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GENERAL ACCOUNTING OFFICE WASHINGTON DC FEDERAL PERS--ETC F/G 5/1
DOD'S MANAGEMENT OF CIVILIAN PERSONNEL CEILING5.(U)

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

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-204269

AUGUST 18, 1981

The Honorable William J. Hughes
House of Representatives

Dear Mr. Hughes:

Subject: DOD's Management of Civilian Personnel Ceilings,
(FPCD-81-66)

On September 29, 1980, you asked us to review how the Department of Defense (DOD) used its authority to exceed its civilian personnel ceilings and how personnel ceilings affected mobilization. On February 6, 1981, we briefed you and your staff on the results of our work. At that meeting, we agreed to revise the assignment's objectives to determine:

1. How the increase over DOD's fiscal year 1980 authorized civilian personnel end-strength was used and whether the Naval Air Engineering Center (NAEC) requested an increase in its fiscal year 1980 end-strength allocation.
2. If NAEC received disproportionate reductions for its civilian personnel during fiscal years 1977-80, compared to other Naval Air Systems Command (NAVAIR) activities.

At a June 17, 1981, meeting, we informed you that DOD exceeded its authorized personnel end-strength only in fiscal year 1980 and that DOD's use of this authority was consistent with the intent of the DOD Authorization Act. We also informed you that NAEC did not request an increase in its fiscal year 1980 personnel end-strength allocation. Moreover, although NAEC received disproportionate reductions for its civilian personnel during fiscal years 1977-80, NAVAIR officials said they allocated end-strengths to each of their

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activities, which include NAEC, on the basis of the relative priority of the activity's functions within NAVAIR. Consequently, some activities end-strengths were reduced by a greater percentage than others. This letter confirms the information we provided in our briefing.

OBJECTIVES, SCOPE, AND METHODOLOGY

We obtained information on how the increase over DOD's fiscal year 1980 authorized civilian personnel end-strength was used primarily through discussions with officials from DOD's Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) and Departments of the Army, Air Force, and Navy civilian staffing offices. We reviewed pertinent hearings and DOD Authorization Acts.

We interviewed officials from the Navy's Office of the Comptroller, Naval Material Command (NMC), and NAVAIR to obtain data on their fiscal years 1977-80 allocated civilian personnel end-strengths. We also obtained explanations from these officials for NAVAIR end-strength adjustments to determine the rationale for some activities' receiving a larger percentage reduction than others.

DOD'S FY 1980 USE OF ITS AUTHORITY TO EXCEED ITS CIVILIAN PERSONNEL CEILING

For each fiscal year since 1975, the DOD Authorization Acts established annual fiscal-year-end ceilings on DOD civilian employment. DOD is responsible for allocating its authorized employment end-strength among its components.

In fiscal years 1975-77, the Congress gave the Secretary of Defense authority to exceed the ceiling by not more than one-half percent of the total authorized end-strength if he determined that it was in the national interest. This authority was increased in fiscal year 1978 to 1-1/4 percent and again in fiscal year 1981 to 2 percent. In fiscal year 1981, the Secretary of Defense was also authorized to increase civilian employment if proposed conversion of work to private contract did not prove feasible.

Before fiscal year 1981, the Secretary of Defense notified the Congress three times of his intent to use this authority. However, only in fiscal year 1980 did DOD actually exceed its authorized end-strength. In its original fiscal year 1980 end-strength request, DOD estimated a need for 985,146 civilian employees. However, by the time the Congress authorized DOD's civilian end-strength, its civilian

staffing requirement increased by 5,854 over the original request, to a total of 991,000. Therefore, DOD never allocated the congressionally authorized end-strength to the military services. Rather, it allocated the revised end-strength of 991,000.

