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REPORT TO THE CONGRESS

UNITED STATES GENERAL ACCOUNTING OFFICE

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Millions Could Be Saved Annually And Productivity Increased If Military Support Functions In The Pacific Were Consolidated

Department of Defense

In view of inflation's impact on the cost of U.S. military operations and the impending, huge budget deficit, the Department of Defense should take advantage of all opportunities to reduce costs without impairing military missions.

This report shows that substantial savings are possible by consolidating support functions. The Congress should review what is being done to achieve these savings when considering future authorization and appropriation requests.



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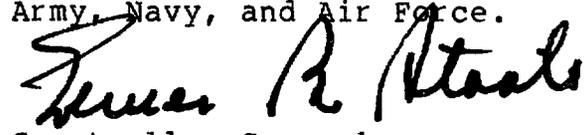
To the President of the Senate and the
Speaker of the House of Representatives

In May 1972 we reported that many opportunities to reduce military costs in the Pacific area, by consolidating common services through interservice support arrangements, had been passed up. To determine the adequacy of corrective actions taken as a result of our 1972 report, we made a followup review in 1974.

This report demonstrates how the Department of Defense can increase productivity and reduce costly military support functions in the Pacific. It discusses the need for greater emphasis upon eliminating duplicative operations among the services.

We made our examination pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the Secretaries of the Army, Navy, and Air Force.


Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	i
CHAPTER	
1 INTRODUCTION	1
Prior GAO review	1
Spiraling overseas costs increase	
importance of interservice support	2
Procedures for interservice support	3
Scope of review	4
2 IMPROVEMENT NEEDED IN INTERSERVICE SUPPORT PROGRAM	5
Insufficient efforts by joint	
overseas coordinating groups	6
More thorough study of interservice	
opportunities needed	9
Need for directive authority by the	
Pacific Command	10
Agency comments and our evaluation	12
Conclusions	13
Recommendations	14
3 SIGNIFICANT SAVINGS AND INCREASED PRODUC- TIVITY CAN BE REALIZED THROUGH INTER- SERVICE CONSOLIDATION OF SUPPORT FUNCTIONS	16
General cargo ports in Japan	16
Administrative aircraft support in Japan	20
On-base housing and household furnishings	
management in Okinawa	22
Maintenance of real property in Hawaii	
and Okinawa	24
Industrial gas production in Okinawa	29
AUTODIN terminals in Hawaii	30
Equipment calibration	31
Procurement offices	37
Civilian personnel offices	41
Conclusions	44
Recommendations	45

	<u>Page</u>	
CHAPTER		
4	INTRASERVICE CONSOLIDATIONS OFFER OPPORTUNITIES FOR SAVINGS	47
	Aircraft maintenance at Yokota Air Base, Japan	47
	Army quality control/quality assurance in Okinawa	48
	Logistics staffs at Kadena Air Base, Okinawa	49
	Agency comments	49
	Conclusions	50
APPENDIX		
I	Letter dated May 23, 1975, from the Acting Assistant Secretary of Defense, Installations and Logistics	51
II	Principal officials responsible for activities discussed in this report	63

ABBREVIATIONS

AUTODIN	automatic digital network
CINCPAC	Commander in Chief, Pacific
CPO	civilian personnel office
DOD	Department of Defense
DRIS	Defense Retail Interservice Support
GAO	General Accounting Office
JTCG-METCAL	Joint Technical Coordinating Group-Metrology and Calibration
QC/QA	quality control/quality assurance

D I G E S T

In May 1972 GAO reported that opportunities to reduce costs in the Pacific area by consolidating expensive military support functions had been passed up by the Department of Defense.

Although the Department has since revised its manuals and issued new directives aimed at increasing interservice support, these changes have been insufficient. An effective system still does not exist.

Substantial savings are possible by consolidating support functions. The Congress should review what is being done to achieve these savings when considering future authorization and appropriation requests.

Overseas coordinating groups responsible for identifying and proposing worthwhile opportunities for interservice support have, for the most part, been ineffective. (See p. 5.)

Local commands have prevented worthwhile consolidations of support functions through self-centered objections and reluctance to relinquish personnel or other resources necessary to achieve interservice support.

The Secretary of Defense has not authorized the Pacific Commander clear-cut authority to direct consolidations of support functions over these same narrow objections.

GAO reviewed selected support functions offering potential for consolidation and found that significant savings and increased productivity could be realized from consolidating

--Army and Navy general cargo ports in Japan
(see p. 16),

--Army and Air Force administrative aircraft
support operations in Japan (see p. 20),

- base housing and household furniture management of all services in Okinawa (see p. 22),
- real property maintenance in Hawaii and Okinawa (see p. 24),
- Army and Air Force industrial gas production plants in Okinawa (see p. 29),
- automatic digital network terminals in Hawaii (see p. 30),
- equipment calibration activities in Hawaii and Okinawa (see p. 31),
- procurement offices for all services (see p. 37), and
- civilian personnel offices of all services (see p. 41).

GAO did not attempt to put a total dollar figure on savings which would accrue from these consolidations. However, potential savings identified are estimated to be at least \$9.1 million annually. In addition, equipment and vehicles valued at \$6.4 million would be made available for redistribution. (See p. 44.)

