2,500 civilians and 63 military personnel--20 officers and 43 enlisted men. Center employees repair missile and aircraft

inertial guidance and navigation systems, manage the Air Force's worldwide metrology and calibration programs, and provide inertial engineering support to Air Force commands and other DOD agencies.

In April 1978, 62 of the 63 military personnel at the Center did mission-related functions. One enlisted man and 11 civilians paid with nonappropriated funds provided military support services, a mission/support ratio of 5 to 1.

The Center has limited facilities to support the military complement, including a Consolidated Open Mess for officers and enlisted personnel; an activities center for basketball, volleyball, and other recreation programs; auto and photo hobby shops; a putting green; and an amateur radio station. The Center has no government quarters. Dental care and medical treatment (except first aid) are provided by Rickenbacker Air Force Base, approximately 40 miles from the Center. Rickenbacker also provides commissary service and operates the Base Exchange Branch Store. The Consolidated Open Mess has a membership of 611 (21 officers, 24 enlisted men, and 566 civilians).

A sizable reduction in the authorized enlisted strength has been made at the Center in recent years because of a lack of military housing, messes, and other support facilities. An Air Force assessment of the minimum personnel needs of the Center identified over 70 military positions that either had been converted to civilian positions or eliminated. By September 1979 the authorized military enlisted strength will be reduced from 90 positions to 15 positions.

While we believe that further civilianization is possible, we also believe the Air Force should be commended for its initiative in implementing a plan to reduce the military staffing at the Center. Air Force records showed that the related personnel actions resulted in net annual savings of \$162,000 in payroll costs.

Defense Construction Supply Center

The Center, a field activity of the Defense Logistics Agency, is located in Columbus, Ohio. The Center employs 3,600 civilians to manage, procure, warehouse, and distribute construction materials, automotive and construction

equipment components, and repair parts. The Center also receives, stores, maintains, and issues industrial plant equipment.

In April 1978 the military complement at the Center consisted of 34 officers--10 Army, 10 Navy, 13 Air Force, and 1 Marine--involved in local command activities and administration and supervision of Center operations. Seventeen DOD tenant activities were also housed at the Center; 35 military personnel--15 officers and 20 enlisted men--were assigned to 7 organizations.

The 34 officers assigned to the Center were involved in command activities and administration and supervision of Center operations. Civilian counterparts (deputy directors, chiefs, and assistant chiefs) were assigned in each of the Center's major operating divisions to provide management continuity.

Many facilities and services are provided at the Center to accommodate the needs of the small military complement. These include 12 family housing units and 4 bachelor officers' quarters; dispensary; a field house with basketball, racket ball, sauna, and other facilities; a well-appointed officers' club; a 9-hole golf course; pro shop and club house; swimming pool; exchange store; and a teenage center.

As of May 1978, 30 civilians (including 4 paid from appropriated funds) were employed to handle military personnel matters and manage and operate morale, welfare, and recreation activities.

We observed that:

- The membership at the officers' club comprised about 100 regular, reserve, and retired military officers and 780 civilian employees. Dues were \$10 per month.
- A full-time golf professional was employed to manage the golf course, pro shop, club house, and locker room facilities. Single and family membership fees ranged from \$125 to \$180 a year.

CONCLUSIONS

In recent years DOD has experienced profound changes affecting its management and use of military personnel. Since the elimination of the draft and introduction of the All-Volunteer Force in 1973, military personnel compensation

and support costs have increased and now comprise more than half of the annual DOD budget. No longer can military personnel be considered a free resource.

DOD management must make the most effective use of critical manpower resources practicable. To do this, requires action of the type recommended in this report and others dealing with the issue of substituting civilians for military personnel without adversely affecting military preparedness.

This issue has not gone unnoticed by the Congress. The Senate Committee on Appropriations, in reviewing DOD appropriations for fiscal year 1978, suggested that the services could convert at least 50,000 military positions to civilian positions. Within DOD, several studies have pointed out the same potential with varying but significantly larger numbers.

As recently as September 1978, we addressed this issue in our report, "Using Civilian Personnel for Military and Administrative Support Positions--Can More be Done?" (See appendix III.) In that report we recognized that the Congress had set a fiscal yearend civilian personnel ceiling for DOD. If the authorized ceiling does in fact constrain DOD from fully implementing a civilianization program, the Secretary of Defense, through the Office of Management and Budget, should request the Congress to adjust the appropriate authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel.