The increased end-strength was needed primarily for the following reasons:

- Authorized medical support positions were increased by about 333 for each service because of the concern expressed by the Congress over the need for additional clerical and medical technician support to preclude military physicians from having to perform time-consuming duties which detracted from proper use of their skills.
- The Naval Air Rework Facilities (NARFs) positions were increased by 1,200 because of congressional concern that the NARFs ceilings were being reduced without considering (1) an efficient operating rate for the facilities, (2) whether work could be done more cheaply at these facilities than by private contract, and (3) baseline mobilization requirements for aircraft maintenance facilities.
- Staffing resources for the service-life-extension program for the U.S.S. Saratoga were not included in the fiscal year 1980 budget because the Navy had not decided whether the overhaul would be performed in a private yard or in-house. A decision later made to perform the work at the Philadelphia Naval Shipyard meant that 1,900 additional civilian personnel were needed.
- Some Air Force activities that had been budgeted to convert to private contract were shown to be less expensive if done in-house. Consequently, 1,900 additional positions were needed to continue to perform the activities in-house.

The details of DOD's fiscal-year-1980 use of its authority to exceed its ceiling are contained in enclosure I.

PERSONNEL REDUCTIONS AT NAEC

NAVAIR is responsible for allocating its civilian personnel end-strengths among its activities, one of which is

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NAEC. Over the last 3 fiscal years, NAVAIR's allocated civilian personnel end-strength was reduced by 2,615, or 6.5 percent. Some activities, including NAEC, which received a 12.7 percent reduction, took more than a proportionate share of NAVAIR's total reduction. (See enc. II.) "Proportionate share" is defined as the same percentage increase or decrease that NAVAIR received.

NAVAIR allocates end-strengths to its activities on the basis of relative priorities

NAVAIR officials said that, when their end-strength is reduced, they do not merely make proportionate reductions to their activities. Rather, the reductions are made on the basis of (1) NAVAIR's relative priorities and (2) constraints placed on NAVAIR by external sources. Thus some activities can and do sustain larger reductions than others.

According to NAVAIR officials, civilian personnel ceilings have hindered their ability to carry out a balanced program of workload and staffing resources. In addition to contending with the limitations caused by personnel ceilings, NAVAIR must contend with other constraints. For example:

- The Congress may make specific recommendations regarding an activity's allocation.
- Upper echelons of Navy management may direct NAVAIR to maintain or increase an activity's allocation.

Examples of some specific constraints include:

1. In the last 3 fiscal years, both the Senate and the House Armed Services Committees provided the Navy with specific guidance to maintain or increase the NARFs allocated end-strength. The Congress was concerned that the proposed NARFs staffing levels were inadequate for their increased workload and this, in turn, would affect the NARFs mobilization levels. The NARFs comprised about 60 percent of NAVAIR's 38,000 civilian personnel in fiscal year 1980.
2. In fiscal year 1979, NMC directed NAVAIR to increase the number of personnel at the Naval Plant Representative Offices (NAVPROs) to reduce the backlog of work at those offices. Consequently, the allocated end-strengths of other NAVAIR activities were reduced.

These constraints greatly reduced NAVAIR's flexibility in allocating personnel end-strengths to its activities.

Information about specific adjustments made to all NAVAIR activities' allocated end-strengths during fiscal years 1977-80 was not readily available. NAVAIR officials, however, provided a breakdown of the various adjustments made in NAEC's allocated end-strengths. Many of the adjustments were the result of decisions made by the Congress, DOD headquarters, or Department of the Navy headquarters. (See enc. III.) However, NAVAIR was responsible for allocating the end-strengths it received among its activities.

NAVAIR officials said that, limited by various constraints, they allocated end-strengths to each of their activities on the basis of the relative priority of the activity's functions within NAVAIR. However, these officials could not reconstruct the rationale for NAVAIR's decisions or document such considerations as priorities and the activities' workloads at the time the allocations were made.

NAEC's actual on-board end-strength
has never fallen below its minimum
civilian requirement

Even though NAEC's end-strength has been reduced while its workload has increased or remained stable, NAEC has consistently had the minimum number of personnel required for its mission. According to NAVAIR officials, the minimum civilian staffing required to continue NAEC operations in accordance with its assigned mission has been approximately 1,700 since fiscal year 1978. Below are the actual number of civilian personnel on board at NAEC on the last day of fiscal years 1978, 1979, and 1980.

<u>FY</u>	<u>Actual on-board end-strength</u>
1978	1,926
1979	1,798
1980	1,761

As shown, NAEC's actual end-strength has been consistently above the minimum required for its mission. DOD can allow an activity like NAEC to exceed its allocated end-strength so long as DOD's total employment does not exceed its authorized end-strength on the last day of the fiscal year. Furthermore, NAEC did not request any additional civilian personnel after it received its end-strength allocation.