GAO also identified potential for increased productivity within individual services. Reductions in annual operating costs in the Pacific Command of about \$1 million and redistribution of equipment, valued at about \$500,000, could be achieved by consolidating

- aircraft maintenance organizations at Yokota Air Base, Japan (see p. 47),
- Army quality control/quality assurance organizations in Okinawa (see p. 48), and
- logistics staffs at Kadena Air Base, Okinawa (see p. 49).

Since the functions involved are relatively standard throughout the military, more savings could probably be affected through consolidation in the continental United States and in Europe.

The Department, in commenting on the report, agreed that there are additional potential areas for interservice and intraservice consolidation in the Pacific area and outlined numerous actions taken or planned. (See app. I.)

CHAPTER 1

INTRODUCTION

We have examined the Department of Defense's (DOD's) system for identifying and consolidating its varied support functions in the Pacific Command. This report describes the opportunities available to DOD to reduce costs and improve productivity through expanded use of interservice support arrangements. It discusses whether improvements have taken place as a result of our 1972 review.

PRIOR GAO REVIEW

In May 1972 we reported¹ that many opportunities to reduce costs in the Pacific by consolidating common services through interservice support arrangements had been missed because

- not all potential cases for interservice support were identified,
- not all cases identified were explored fully, and
- interservice support arrangements were not required if one of the parties objected.

We recommended that the Secretary of Defense:

- Establish a full-time staff in the Pacific Command responsible for administering an interservice support program.
- Develop procedures to insure that the Pacific Command is informed of, and gives adequate consideration to, all potential interservice support opportunities.
- Clarify or revise Joint Chiefs of Staff directives to provide clear-cut authority for the Pacific Command

¹"Opportunities to Consolidate Support Functions in the Pacific to Reduce Military Costs," (B-160683, May 11, 1972).

to direct interservice arrangements when an evident economical advantage exists and the military missions of the services would not be compromised.

The Assistant Secretary of Defense (Installations and Logistics) stated that several actions would be taken to enhance interservice support, including

- revising DOD directives and manuals to improve resource transfers between services;
- requiring interservice coordinators at designated command levels; and
- requiring the senior DOD commander, in a geographical area, to conduct continuing analyses of interservice support opportunities.

However, the Assistant Secretary said that the Pacific Command had sufficient authority and that clarification was not necessary.

SPIRALING OVERSEAS COSTS INCREASE
IMPORTANCE OF INTERSERVICE SUPPORT

Because of rampant inflation, rapid increases in local national wages, and two devaluations of the dollar, the cost of maintaining our military presence abroad has risen sharply. This cost escalation magnifies the need to reduce and consolidate military support activities.

The recent cost increases in the Pacific area have been striking, particularly in employing local nationals. Over the 10-year period ended in 1973, DOD's average cost for a Japanese employee had increased about 540 percent. A 32.6 percent pay raise approved in early 1975, and retroactive to April 1, 1974, increased the average annual cost to over \$13,000 per employee.

Local national salaries on Okinawa are increasing even faster than on mainland Japan. As a result the percentage of the Army's Okinawa budget absorbed by local national payrolls increased from 28 percent in fiscal year 1972 to an estimated 55 percent for fiscal year 1974.

The total payroll for DOD's Japanese work force during fiscal year 1974 was expected to exceed \$400 million. In addition, each pay raise increased the U.S. Government's accrued retirement liability for these employees, which

amounted to about \$409 million in 1974. DOD is also faced with increasing costs in the other countries in the Pacific Command.

We believe that consolidating various individual service support functions under interservice arrangements offers DOD an excellent method of combating the spiraling costs, especially those for employing local nationals.

PROCEDURES FOR INTERSERVICE SUPPORT

The basic policy guidance for interservice support is contained in DOD Directive 4000.19, dated March 27, 1972. The directive established a Defense Retail Interservice Support (DRIS) program to give local commanders a means to improve operations by promoting effective use of interservice support to eliminate unjustified duplication. More detailed procedural guidance for the program is contained in a DRIS manual (DOD 4000.19-M).

The Defense Supply Agency, under the direction of the Assistant Secretary of Defense (Installations and Logistics), administers the program. Executive coordinating agents represent the heads of each military department for resolving interservicing problems at that level. Aggressive use of interservice support is the responsibility of management at all DOD operating levels, and interservice support agreements are to be executed at the lowest possible level of command.

The commanders of the overseas unified commands are responsible for coordinating the interservice support program within their areas of jurisdiction. The Commander in Chief, Pacific (CINCPAC), has this responsibility for the Pacific theater.

CINCPAC has issued instructions providing uniform guidance for implementing the program in the Pacific. The latest instruction, issued in January 1974, provided for a Joint Interservice Support Board in Hawaii to administer the DRIS program. It also makes joint overseas coordinating groups (now renamed "subzone" groups) and their subgroups responsible for the execution, recordkeeping, and success of the program. Overseas coordinating groups are established in Hawaii and each major country in the Pacific.

The coordinating groups are responsible for maintaining an aggressive, continuing review to identify and promote opportunities for interservice support when it is advantageous to DOD. Subgroups are to review selected functional areas and conduct detailed studies of those functions having interservicing potential. Also, ad hoc subgroups may be formed to conduct additional special studies.

SCOPE OF REVIEW

Our followup review evaluated the adequacy and effectiveness of the mechanism and procedures established to eliminate unneeded duplicative support functions.