The reports summarized in appendix IV reflect our observations of specific instances in which it appears that civilians would be effective in positions filled by military personnel. There has been little movement in the direction of making these changes.

Basically, the lack of progress seems to center about the difficulty of obtaining authorization and funding for civilian personnel. Authorizations and funding of military personnel appears to present fewer problems. This issue merits the attention of the Congress.

DOD agreed that our earlier Crane report raised legitimate issues about the costs of maintaining a military presence at commercial and industrial military support activities. DOD also agreed to review these activities to determine if military staffing could be reduced or if the costs of the military presence could be minimized by reducing support costs.

Essentially, DOD concluded that the potential for civilianization and related costs and other benefits we identified at Crane did not exist or were not appropriate at the several hundred other commercial and industrial activities considered in its review. Since the DOD staff did not visit any of these activities, or evaluate the duties and responsibilities of the assigned personnel and the related military overhead costs, we question this conclusion. The limited manpower analysis made at the headquarters of the military departments did not comply with the recommendations in our Crane report or DOD's stated review objectives.

In our followup work at Crane and other DOD activities, we observed that the majority of the military personnel were performing supervisory, administrative, and other technical functions. We believe civilians could do these functions; in fact, civilians were occupying either first- or second-level supervisory positions in the operating departments at each of the activities we visited.

DOD's review did not meet its objectives because:

- DOD did not address the principal issue; i.e., whether military manpower is required at support activities, or is less expensive on a billet-by-billet basis than civilian manpower. DOD identified several hundred commercial and industrial activities where military personnel are assigned. However, most were excluded from the review.
- DOD selected 54 commercial and industrial activities for review, including Crane, and determined that 53 did not have mission/support manning levels similar to Crane. However, this was the extent of its effort. DOD did not attempt to verify whether any military manpower or other cost reductions could be made at these activities.
- DOD's determination about the 53 activities was based on 1976 strength statistics extracted from manpower authorization documents at the headquarters of the military departments. The DOD staff did not verify whether the data was complete and accurate. Our review disclosed that it was not.
- The mathematical and other analyses done by DOD contained errors in establishing the mission/support manning levels of several Army activities. Much of the statistical data used in establishing these levels was based on subjective judgment.

Although the DOD data made available for our review was relatively obsolete and incomplete, the DOD workpapers indicated that military personnel are being used for jobs that could be shifted to civilians. In fact, another study prepared for the Secretary of Defense on May 3, 1977, showed that at least 49,000 military spaces provided to the Army and Air Force for commercial and industrial functions in fiscal year 1978 had civilian substitution potential.

We sent DOD officials a copy of our proposal report and met with the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) to discuss the findings. By letter dated March 1, 1979 (see appendix V), he commented that:

"I would like to give you my reaction to two of your recent reports. * * * Both reports address the general issue of substituting civilians for military personnel under appropriate circumstances.

"As I pointed out in our meeting, we do not think it would be wise to undertake a large program to replace military personnel with civilians at this time. A program to replace significant numbers of military personnel with civilians would exacerbate our current shortage of trained military manpower for the early days of a war. Moreover, if we tried to institute such a program, we would almost certainly not receive and keep additional civilian spaces.

"At the same time I agree with you that the cost of maintaining a few military people at some of our commercial/industrial facilities is excessive. I have asked the Services to investigate the situation at the 54 facilities identified in my letter to you of December 29, 1977, and to take appropriate action to reduce costs associated with supporting military personnel. My letter to them is enclosed. I will be glad to let you know what actions they are taking."

We recognize that the services are concerned about maintaining the ability to accomplish their missions effectively and about the appropriate mix of military personnel and civilians for this purpose. Nevertheless, DOD's policy on the use of military personnel and civilians has not been revised. Further, we know of no official DOD decision that the maximum practicable or desirable civilianization has been achieved.

We believe our earlier report on the Naval Weapons Support Center, Crane, and our followup study at Crane and four other DOD commercial and industrial activities showed that there is potential for reducing the use of military personnel where they are not actually needed and, consequently, reducing support costs. This should contribute to eliminating waste of scarce resources of military personnel and funds. In a December 13, 1978, memorandum for the heads of executive departments and agencies on "Steps to Eliminate Waste, Fraud, and Error in Government Programs," the President said:

"The resources of this government must be managed well, free of waste, fraud, and inefficiency. The American people believe, and I agree, that managing their tax money is a public trust. * * * Eliminating waste, fraud, and error should be as important to you as your program objectives." (Emphasis added.)