NAVAIR officials were concerned that NAEC's end-strength level for fiscal year 1982 was targeted by the Navy to be 1,525 (175 below the minimum required staffing level). However, since that time, NAVAIR officials have been notified that NAEC is targeted to receive the minimum requirement of 1,700 in fiscal years 1981 and 1982.

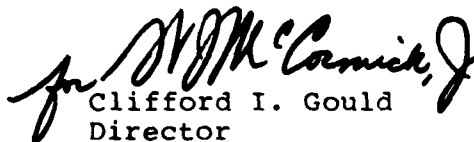
CONCLUSION

We believe DOD's fiscal year 1980 use of its authority to exceed its civilian personnel ceiling was consistent with the intent of the DOD Authorization Act. The Congress allowed DOD this additional flexibility to handle unforeseen events not covered in the budget process.

NAVAIR, hindered by personnel ceilings and other constraints, has attempted to carry out a balanced program of workload with staffing resources. Thus management decisions are made on the relative priority of the activity's functions within NAVAIR. Consequently, some activities' end-strengths will be reduced by a greater percentage than others. This has been the case at NAEC which has taken a larger percentage reduction than NAVAIR and some of its other activities over the last 3 fiscal years.

As requested by your office, we did not obtain written comments on this report, but informally discussed it with DOD officials. As arranged with your office, a copy of this report is being sent to Congressman Richard C. White. We plan no further distribution of this report until 5 days after the date of the report. At that time we will send copies to interested persons and make copies available to others on request.

Sincerely yours,


Clifford I. Gould
Director

Enclosures - 3

FY 1980 USE OF DOD'S AUTHORITY TO EXCEED ITS CEILING

<u>Agency</u>	<u>Revised requirements</u>	<u>President's original requested end-strength</u>	<u>President's revised programed end-strength</u>
Navy			
	NARFs	1,200	
	Overhaul of U.S.S		
	<u>Saratoga</u>	1,900	
	Medical support	333	
	Miscellaneous	167	
		<u>3,600</u>	<u>308,300</u>
Air Force			
	Contact conversions	1,900	
	Medical support	333	
	Miscellaneous	267	
		<u>2,500</u>	<u>243,900</u>
Army (note a)			
		<u>(940)</u>	<u>359,100</u>
DOD agencies (note a)		<u>694</u>	<u>79,700</u>
Total		<u>5,854</u>	<u>991,000</u>

a/According to the Secretary of Defense's notification letter to the Congress of his decision to increase civilian employment, the primary reason for the reduction in Army civilians and the increase in DOD agencies was the transfer of certain logistic support functions in Europe from the Army to the Defense Logistics Agency.

SCHEDULE COMPARING NAVAIR ACTIVITIES'
ALLOCATED END-STRENGTHS FOR FYS 1977-80

	FY 1977		FY 1980		FYs 1977-80	
	<u>Allocated personnel end-strength</u>	<u>Percentage of NAVAIR's total</u>	<u>Allocated personnel end-strength</u>	<u>Percentage of NAVAIR's total</u>	<u>Decrease</u>	<u>Percentage change</u>
NAVAIR activities:						
NAF's	23,868	58.9	22,695	59.8	(1,173)	(4.9)
NAEC	<u>a/1,941</u>	4.8	1,695	4.5	(246)	(12.7)
NAC (note b)	2,431	6.0	2,231	5.9	(200)	(8.2)
NAIC (note c)	2,116	5.2	1,985	5.2	(131)	(6.2)
NAPC (note d)	607	1.5	581	1.5	(26)	(4.3)
PMTC (note e)	4,155	10.2	3,634	9.6	(521)	(12.5)
RDT&E activities (note f)	447	1.1	137	.4	(310)	(69.4)
O&M activities (note g)	<u>4,975</u>	<u>12.3</u>	<u>4,967</u>	<u>13.1</u>	<u>(8)</u>	<u>(.2)</u>
Total	<u>40,540</u>	<u>100.0</u>	<u>37,925</u>	<u>100.0</u>	<u>(2,615)</u>	<u>(6.5)</u>

a/Represents the end-strength of NAEC and the Naval Air Test Facility (NAITF) which was disestablished and transferred to NAEC.

b/Naval Avionics Center.

c/Naval Air Test Center.

d/Naval Air Propulsion Center.

e/Pacific Missile Test Center.

f/Research Development Test and Evaluation.

g/Operation and Maintenance Navy.