Specifically, we wanted to

- determine whether the actions taken as a result of our earlier report were adequate;
- develop recommendations, if needed, to further improve the interservice support program in the Pacific; and
- attempt to identify specific examples where interservice support or consolidation would result in major savings without jeopardizing military missions.

We did our fieldwork between January and June 1974 at military support activities in Hawaii, Japan (including Okinawa), Korea, and Taiwan. It included examination of documents, records, and studies and discussions with officials of military organizations at all levels, including the Pacific-level component commands and CINCPAC in Hawaii. We contacted American Embassy officials in the countries visited and met with headquarters officials in Washington.

CHAPTER 2

IMPROVEMENT NEEDED IN

INTERSERVICE SUPPORT PROGRAM

The unified command in Hawaii has recognized the need for an improved program to eliminate unnecessary duplication of support functions in the Pacific area. Efforts have been made to improve the system for promoting interservice support since our previous report was issued. For example, CINCPAC has established a full-time, three-man staff to administer the DRIS program and has issued revised and more stringent instructions to implement this program. However, the efforts of CINCPAC and its subordinate commands have been largely ineffective because

- the overseas interservice coordinating groups either are not functioning at all or have not aggressively pursued areas offering the greatest potential;
- membership on the coordinating groups is a part-time, additional duty assignment and has not received sufficient command interest or priority;
- the studies to determine the feasibility and benefits of consolidations have often been inadequate or have been dropped without justification;
- worthwhile consolidations have been prevented because of parochial objections and unwillingness of the services to transfer necessary personnel or other resources to achieve interservice support agreements;
- CINCPAC does not have enough authority over the services to direct consolidation, when the services do not agree, even though economies are possible without compromising military missions.

INSUFFICIENT EFFORTS BY JOINT
OVERSEAS COORDINATING GROUPS

Generally, the subordinate commands have neglected the DRIS program and the overseas coordinating groups have not received sufficient command attention and support. The chairmen of these groups were spending only a small portion of their time on this function. Two chairmen acknowledged that their primary duties required so much attention that they did not have time to contribute significantly to the DRIS program.

As discussed below, these groups have either not functioned as required or have been ineffective in achieving program objectives. Consequently, numerous opportunities for consolidation and increased productivity are unrealized.

Japan

The overseas coordinating group for mainland Japan had not met for over 2 years as of February 1974. Only two of the seven required subgroups had ever functioned as a group, and neither of these had tried recently to identify potential areas for interservice support.

We did not find a single study initiated to identify specific areas with interservicing potential during the 18-month period ended January 1974. The group's records were incomplete; however, it was evident that little or no effort was being made to reduce costs or increase productivity through the use of interservice support arrangements.

As in other locations visited, involvement with the overseas coordinating group received a low priority and was considered only an extra duty. Officials in mainland Japan said that efforts to increase interservice support had been inadequate because another project, directed toward returning selected U.S. military facilities to the Government of Japan, had higher priority. We believe both projects should have been pursued concurrently.

Okinawa

Although numerous interservice support agreements are in effect on Okinawa, little has been done to foster new interservicing agreements since the reversion of Okinawa to Japan. After reversion in May 1972, the Okinawa Area Coordinating Committee (composed of Army, Air Force, and Marine Corps Generals) decided that necessary joint service actions in Okinawa should be handled by establishing ad hoc committees and forwarding results through service channels to the overseas coordinating group in mainland Japan. As a result, the Okinawa group was disbanded in July 1972.

Three subgroups were directed to continue operations and an Ad Hoc Committee for Maintenance Consolidation was established to continue an ongoing study. No additional ad hoc committees or joint service organizations had been established to review areas for interservice support when we began our review.

The four groups directed to continue operations were ineffective. For example, the Chairman of the Ad Hoc Committee for Maintenance Consolidation reported in April 1973 that 12 areas under consideration were lucrative study areas. However, the committee was disbanded, apparently after two meetings. Its files were incomplete but, based on available information, the committee's efforts did not lead to any consolidation of maintenance functions.

After the overseas coordinating group was disbanded, Okinawa relied on the group in mainland Japan to identify potential areas requiring joint service study. As noted earlier this group had not met for over 2 years and had not been providing guidance or direction to Okinawa. Although individual services had made some efforts to establish minor interservice support arrangements, little was accomplished and no system for promoting interservice support then existed in Okinawa.

The decision to terminate overseas coordinating group activity for Okinawa was imprudent. The four services had over 50,000 personnel (military, DOD civilian, and local national employees) stationed in this small geographical area; potential for consolidating various functional activities still exists.

Korea and Taiwan

Although our review was made 3 to 5 months after CINCPAC had issued revised instructions for the interservice support program, neither Korea nor Taiwan had implemented the new procedures. Officials in both countries believed the new instruction expanded their responsibilities too broadly. However, they planned to make necessary changes in their programs.

Less potential existed for increased interservice support in Korea and Taiwan than in the other locations visited. However, the overseas coordinating groups in these countries had generally inclined their efforts toward areas offering meager benefits from consolidation and had not adequately pursued areas which offered more potential.

Of the studies by the overseas coordinating group and its subgroups in Korea during fiscal years 1973 and 1974, 17 involved possible interservice support but only 1 led to an interservice support agreement with savings. Similarly, of the Taiwan group's 12 studies during the 2-1/2 years of its existence, only 1 accomplished anything--the establishment of a triservice clothing store.