RECOMMENDATIONS

Our current findings have shown that the recommendations in our earlier report on Crane are still reasonable. Therefore, we again recommend that the Secretary of Defense:

- Direct the Navy to convert the work force at Crane as discussed in the alternative staffing plan. To the extent possible, changes from military personnel to civilian personnel should be made by normal rotation and reassignment. As these changes occur, Navy appropriations should be adjusted to reduce manpower costs.
- Have reviews made at all other commercial and industrial military support activities to identify how military personnel could be reduced and how the activities could be made more efficient and economical by employing more civilians.

We also recommend that, if the authorized ceiling does in fact constrain DOD from converting military positions to civilian positions, the Secretary of Defense, through the Office of Management and Budget, request the Congress to adjust the appropriate authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel.

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

MAINTAINING A MILITARY
PRESENCE IN AN INDUSTRIAL
ENVIRONMENT--ISSUES
AND COSTS
Naval Weapons Support Center
Crane, Indiana
Department of Defense

D I G E S T

The Department of Defense operates about 90 commercial and industrial military support activities, excluding shipyards. Although the work forces are predominantly civilian, over 10,000 military personnel are assigned to them.

To determine the need for and the cost of a military presence, GAO made a case study at the Naval Weapons Support Center, Crane, Indiana. At the end of 1974, the center had a work force of about 4,500 civilians and a military complement of 68--19 officers and 49 enlisted men.

ROLE AND COST OF MILITARY PERSONNEL
AT THE CENTER

Only 23 (about one-third) of the 68 military personnel were doing center-related work or were working for other military activities. The remaining 45, plus 10 civilians, were providing support services for the military complement, such as food and housekeeping, recreation, commissary and exchange stores, and health care.

Maintaining a military presence at the center costs about \$1.2 million annually:

- \$405,400 for paying 23 military personnel involved in center-related work, liaison, and security.
- \$533,000 for paying 45 military personnel and 10 civilians supporting the military complement.
- \$236,300 for operating and maintaining military personnel support activities and facilities.

FPCD-76-7

Examples of military support costs follow.

Enlisted men's mess--3 enlisted men and 2 civilians were feeding an average of less than 10 persons daily at a net operating cost of about \$51,800, or about \$5,200 per person a year.

Bachelor officers' quarters--seven enlisted men were providing services to an average of less than five transients daily at a net operating cost of \$70,100 a year. The quarters were used at only about 17-percent capacity for a 15-month period.

Officers' club--the club produces revenue. However, the salaries of the civilian manager and his assistant and the maintenance costs are paid by appropriated funds--about \$42,400 annually. The club, which includes a dining room, two bars, and party and game rooms, is used extensively by civilians. The club also provides facilities for a retail liquor sales outlet for military personnel.

Enlisted men's club--this club also produces revenue and is subsidized by appropriated funds (\$22,400 annually including the pay and allowances of one enlisted man). The club has a bar, dining and dance area, and a game room.

Navy exchange--four enlisted men work at the exchange, which includes a retail general store, gasoline station, and barber shop. Military pay and allowances, plus other costs subsidized by appropriated funds, total about \$48,500 annually. A large percentage of the exchange customers are retired military families.

Commissary--the pay and allowances of the four enlisted men who work at the commissary, plus other costs subsidized by appropriated funds, total about \$92,400 annually. The commissary is also used extensively by retired military personnel.

Family housing--the costs of maintaining 33 family units for military personnel average about \$48,000 a year. The monthly

net cost to the Government for maintaining individual units ranged from \$19 for an enlisted man to \$597 for the commanding officer.

Athletic, hobby, and recreation services-- eight enlisted men were providing recreation and other special services involving a gymnasium, bowling alleys, 25 fishing boats and pleasure craft, and a ceramic shop at an annual cost of \$181,200.

ALTERNATIVE STAFFING

GAO developed an alternative staffing pattern which would result in

- a decrease of 65 military positions,
- an increase of 25 civilian positions,
- temporarily retaining 1 officer and 2 enlisted men and,
- annual savings of about \$858,000.