NAVAIR OFFICIALS EXPLANATION FOR ADJUSTMENTS MADEIN NAEC'S ALLOCATED END-STRENGTHS DURING FYs 1977-80

<u>Adjustment</u>	<u>Positions</u>	<u>Explanation</u>	
FY 1977 end-strength	1,591		
Transfer of NATF	+350	NATF was consolidated with NAEC.	
Program budget decision 222-- productivity	-16	OSD (Office of the Secretary of Defense) reduced DOD's overall end-strength by 1 percent under the assumption that overall productivity would increase by 1 percent. This reduction was based on the assumption that fewer people would be needed if the work was performed more efficiently. Consequently, DOD's organizational components were reduced by 1 percent. NAVAIR's end-strength was reduced by 409. NAVAIR distributed this reduction to its activities as follows:	
		O&MN activities	-53
		RDT&E activities	-8
		NIF (Navy Industrial Fund)/ RDT&E activities:	-84
		PMTC	-41
		a/NAEC	-16
		NATC	-21
		NAPTC (Naval Air Propulsion Test Center)	-6
		NARF's	-240
		NAC	-24
		Our analysis showed that these activities received about a 1-percent reduction in their end-strengths.	
Program budget decision 228	-32	OSD directed that acquisition management personnel within DOD be reduced. According to NAVAIR's records, NAVAIR only levied this reduction against its NIF/RDT&E activities even though other NAVAIR activities had acquisition management personnel. The reduction was distributed as follows:	
		NATC	-34
		PMTC	-98
		NAPTC	-16
		NAEC	-32

a/In fiscal year 1979, NAEC was redesignated as an NIF/O&MN activity in lieu of a NIF/RDT&E activity.

<u>Adjustment</u>	<u>Positions</u>	<u>Explanation</u>																								
FY 1978 end-strength	1,893																									
Navy Comptroller reduction	-25	DOD and thus its services were congressionally mandated to reduce their end-strengths. NAVAIR's end-strength was reduced by 257. The distribution to the NAVAIR activities was as follows:																								
		<table border="0"> <tr> <td>PMTC</td> <td>-81</td> </tr> <tr> <td>NAPTC</td> <td>-3</td> </tr> <tr> <td>NATC</td> <td>-36</td> </tr> <tr> <td>NAEC</td> <td>-25</td> </tr> <tr> <td>HQ</td> <td>+23</td> </tr> <tr> <td>NAVPROs</td> <td>-7</td> </tr> <tr> <td>NPC (Naval Photographic Center)</td> <td>-25</td> </tr> <tr> <td>NALC (Naval Air Logistics Center)</td> <td>-3</td> </tr> <tr> <td>NAESU (Naval Aviation Engineering Service Unit)</td> <td>-1</td> </tr> <tr> <td>NAVWESA (Naval Weapons Engineering Support Activity)</td> <td>-37</td> </tr> <tr> <td>NAVMIRO (Naval Material Industrial Resources Office)</td> <td>-2</td> </tr> <tr> <td>CALABs (Calibration Laboratories)</td> <td>-60</td> </tr> </table>	PMTC	-81	NAPTC	-3	NATC	-36	NAEC	-25	HQ	+23	NAVPROs	-7	NPC (Naval Photographic Center)	-25	NALC (Naval Air Logistics Center)	-3	NAESU (Naval Aviation Engineering Service Unit)	-1	NAVWESA (Naval Weapons Engineering Support Activity)	-37	NAVMIRO (Naval Material Industrial Resources Office)	-2	CALABs (Calibration Laboratories)	-60
PMTC	-81																									
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		The NARFs were excluded from this reduction because the Congress had provided specific guidance to maintain or increase NARFs' allocated end-strength. According to NAVAIR officials, NAVAIR considered the workload of the activities when it made the distribution.																								
Functional transfers (Realignments)	-6	A decision was made to reallocate end-strength from one activity to another to staff new or consolidated functions. The following realignments were made from NAEC to:																								
		<table border="0"> <tr> <td>The Office of Naval Research for the Navy Ordinance Research Development Activity.</td> <td>-4</td> </tr> <tr> <td>The Naval Air Development Center for the Electromagnetic Interference Program.</td> <td>-1</td> </tr> <tr> <td>The Naval Electronic Systems Command for the Anti-Submarine Warfare Operations Center.</td> <td>-1</td> </tr> </table>	The Office of Naval Research for the Navy Ordinance Research Development Activity.	-4	The Naval Air Development Center for the Electromagnetic Interference Program.	-1	The Naval Electronic Systems Command for the Anti-Submarine Warfare Operations Center.	-1																		
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<u>Adjustment</u>	<u>Positions</u>	<u>Explanation</u>
NAVAIR rebalancing	-84	NAVAIR reduced NAEC's end-strength to compensate for increases in the end-strength of NAVPROs and NALC for the CALABs. The reallocations from NAEC to NAVPROs and NALC were 48 and 36, respectively. This rebalancing reflected NAVAIR's relative ordering of priorities of workload. (A recent Navy Comptroller decision to transfer funding for overhaul and repair of catapults and arresting gears from NAVAIR, to the Fleet was a consideration in this reallocation of end-strength.)
Leach Amendment	-40	DOD's authorized end-strength was reduced by about 10,000 because of the Government-wide employment ceiling imposed by the Civil Service Reform Act (commonly referred to as the Leach Amendment). Consequently, this reduction was distributed among DOD's organizational components, and the process continued downward until the operating activities like NAEC received a reduction. NAVAIR received a 499 reduction due to the Leach Amendment. According to NAVAIR officials, NAVAIR distributed this reduction on the basis of its relative priorities and the