Most studies by the coordinating groups in Korea and Taiwan lacked potential and were either quickly dropped or carried over from meeting to meeting without action. Other areas with potential, such as the duplication between the Army, Navy, and Air Force to accomplish real property maintenance in Taiwan, had not been considered.

Hawaii

Many interservice support agreements exist in Hawaii, but the extensive military operations on the island of Oahu offer good potential for increased interservicing. The joint service group in Hawaii has been active and more persistent in its efforts than groups in the other locations we visited, but it has had little success in expanding interservice support. Except for three single-service procurement assignments, we did not find a single study by this group, from July 1972 through April 1974, which led to an interservice support arrangement resulting in a cost reduction.

The Hawaii group, as well as other groups, has tended to select areas likely to receive the least resistance from the component services, thus overlooking areas with good potential. When areas with good potential are identified, often nothing is accomplished because of opposition by one or more services.

MORE THOROUGH STUDY OF INTERSERVICE
OPPORTUNITIES NEEDED

Effective interservice support requires thorough analyses of potential areas. Otherwise, it is virtually impossible to convince officials that consolidation is worthwhile.

One serious weakness in the Pacific Command has been the frequent failure to make thorough studies to identify logical areas for consolidation. This was illustrated by the motor pool studies in Japan and Korea. Although the Army and the Military Sealift Command had adjacent motor pools in Yokohama, this duplication was not even addressed during a study of motor pools in Japan. When we mentioned this, officials in Japan said they would consolidate the motor pools.

The overseas coordinating group study of motor pools in the Seoul, Korea, area concluded there was no potential for consolidation even though two major administrative motor pools, both with dispatch and maintenance capability, were on the same installation. A subsequent study, unrelated to the DRIS program, resulted in a directive that these two motor pools be consolidated.

Also, studies of areas with good potential have often been dropped because the studies were only superficial. For example, a subgroup of the Hawaii coordinating group studied the feasibility of consolidating calibration functions from 1972 until the time of our review. The study, however, did not develop data to enable an analysis of cost versus benefits from the proposed consolidation.

The Joint Interservice Support Board has been recommending potentially good areas to the joint service coordinating groups. This effort had little success because either the

group studies did not sufficiently determine benefits or the areas were dropped because of opposition from the component services.

In view of the unsatisfactory performance of the overseas coordinating groups, we reviewed selected support functions and analyzed them to see if consolidation would be feasible and beneficial. The results are discussed in chapter 3.

NEED FOR DIRECTIVE AUTHORITY
BY THE PACIFIC COMMAND

The Pacific Command is not authorized to direct interservice support agreements when one service opposes the proposal. A service which disagrees with an overseas coordinating group's decision on a proposed interservicing arrangement may appeal the decision at each level of command until it reaches the Joint Chiefs' of Staff. This procedure is cumbersome and has severely hampered elimination of unnecessary duplication. Not one consolidation arrangement proposed by the overseas coordination groups has been implemented when one or more services objected.

Local commands have been reluctant to give up support functions, and the individual services have tended to view proposed consolidations only as to how they affect the command and not whether they benefit DOD overall. A primary impediment to expansion of the interservice support concept has been the parochial objections.

Several such instances of support opportunities were identified, but consolidation was not attempted because of opposition by the services. In some cases the opposition was justified, but often it appeared to be merely parochial. Real property maintenance, procurement offices, equipment calibration, and civilian personnel offices are examples of support functions where significant savings could be realized by interservice support arrangements, but little has been accomplished because of resistance by individual commands or services. An official of the calibration substudy group in Hawaii said that parochial interests were the major obstacles to consolidating the calibration function.

Another major problem has been the unwillingness of services to make the necessary resource transfers without reimbursement or the inability to agree on the amount of reimbursement when no resource transfers are made. For example, a 1973 study concluded that consolidation of materials-handling equipment in Hawaii was feasible and would result in substantial savings. However, local agreement was not reached, primarily because each service had different methods of procuring equipment and commanders were unwilling to give up personnel spaces. DOD could overcome this type problem by directing that one service provide a support function to other services in a geographical area and give the providing service the necessary resources and personnel to perform the mission. This approach has been used in many locations to consolidate overland cargo and personnel transportation support.

In May 1973 CINCPAC drafted a new instruction to prescribe responsibilities and procedures for consolidating support services. The draft authorized CINCPAC to direct the implementation of interservice consolidation and related transfer of personnel and other resources among the separate services. However, in a message of July 12, 1973, the Joint Chiefs of Staff disapproved the proposed instruction and said that CINCPAC already had all the authority the services were willing to give it.

We believe this decision hamstrung the overseas coordinating groups. Currently, officials throughout the Pacific Command are reluctant to propose major interservice arrangements, because if one service objects, the chances of implementation are remote.

A DRIS program conference of executive coordinating agents and overseas unified commands' representatives was held at the Defense Supply Agency in May 1974 to discuss the program and recommend changes to the DRIS manual. The recommendations primarily involved clarifying policies and procedures for recording, implementing, and reporting interservice support agreements. This meeting, attended by representatives of the Defense Supply Agency and the Office of the Assistant Secretary of Defense (Installations and Logistics), demonstrated increasing high-level interest in interservice support; however, it did not address the heart of the problem--lack of authority below the Secretary of Defense to

direct interservice support when one service rejects the proposal.