MANPOWER REQUIREMENTS AND ASSIGNMENTS

The Navy could not explain how the requirements for the center's military personnel were established. Also, the number of military personnel assigned to the center generally exceeded authorized levels. Several enlisted men in excess of authorized levels held ratings needed elsewhere in the Navy, and others were assigned duties unrelated to their skills.

USE OF PUBLIC FUNDS FOR WELFARE AND RECREATION

The broad wording of the appropriation acts, coupled with the language of Defense and Navy Department directives, gives base commanding officers great latitude in determining the proper use of appropriated funds to support morale, welfare, and recreation activities. This issue has been the subject of several GAO reports.

CONCLUSIONS

Department of Defense policy for staffing support activities has not been fully implemented at the center. GAO questions the need for and assignment of military personnel to Crane; extensive welfare and recreation costs have been generated which would not otherwise have occurred. Because the center's functions are primarily industrial, managing them does not require military personnel. The required skilled people can be found in either the public or private sector.

RECOMMENDATIONS

GAO recommends that the Secretary of Defense:

- Direct the Navy to convert the work force at the center as discussed in GAO's alternative staffing plan. To the extent possible, changes from Navy military personnel to civilians should be accomplished by normal rotation and reassignment. As these changes occur, Navy appropriations should be adjusted to reduce manpower costs.
- Review all other commercial and industrial military support activities to identify how military personnel could be reduced and how the activities could be made more efficient and economical by employing more civilians.

MATTERS FOR CONSIDERATION BY THE CONGRESS

The Congress should consider requiring the Secretary of Defense to:

- Annually assure the Congress that the work forces being used at industrial facilities are the most economical and efficient mix of military, civilian, and contractor labor.
- Annually identify and justify the dollar amount and contemplated object of the funds being requested to support morale, recreation, and welfare for both military and civilian personnel.

The Congress should consider the desirability of establishing definitive guidelines on the use of funds considered available for welfare and recreation.

AGENCY ACTIONS

The Department of Defense is complying with GAO's recommendation to review all commercial and industrial activities to determine if reductions in military staffing can be made. The review, however, will not be limited "to the two options that GAO addresses; status quo or complete civilianization." The Department of Defense:

"* * * will review alternatives that include military manpower where it is either required, or is less expensive on a billet by billet basis than civilian manpower. But we will seek to minimize the total cost of military presence by reducing the support-of-military overhead."

GENERAL ACCOUNTING OFFICE
REPORT TO THE
SECRETARY OF DEFENSE

USING CIVILIAN PERSONNEL FOR
MILITARY ADMINISTRATIVE AND
SUPPORT POSITIONS--CAN MORE
BE DONE?

D I G E S T

For many years Department of Defense (DOD) policy has been to use civilian personnel in positions which do not require military incumbents. The services have established similar policies, regulations, and guidelines.

Presidential and congressional concern about the mix of military and civilian personnel in support activities prompted DOD to initiate special programs to convert military support positions to civilian positions--since fiscal year 1964 over 100,000 jobs had been converted from military to civilian.

DOD follows three principles in determining the mix of the defense labor work force:

- The active military manpower in peacetime should be kept at the minimum level necessary to satisfy national security objectives.
- The private sector should be relied on to provide goods and services to the maximum extent possible.
- The Government should conduct its operation in the most effective manner possible.

Opinions differ widely as to the extent to which civilians should be used rather than military personnel, and in what types of positions. Even though DOD and the services have had conversion programs, their views have been more negative than positive. This reflects a traditional reluctance to reduce the number of military personnel and the need for programs to adjust the mix of military and civilian personnel.

FPCD-78-69

A 1977 DOD study suggested that potential existed for converting about 50,000 military positions to civilian positions. The Army, Air Force, and Marine Corps viewed a major civilianization program to be detrimental to their readiness capability. The Navy indicated that it was considering the conversion of 12,000 military positions.

In reviewing the DOD appropriations bill for fiscal year 1978, the Senate Committee on Appropriations suggested that the services could convert at least 50,000 military positions.

The services are concerned about maintaining the ability to accomplish their missions effectively and about the appropriate mix of military and civilian personnel for this purpose. Nevertheless, DOD policy on the use of military personnel and civilians has not been revised. GAO knows of no official DOD decision that the maximum practicable or desirable civilianization has been achieved.

RECOMMENDATION

In view of congressional concern over this matter, the Secretary of Defense should direct the military services to initiate without further delay a program to replace military personnel with civilians that is in accordance with DOD policy.