<u>Adjustment</u>	<u>Positions</u>	<u>Explanation</u>
		workload of its activities. The distribution to NAVAIR's activities was as follows:
		NAVWESA -63
		NARF's -300
		NAC -12
		NAEC -40
		NATC -15
		a/NAPC -4
		PMTC -64
		NWEP (Naval Weapons Evaluation Facility) -1
		NAVAIR officials said that, because NAEC's workload had decreased, NAEC received a larger reduction than NAC which is in the same budgetary line as NAEC.
FY 1979 end-strength	1,738	
Functional transfers (Realignments)	-5	(See explanation for realignments on p. 4 on this enclosure.) The following realignments were made from NAEC to:
		The Office of Naval Research for the Navy Ordinance Research Development Activity -4
		Joint Project Management Office for the Cruise Missile Program -1
Functional transfers	-3	A decision was made that certain functions should be performed some place other than NAEC. The following functions were transferred:
		Navy Management Information System to Headquarters -1
		Navy Data Automation Center to Headquarters -2

a/During fiscal year 1978, the Naval Air Propulsion Test Center was renamed the Naval Air Propulsion Center.

<u>Adjustment</u>	<u>Positions</u>	<u>Explanation</u>								
NAVAIR rebalancing	-33	Because NAVAIR received a reduction in its end-strength, NAVAIR therefore reduced NAVWESA's end-strength to about 200. However, NMC directed that NAVWESA's end-strength should not be below 240. NAVAIR, therefore reduced NAEC's end-strength to compensate for increasing NAVWESA end-strength to about 240. The reallocation from NAEC to NAVWESA was 33. (Since NMC was proposing a reduction to NAEC because of the decision to transfer funding for overhaul and repair of catapults and arresting gears from NAVAIR to the Fleet, NAVAIR levied this internal reduction on NAEC.)								
Civilian personnel wrap-up- decision package set 605	-2	In an effort to adjust the Navy's overall authorized end-strength, NAVAIR's end strength was reduced by 20. The distribution to the NAVAIR activities was as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>NAC</td> <td style="text-align: right;">-5</td> </tr> <tr> <td>NAEC</td> <td style="text-align: right;">-2</td> </tr> <tr> <td>NATC</td> <td style="text-align: right;">-6</td> </tr> <tr> <td>PMTC</td> <td style="text-align: right;">-5</td> </tr> </table>	NAC	-5	NAEC	-2	NATC	-6	PMTC	-5
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NAEC	-2									
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