AGENCY COMMENTS AND OUR EVALUATION

In a May 23, 1975, letter, the Acting Assistant Secretary of Defense (Installations and Logistics) commented on our findings and proposals. (See app. I.) DOD said it would review the exercise of the existing authority by the Unified Commander and the adequacy of current procedures for resolution of nonconcurrences and take any action required to insure that all appropriate interservice support is accomplished.

DOD also said that

--the Unified Commander now has authority to recommend consolidation of functions,

--specific procedures are provided for resolving any disagreements, and

--it must be recognized that the Military Departments have certain responsibilities to support their respective forces.

We believe, however, that any actions short of giving the Unified Commander directive authority will be inadequate. In response to our May 1972 report (see p.), DOD also said that the Pacific Command had sufficient authority and that procedural changes would be made as required. The failure of the Pacific Command to achieve the DRIS program goals, as discussed in this chapter and in chapter 3, demonstrates to us that clear-cut authority is needed. Throughout the Pacific this lack of directive authority frustrated efforts to consolidate functions because it was relatively easy for individual services to block proposals for inter-servicing which they opposed.

DOD said, regarding transfers of resources, that the existing procedures for releasing and transferring resources necessary to implement interservice support agreements are considered to be adequate in every important respect.

Our report demonstrates, however, that these procedures have not worked effectively and that commanders have used the difficulties in making resource transfers as excuses not to consolidate functions. A simple and forthright solution would be to also give the Unified Commander authority to furnish the providing service with necessary resources and to take excess resources from services which discontinue support functions.

DOD concurred with our proposal that internal audit organizations be required to periodically review and report on the effectiveness of interservice and intraservice support programs, including the degree of command interest and enthusiasm for effecting savings through consolidations, and stated that action will be taken accordingly.

CONCLUSIONS

Since our last report DOD has revised its manuals and issued new directives aimed at improving the interservice support program. Actions included expanding the scope of the program to include areas other than logistics, establishing a full-time staff at the unified command level to coordinate the program, and requiring the senior DOD military commander in a geographical area to conduct continuing analyses for support opportunities.

Despite the indicated actions by DOD, the Pacific Command still does not have an effective program to eliminate unneeded duplication of support functions. One major problem is that the efforts by the overseas coordinating groups, which are responsible for identifying and proposing worthwhile opportunities for interservice support have, for the most part, been inadequate because

- the responsibility is a part-time assignment at the subordinate command level and has not received sufficient command interest or priority and
- the studies made to determine the feasibility and benefits of consolidations have often been superficial or have been dropped without sufficient justification.

To correct this situation, the subordinate commands need to place a higher priority on achieving the objectives of the DRIS program. As a minimum, the primary responsibility of at least one official in each geographical area should be to achieve the program goals and the success of the DRIS program should be considered in evaluating his job performance. In addition, the subordinate commands should be required to provide sufficient qualified personnel to conduct detailed studies of areas having good potential and be receptive to identified opportunities.

Under the existing system, many areas are dropped in the field without sufficient study. We believe that interservice opportunities will continue to be overlooked until procedures are established to insure thorough studies and to prevent proposed areas from being dropped without sufficient justification.

A second major problem is that the Secretary of Defense has not authorized the Pacific Command to direct consolidation of support functions when the services do not agree, even though economies are available without compromising military missions. Therefore, worthwhile consolidations have been prevented because of local commanders' parochial objections and the services' unwillingness to transfer necessary personnel and other resources.

In view of the potential for increased productivity and economy within DOD's vast operations, high-level attention is needed to correct the situations described in this report.

RECOMMENDATIONS

Accordingly, we recommend that the Secretary of Defense:

- Delegate clear-cut authority for the unified Pacific Command to direct interservice support arrangements when it determines that economical advantages exist and military missions would not be compromised.
- Simplify procedures to release or transfer funds, personnel, or other resources when necessary to implement interservice support agreements.

- Direct that achieving the DRIS program goals be the primary responsibility of at least one official in each geographic area and that this be considered in his job performance evaluation.
- Require, as a control procedure, internal audit organizations to periodically review and report on the effectiveness of interservice and intraservice support programs.

CHAPTER 3

SIGNIFICANT SAVINGS AND INCREASED PRODUCTIVITY

CAN BE REALIZED THROUGH INTERSERVICE CONSOLIDATION

OF SUPPORT FUNCTIONS

The many examples of duplicate support functions demonstrate that the Pacific Command does not have an effective program to consolidate support functions. This chapter summarizes these examples and the related savings, increased productivity, and other advantages which could be realized through consolidations.

The following examples are not all-inclusive. They were identified during a short period in a limited number of locations. We believe DOD study groups, because of their greater familiarity with military activities, could identify additional operations which might be consolidated. DOD's comments on each of these examples (see app. I) have been incorporated as appropriate throughout this chapter.

All the proposed consolidations discussed below can and should be effected locally and promptly to achieve maximum savings. In addition, certain consolidations, such as procurement offices, civilian personnel offices, and equipment calibration functions, should also be considered for DOD-wide implementation.