The Congress has set a fiscal year-end civilian personnel ceiling for the Defense Department. If this authorized ceiling does in fact constrain Defense from fully implementing a civilianization program, the Secretary of Defense, through the Office of Management and Budget, should request the Congress to adjust the appropriate authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel.

OTHER REPORTS CONTAINING
VIEWS ON CIVILIANIZATION

In recent years we have issued several reports suggesting that DOD could use civilians more extensively in positions not requiring military personnel. Others interested in the defense work force have also reported on their perception of civilianization. Discussions of civilianization in some of these reports are summarized below.

GAO REPORTS

"Accomplishments Under the 1964-68
Civilianization Program" (B-146890,
Jan. 26 and Nov. 1, 1968)

We examined aspects of DOD's 1964-68 civilianization program at the request of the Chairman, Subcommittee on Manpower and Civil Service, House Committee on Post Office and Civil Service. On January 26, 1968, we reported a number of limitations in phase I of the program:

- The program did not achieve its full potential because of inadequate guidance and weaknesses in internal management controls.
- The program did not result in the immediate release of as many military personnel from military positions as planned because the services converted many positions already vacant.
- Military personnel who became available as a result of position conversion were not always assigned to duties which required military personnel.
- The services, in many cases, established civilian positions in areas not related to the military positions that had been converted.

On November 1, 1968, we reported to the Chairman on DOD's accomplishments under both phases of the program. We also reported that as a result of the Revenue and Expenditure Control Act of 1968, DOD was not permitted to adjust the level of civilian employees by the number of positions converted.

"Extensive Use of Military Personnel in
Civilian-Type Positions" (B-146890,
Mar. 20, 1972)

If DOD's policy to use civilians to fill all positions not requiring military personnel were followed strictly, the services could make greater use of military personnel in military positions and could hold military manpower requirements at the minimum needed to safeguard the Nation's security.

This policy had not been followed consistently. In our opinion, this was caused by the failure of the military departments to determine the types and number of positions which should be filled by military personnel and the types and number which should be filled by civilians. Since these determinations had not been made, installation commanders were required to make subjective decisions concerning assignments.

Installation commanders were reluctant to recommend the use of civilians in certain positions occupied by military personnel because of limitations imposed by budgetary restrictions and by civilian employment ceilings. We recommended that the Secretary of Defense direct each military department headquarters to review all types of personnel positions, except those designated as being in deployable military units having a combat or combat-support mission and, for each type, determine whether:

- The position must be filled by military personnel.
- The position could be filled by either military personnel or civilians and the circumstances in which the position would be used for military personnel, such as for rotation or for career development.
- The position need not be filled by a military incumbent and should be filled by a civilian.

DOD did not agree that lack of staffing guidance at the installation level was the major restriction to full application of its policy. DOD said that the principal constraints had been restrictions on civilian employment and budgetary limitations. However, DOD said that it would consider our recommendation that specific guidelines be provided to all installations for use in determining whether individual positions should be filled by military personnel or civilians.

"Opportunity to Reduce Costs and Improve Efficiency by Employing Civilians Instead of Marines" (B-146890, June 19, 1974)

We reported to the Secretary of Defense on the work force at the Marine Corps Finance Center and Automated Services Center, Kansas City, Missouri. We reported that these facilities were not staffed in accordance with DOD policy on the use of civilian personnel:

- Marines were not required, by law, for rotation, training, security, discipline, or combat readiness.
- The Center's functions were mainly administrative in nature and could be performed by civilians.
- Use of civilians could result in potential savings of about \$1.6 million a year.

The Marine Corps has taken no action to civilianize any of these positions.

"Financial Operations of the Five Service Academies" (FPCD-75-117, Feb. 6, 1975)

More than 500 support positions currently occupied by military personnel could save about \$1.6 million a year if filled by civilians. The Merchant Marine Academy had all civilians except a few naval officers to conduct the Navy officer training program.

The services said that determining the potential of changing military to civilian positions could be made only after a complete review of positions at the academies.

"Maintaining a Military Presence in an Industrial Environment--Issues and Costs (FPCD-76-7, Apr. 12, 1976)

DOD operates about 90 commercial and industrial military support activities, excluding shipyards. Although the work forces are predominantly civilian, over 10,000 military personnel are assigned to them.

At the end of 1974, the Naval Weapons Support Center, Crane, Indiana, had a work force of about 4,500 civilians and a military complement of 68--19 officers and 49 enlisted men. Only 23 of the 68 military personnel were

doing center-related work; the remaining 45, plus 10 civilians, were providing support services for the military complement, including food and housekeeping, recreation, commissary and exchange stores, and health care. Maintaining a military presence at the center cost about \$1.2 million annually.

DOD policy for staffing support activities had not been fully implemented at the center. The Secretary of Defense agreed to review all commercial and industrial activities to determine if reductions in military staffing could be made or if the total cost of the military presence could be minimized by reducing the support overhead. In December 1977 the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) stated that according to the DOD review, a reduction of military staffing at commercial and industrial installations was not appropriate at that time.

"Reserve Officer Training Corps: Management Deficiencies Still to be Corrected"
(FPCD-77-15, Mar. 15, 1977)

The services assign a large number of enlisted personnel to Reserve Officer Training Corps units and headquarters to perform operational and support functions; most functions are for support. Army and Navy units also employ civilians in support positions.

Training Corps officials agreed that these functions could be performed by civilians, but some enlisted personnel were needed to supervise audit work, counsel, and interact with students.

"Changes in Navy Ship Overhaul Practices Could Improve Fleet Capability and Crew Effectiveness" (FPCD-77-76, Apr. 8, 1977)

The Navy's longstanding practice of retaining crew members on board ships during lengthy overhaul periods results in inefficient use of highly trained and skilled personnel, many of whom are critically needed on operational ships. While the ship is in overhaul, the sailors do industrial work and normal administrative and support functions that are usually carried on to maintain Navy life aboard the ship as if it were at sea.

Use of these highly trained personnel for such tasks is a waste of training and experience that is needed elsewhere in the Navy. An advantageous alternative would be

to use civilians for the needed industrial work. This practice would, among other things, more fully comply with DOD policy which encourages the use of civilians.

The Navy did not agree with our conclusions.

"Development and Use of Military Services
Staffing Standards: More Direction,
Emphasis, and Consistency Needed"
(FPCD-77-72, Oct. 18, 1977)

About 1.67 million, or 53 percent, of DOD's military and civilian personnel are used in functions supporting combat forces. The military services use a variety of management tools, including staffing standards, in determining support personnel requirements. Significant differences exist both within and among the services in

- development of comprehensive policies and procedures for determining and applying staffing standards;
- direction, control, and monitoring of standards programs;
- assignment and training of personnel for standards development;
- personnel covered by staffing standards; and
- use of staffing standards in determining and managing staffing requirements.

Improved program effectiveness and retention of staffing standards personnel could be achieved by converting most positions now occupied by military enlisted personnel to civilian positions. Less training would be required and stability of assignments would permit staffing standards personnel to develop a greater knowledge of the functions and organizations they examine.

"The Naval Audit Service Should be
Strengthened" (FGMSD-78-5, Nov. 11, 1977)

Despite DOD policy, the Navy has followed the practice of appointing high-ranking military officers to the positions of Director, Deputy Director, and District Office Director(s) of the Naval Audit Service. Because military officers are subject to periodic rotation, there have been many incumbents. Since 1970 the Audit Service has had four different military directors.

At the end of fiscal year 1976, the Naval Audit Service employed 35 military personnel, many in high-level policy and management positions. Based on discussions with Audit Service officials, apparently no audit specifically requires military staffing.

However, the Auditor General and several of the military staff believed that, as a result of the diversity of the work performed, the audit experience generally makes officers more effective in accomplishing their responsibilities at subsequent duty stations than officers who have not been assigned to the Audit Service. Also, audit officials believe that, as a result of their training and background, military personnel are more oriented toward combat-related functions and are thus better able to audit these areas than civilians of comparable grade.

Although appointing a small number of military staff as management interns or in training positions may be advantageous, military personnel are not needed to audit combat-related functions. Other defense audit agencies have, for a long time, successfully reviewed combat-related functions without military staffing.

Similar reports were issued on Army and Air Force audit services.

"The Five Service Academies: A Followup Report" (FPCD-77-78, Nov. 25, 1977)

Our previous study showed that the services could save about \$3,000 annually for each civilian that was substituted for a military person at the academies; other DOD studies confirmed this.

The services continue to assign large numbers of enlisted personnel to support positions at their academies. Academy officials said they have no requirement to review and convert military positions which could be filled by civilians. In response to our recommendation, however, the academies had converted 147 military positions to civilian, and more substitutions were planned.