GENERAL CARGO PORTS IN JAPAN

DOD operates two general cargo ports 20 miles apart in Japan--the Army port at Yokohama and the Navy port at Yokosuka. The combined cost of operating the ports was about \$4 million in fiscal year 1974. Consolidating the workload of these two ports at Yokosuka and closing the Yokohama Army port would increase productivity and reduce annual operating costs by about \$1 million. Additional savings could result from redistributing Army equipment and vehicles, valued at \$1.3 million, which would become available with the closing of the Army port.

With the phaseout of U.S. involvement in Vietnam and the resulting decrease in military operations in Japan, the volume of breakbulk cargo processed through the two DOD ports in Japan has decreased in recent years, as shown in the following table.

<u>Fiscal year</u>	<u>Measurement tons of breakbulk cargo processed</u>		
	<u>Army port</u>	<u>Navy port</u>	<u>Total</u>
1971	647,707	135,949	783,656
1972	576,325	114,841	691,166
1973	283,225	67,212	350,437
1974 (estimate)	276,000	65,000	341,000
1975 (estimate)	160,000	60,000	220,000

Containerized cargo shipments are handled by the commercial container yard in Yokohama, and only a small portion of the containers are routed through the military ports. The anticipated workload for both ports in fiscal year 1975 is less than the Army port's workload in fiscal year 1974 and is considerably less than the total for both ports in that year.

Another indication of the decline in cargo is that, in some instances, ships bypass Yokosuka and load or discharge Navy cargo at Yokohama because the quantity is not sufficient to justify the time and expense of calling at both ports. During fiscal year 1973, over 30 percent of the Navy's breakbulk cargo was processed at the Army port.

Because of this marked decline in cargo volume, either port can absorb the other's workload; however, since the Navy port is also needed to support fleet vessels operating from Yokosuka and because its operating cost is lower, the maximum savings and increased productivity would accrue from closing the Army port.

Navy's ability to absorb
Army's workload

According to Navy officials, the Navy port could absorb the workload of the Army port with few problems and with limited additional resources. At the Navy port the nine

berths available for loading and discharging cargo were used less than 18 percent of capacity during calendar year 1973. We were told that additional stevedoring gangs could increase Yokosuka's capacity for discharging cargo to 2,800 measurement tons per day, or more than 1 million tons per year. Therefore, even after absorbing the Army workload the Navy port could expand its operation in the event of future contingencies. The Navy port has about 168,000 square feet of covered storage space and more than 195,000 square feet of open storage area. Within these storage areas, the Navy has the capacity to accommodate the increased cargo storage requirements that would result from consolidating the ports.

Navy officials pointed out that DOD is trying to increase container shipments since they are more efficient and less costly than shipments of breakbulk cargo. They told us that the greater volume of cargo which would result from consolidation would enable more cargo to be containerized.

Cost savings from closing Army port

Based on our analysis of workload and cost data developed with the assistance of Army and Navy port officials, about \$1 million could have been saved during fiscal year 1975 if the Army port were closed and its workload transferred to the Navy. This estimate considers the increased ground transportation costs that would have been required to route all cargo through Yokosuka. Had only the Navy port operated during fiscal year 1974, we estimate that total costs would have been reduced by almost \$2 million.

The Army port at Yokohama is a high overhead operation with much higher staffing than the Navy port. In addition, higher productivity can be expected at the Navy port because personnel there can also load and discharge Navy fleet vessels when cargo vessels are not at berth. Direct port operating costs per measurement ton of cargo handled in fiscal year 1974 were \$8.33 for the Army port--more than double the Navy port's costs of \$3.64.

At the time of our review, the Army was undergoing a manpower reduction which was to be completed by July 1974. Despite this reduction, the cost per measurement ton was

expected to increase in fiscal year 1975 as a result of decreased cargo volume and increased local national wages.

Closing the Army port would eliminate the need for present equipment and vehicles valued at \$1.4 million. Of this, the Navy port would need equipment valued at about \$87,000 to absorb the increased workload. Therefore, Army equipment and vehicles valued at about \$1.3 million could be redistributed and additional savings realized by avoiding further equipment replacement purchases.

DOD's comments and our evaluation

DOD said that possible interservicing at these ports will be reviewed further but cited that GAO did not recognize the contingency/wartime requirement for capability of Yokohama and Yokosuka ports. DOD also said that during times of contingency Navy maintenance and resupply activity could inhibit or delay cargo port throughput at Yokosuka and that transit routes for oversize cargo are not available from Yokosuka (see app. I).

In recommending closure of the Army port, we considered the Army's objections both on grounds of future contingencies and difficult transit routes from Yokosuka for oversize cargo.

Concerning contingency requirements:

--Most Army activities in Japan which would be used to support a contingency operation have been terminated; substantial force reductions have been made by the Army and Air Force.

--We question whether the political atmosphere in Japan will, in the future, permit the United States to use its facilities to support hostilities unless those hostilities concern the security interests of Japan. In that event, we believe the Government of Japan would make the required port facilities available.

--The Navy maintains a second port in Sasebo, Japan, primarily for contingency purposes. By sea route, Sasebo is much nearer than Yokohama to the northern

Asian mainland, which vitally concerns Japan's security interests.

Concerning transit routes from Yokosuka for oversize cargo;

- While the Army was rebuilding tanks and armored personnel carriers at the Sagami Army Depot, Japan, in support of the Vietnam conflict, convenient routes for oversize cargo were required. However, this rebuild program was terminated in 1974 and no further routine requirements for oversize cargo routes exist. Except for one isolated instance, we were unable to identify any future requirements to move outside cargo.