Academy officials were concerned that using more civilians would eventually have an adverse affect on academy operations because of possible congressional cuts in civilian personnel strengths. They felt that the Congress was less likely to reduce military strengths; therefore, they were

reluctant to recommend converting military positions. These officials also believed that if they gave up military positions, civilian positions may not be returned. Thus, academy officials tried to retain as many military positions as possible.

"Opportunities Exist for Substantial Savings in Administration of Military Skill Training Programs" (FPCD-78-13, Feb. 14, 1978)

DOD could reduce training costs by millions of dollars annually by using more civilians and contracting for more skill training. It has long been the policy of the Congress, the Office of Management and Budget, and DOD to advocate increased use of these optional staffing methods; but the services have resisted.

DOD has published criteria to guide the services on the kinds of positions which civilians should occupy. Training officials said they had not converted positions from military to civilian because DOD had not required it.

"Reserve Officer Training Corps Programs" (FPCD-78-17, Feb. 23, 1978)

In response to a request from the Chairman, House Committee on Appropriations, we reviewed several aspects of the services' Reserve Officer Training Corps programs, including the number of military support positions which have been civilianized. According to service officials responsible for Corps programs, the following action has been taken:

- Army: the Army is considering civilianizing a total of 192 military positions in fiscal year 1980.
- Air Force: the Air Force has civilianized 55 positions. No further action is planned.
- Navy: the Navy reviewed military positions in the Training Corps and at headquarters, and does not plan to civilianize any positions.

OTHER REPORTS

"Report to the President and the Secretary of
Defense on the Department of Defense"
(Blue Ribbon Defense Panel, 1970)

One chapter of this report "Management of Personnel Resources," discussed the use of civilians in management positions. The panel recommended that:

"Those activities in the Military Departments now headed by a military officer with an immediate civilian subordinate should be surveyed to determine the necessity of military direction of the activity, and where no such requirement is found to exist, the position at the head of the activity should be civilianized or made optional for a military officer or a civilian to fill and dual staffing should be permitted only in exceptional cases."

"Shaping the Defense Civilian Work Force"
(Brookings Institution, Sept. 1977)

This report, prepared for the Senate Committee on Armed Services, discussed issues relating to the defense civilian work force. It found that directives and guidelines established by DOD on use of civilian personnel were vague and left a great deal open to interpretation, permitting the military services to increase the size of the military component.

Considerable potential exists for further manpower mix adjustments. Civilian personnel could replace many of the military personnel without jeopardizing national security. The report said that about 390,000 billets then occupied by military personnel could be considered for substitution.

The report also said that there were considerable opportunities for advantageous transfer of various commercial and industrial activities, now being conducted in-house in base operations and depot maintenance activities, to private enterprise.

The report concluded that three important actions were needed to revise current practices and encourage DOD to seek a more efficient manpower mix:

- Formulation of a national policy with respect to the composition of the defense work force.
- Reexamination, in view of the Nation's security requirements and economic prospects, of constraints now imposed on DOD by the White House and the Congress which contribute to inefficiencies in the composition of the defense work force.
- Removal of disincentives inherent in the Pentagon's planning, programing, and budgeting process, which now discourage military managers from seeking a more efficient manpower mix.

"Military Manpower and the All-Volunteer Force" (Rand Corporation, Sept. 1977)

This report, prepared for the Defense Advanced Research Projects Agency, also discussed defense manpower issues. The chapter, "Resource Allocation: Manpower Requirements," states:

"The resource allocation issue that has received perhaps the most attention during the past 10 years is the substitution of civilian employees for military personnel, better known as civilianization. In the effort to reduce the spiraling manpower costs of the 1960s, a continuing dialogue centered on civilianization as a possible answer. Proponents of this policy brought considerable pressure to bear on the DOD to substitute civilians for military personnel wherever possible, with the result, for example, that 31,000 military billets were converted to civilian status during fiscal 1974.

"However, in the rush to identify potential civilian substitutions, critics of DOD policies have frequently been more concerned with whether civilians can be used than with whether they should be used."

* * * * *

"The problem of determining what positions could potentially be manned by civilian personnel is not a trivial matter, given the softness of the criteria that must be used to make these allocation decisions. Historically, manning decisions have been the result of numerous factors, including military requirements, personnel management constraints, cost-effectiveness, and tradition."

According to the report, DOD has substantially reacted to changing manpower cost:

"* * * as the cost of military manpower fell relative to the cost of direct hire civilians during the 1950s and early 1960s, the DOD responded by decreasing the use of direct hires relative to the uniformed personnel. Then as the cost of military personnel began to rise relative to the cost of direct hires during the late 1960s and early 1970s, the Services again responded - this time, by increasing the use of direct hires relative to the use of military personnel."

- - - - -

The reports summarized in this appendix reflect our observations of specific instances in which it appears that civilians would be effective in positions filled by military personnel. Others who have studied and reported on the composition of the defense work force have made similar observations.



MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

1 MAR 1979

Mr. H. L. Krieger
Director, Federal Personnel and Compensation
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Krieger,


Thank you for coming by. I appreciated the chance to meet you, and to discuss issues that vitally concern us both.

I would like to give you my reaction to two of your recent reports. One is the draft report, "Defense Use of Military Personnel in Industrial Facilities - Largely Unnecessary and Very Expensive" (OSD Case #5080). The other is a final report, "Using Civilian Personnel for Military Administrative and Support Positions -- Can More Be Done?" (OSD Case 5009, FPCD-78-69). Both reports address the general issue of substituting civilians for military personnel under appropriate circumstances.

As I pointed out in our meeting, we do not think it would be wise to undertake a large program to replace military personnel with civilians at this time. A program to replace significant numbers of military personnel with civilians would exacerbate our current shortage of trained military manpower for the early days of a war. Moreover, if we tried to institute such a program, we would almost certainly not receive and keep additional civilian spaces.

At the same time I agree with you that the cost of maintaining a few military people at some of our commercial/industrial facilities is excessive. I have asked the Services to investigate the situation at the 54 facilities identified in my letter to you of December 29, 1977, and to take appropriate action to reduce costs associated with supporting military personnel. My letter to them is enclosed. I will be glad to let you know what actions they are taking.

Enclosure


ROBERT B. PIRIE, JR.
Principal Deputy Assistant Secretary
of Defense (MRA&L)



MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

1 MAR 1979

MEMORANDUM FOR THE SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Military Personnel at Commercial/Industrial Facilities

In recent years, the General Accounting Office has issued several reports suggesting that the Department of Defense could use civilians more extensively in positions not requiring military personnel. I have told GAO that we do not intend to undertake a large civilianization program at this time because of our wartime requirements for trained military manpower and because of the continuing pressure to reduce civilian employment.

However, I agree with GAO that there is a need to reduce the costs associated with the assignment and support of small numbers of military people at certain commercial/industrial facilities. The GAO's draft report, "Defense Use of Military Personnel in Industrial Facilities - Largely Unnecessary and Very Expensive" (OSD Case #5080), documents their findings. Although military personnel may be required at these activities for valid reasons, the support programs (and costs) for these personnel appear in some cases to be inordinate. Some of the facilities to which I am referring -- each authorized less than 2,000 military manpower spaces -- are listed in the enclosure.

I would like you to review the military manning and the amount of support at these and at any other activities which have small numbers of military assigned, and to take necessary steps to reduce support costs where appropriate. One possibility that you should consider is consolidating at a few activities the military billets that are now thinly spread among many activities. This would provide overhead savings you could apply to other requirements.

Please advise me of the results of your review -- including actions taken or planned -- by 15 May 1979.

ROBERT B. PIRIE, JR.
Principal Deputy Assistant Secretary
of Defense (MRA&L)

(962116)

Single copies of GAO reports are available free of charge. Requests (except by Members of Congress) for additional quantities should be accompanied by payment of \$1.00 per copy.

Requests for single copies (without charge) should be sent to:

U.S. General Accounting Office
Distribution Section, Room 1518
441 G Street, NW.
Washington, DC 20548

Requests for multiple copies should be sent with checks or money orders to:

U.S. General Accounting Office
Distribution Section
P.O. Box 1020
Washington, DC 20013

Checks or money orders should be made payable to the U.S. General Accounting Office. NOTE: Stamps or Superintendent of Documents coupons will not be accepted.

PLEASE DO NOT SEND CASH

To expedite filling your order, use the report number and date in the lower right corner of the front cover.

GAO reports are now available on microfiche. If such copies will meet your needs, be sure to specify that you want microfiche copies.

AN EQUAL OPPORTUNITY EMPLOYER

**UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



THIRD CLASS