- Although the main highway from Yokohama to Yokosuka has weight-restricting bridges and size-restricting tunnels, two other highways serve Yokosuka from the Kanto Plains area. One of these is extremely narrow in sections; the other is a good highway but takes a circuitous route. Either of these should be acceptable for moving only an occasional piece of oversize cargo.

- Should future needs arise to routinely transport oversize cargo in support of an operation with which the Government of Japan agrees, we believe the necessary port facilities will be made available.

ADMINISTRATIVE AIRCRAFT SUPPORT IN JAPAN

Eliminating duplicative administrative aircraft support currently furnished by both the Air Force and Army in Japan would make possible substantial personnel savings, increased productivity, and redistribution of high-value aircraft.

The Army has six UH-1 helicopters and one U-21A fixed-wing aircraft at Rankin Army Airfield, Camp Zama. At Yokota Air Base--only a few minutes flying time from Rankin--the Air Force has three UH-1 helicopters and five fixed-wing aircraft. Neither service has a tactical mission in mainland Japan. Consequently, all the aircraft are used for administrative support functions, including VIP and staff transportation, medical evacuation and airlift of persons having medical appointments at military hospitals, and proficiency training flights. Both installations have complete staffs to administer, maintain, and operate their aircraft and airfields.

An arrangement should be established whereby one of the services provides administrative support to the other. Either service could assume the entire helicopter function, or the Air Force could assume both the entire helicopter and fixed-wing functions. We favor the latter alternative because it would allow closing Rankin Airfield and achieving maximum savings.

Transferring Army administrative aircraft support function to the Air Force

The Army Aviation Planning Manual requires that each administrative support helicopter be flown a minimum of 35 hours per month to justify its retention. Army officials in Japan said each of their six helicopters could easily be flown 40 hours per month; this would hold true whether they were operated by the Army or the Air Force.

If three of the Army's UH-1s were transferred to the Air Force, the resulting capability of 240 hours per month (six helicopters) would satisfy the programmed flying hour requirements of 213 hours for both services.

These requirements, however, may actually be overstated. We did not analyze the administrative and medical airlift requirements to determine whether these could be met by using ground transportation instead of aircraft. Aircraft would probably not be required in all cases to transport dependents for medical appointments. Also, both the Army's and Air Force's programmed requirements are higher than the actual hours flown recently. An official at Yokota Air Base told us that the Air Force, using the five fixed-wing aircraft it already had, should be able to meet the Army's fixed-wing aircraft support requirements which are now met by the Army's U-21A.

Transferring the entire administrative support function to the Air Force would enable closing Rankin Army Airfield. This would allow the U-21A, three UH-1s, and other equipment at the airfield, valued at more than \$350,000, to be redistributed.

Closing Rankin would also result in annual personnel savings of over \$630,000 through eliminating the Army

aviation detachment there. While some additional personnel would be needed at Yokota Air Base to absorb the helicopter workload, many positions, such as control tower operators and supervisors and administrators, are duplicated at Yokota and would be eliminated if only one airfield were operated. Other positions, such as maintenance personnel, would not be replaced in direct proportion to the Army reduction.

Since the Army has no tactical mission in Japan and the airfield serves an administrative support function, we know of no reason it could not be closed.

DOD has advised us that a study is underway on this matter. (See app. I.)

ON-BASE HOUSING AND HOUSEHOLD FURNISHINGS MANAGEMENT IN OKINAWA

Establishing one consolidated activity to manage and control the on-base family housing and household furnishings of the Army, Air Force, and Navy in Okinawa would result in cost savings and other benefits. Although we did not quantify the savings, we believe they would be substantial.

In total, DOD has Government-owned household furniture valued at about \$18 million and more than 5,000 on-base family housing units in Okinawa. The Army, Air Force, and Navy employ about 120 personnel to manage and control these assets. The Marine Corps has no on-base housing but is authorized use of 185 housing units managed by the Army and Air Force. In some instances units in the same housing area are occupied by and managed by two or more services. The Government-owned furniture is used by occupants of both on-base and off-base housing.

Procedures vary among the services concerning the amount of personally owned household goods that may be shipped to Okinawa at Government expense and the type and amount of Government-owned furniture that can be used by members of the services. Generally, the Army and Air Force allow their members and civilian employees Government-paid shipment of 2,000 pounds of household goods or 25 percent of the maximum joint travel regulation weight authorization, whichever is higher. The Navy and Marine Corps authorize Government

shipment of the full joint travel regulation authorization in lieu of providing furniture. As a result, members have been forced to stay in hotels and be paid temporary lodging allowance payments for extended periods awaiting the arrival of their household goods. The Marine Corps had requested authority to purchase 47 sets of furniture, costing \$220,000, to alleviate this problem.

Further, while the Government was paying for large shipments of personally owned household goods for Navy and Marine Corps personnel, the Army and Air Force had large quantities of Government-owned furniture in their warehouses in Okinawa. In April and May 1974 Army and Air Force household furnishings valued at about \$1.5 million were in storage. Similarly, in 1971 the warehouses contained furnishings valued at \$2.3 million. With the phasedown of Army activities in Okinawa, additional Army furnishings should become available.

We believe that establishing a consolidated program for managing all DOD family housing and household furnishings in Okinawa would result in the following savings and other benefits:

- Reduced personnel costs by eliminating duplicative managerial positions.
- Greater economy and effectiveness in the use and procurement of household furnishings.
- Reduced costs for household goods shipments and temporary lodging allowance payments for Navy and Marine Corps personnel by authorizing them use of Government-owned furniture and shipment of household goods on the same basis as Army and Air Force personnel.
- More effective use of resources, and increased productivity in the repair, storage, and transportation of Government-owned furniture.

The Air Force Housing Officer favored a consolidated office for DOD on-base housing and household furniture management and agreed that it would result in savings. Establishing such an office had been considered by officials in Okinawa, but apparently was never accomplished because the services could not decide how to do it.

DOD said it generally agreed that consolidating housing and household furnishings management activities in Okinawa would result in significant cost savings and that positive measures will be taken to consolidate the above activities as soon as operations and support responsibilities there are stabilized. (See app. I.) DOD also said that decisions made in preparing the President's Budget for fiscal year 1976 require that a plan be provided to the Office of the Secretary of Defense by June 1975 for realignment of certain interservice support functions in Japan and Okinawa.

DOD said further that the military departments had made, at its request, a comprehensive economic analysis of the various methods of providing furnishings and that DOD is now reviewing the data developed and expects to establish a standard furnishings policy before the end of fiscal year 1975.

MAINTENANCE OF REAL PROPERTY IN HAWAII AND OKINAWA

Even though we have issued two reports to the Congress in recent years demonstrating that DOD could save millions of dollars through interservice consolidation of its real property maintenance activities in Hawaii, no effective action has been taken. Our current review demonstrated that major savings and increased productivity can be realized in Okinawa as well.

Following a 1967 review, we reported¹ that consolidation of the eight separate real property maintenance organizations then existing on Oahu could result in annual savings of about

¹"Feasibility of Consolidating Military Real Property Maintenance Functions on Oahu, Hawaii, and in the Norfolk, Virginia Area" (B-164217, Aug. 5, 1968).

\$2.4 million, would release construction and other type equipment valued at about \$1 million, and would reduce future equipment replacement costs. We recommended to the Secretary of Defense that (1) the separate maintenance organizations be consolidated under a single manager with supporting sub-activities, as appropriate and (2) the feasibility of consolidating similar organizations at other locations be studied.

As a result of our 1968 report, DOD established various interdepartmental committees to study the economics of consolidation. However, most of the committees, including the one for Hawaii, emphasized the joint use of equipment and increased use of and/or consolidation of commercial contracts. They did not consider our main recommendation, which was the feasibility of consolidating organizations. This inaction was the subject of another report¹ issued in 1972.

The gist of DOD's response to the 1972 report was that (1) in most situations it will be necessary for individual commanders to retain the facilities' engineering staff functions even though day-to-day operations are performed by others, (2) interservice support agreements have provided the most effective vehicle for consolidating real property maintenance, and (3) organizational consolidation was DOD's goal, whenever limitations could be overcome.

We had found, however, that in many cases the interservice support agreements were, in effect, limited to procurement of items or services or were basically host-tenant agreements.

Current situation in Hawaii

The services have seven organizations, with almost 3,000 personnel, to perform real property maintenance and related functions on Oahu. In fiscal year 1967 real property maintenance on Oahu cost about \$38 million and involved about

¹"Little Progress by the Department of Defense in Acting on Opportunities for Significant Savings by Consolidating Real Property Maintenance Organizations" (B-164217, Dec. 12, 1972).

2,750 personnel; by fiscal year 1974 costs had risen to \$75 million and personnel increased to about 2,980.

The functions of the maintenance organizations are substantially the same: maintenance, repair, and alteration of buildings, structures, equipment, and other facilities; minor construction; operation and maintenance of utilities; engineer planning; property inspection; and cost accounting. The work forces are composed primarily of laborers and general craftsmen, such as carpenters, painters, and plumbers.

There are two centers of military activity on Oahu. The largest is near Pearl Harbor where Hickam Air Force Base, Fort Shafter, and the Pearl Harbor naval complex are located. The Air Force and Navy installations are contiguous and Fort Shafter is within 5 miles of Pearl Harbor. As of June 1974 three organizations serviced the installations in the Pearl Harbor area--the Base Civil Engineer at Hickam, the Army Area Engineer at Fort Shafter, and the Public Works Center at Pearl Harbor.

Similarly, there are four major military installations in central Oahu--Schofield Barracks, Wheeler Air Force Base, the Naval Ammunition Depot, and the Naval Communications Station. The latter three are all within 10 miles of Schofield Barracks. These installations are serviced by four separate real property maintenance organizations--the Army Area Engineer, the Wheeler Air Force Base Civil Engineer, and the public works departments of the communication station and ammunition depot.

The Army Area Engineer currently maintains certain Army facilities on Wheeler Air Force Base. According to an Army official, Air Force officials agreed to let the Army maintain all facilities at Wheeler while the Air Force maintained a small Army facility contiguous to Hickam; however, when the matter was presented to an Air Force general for approval, he refused to discuss it.

The operation of separate public works organizations by Navy and Marine Corps activities despite the existence of the Navy's Pearl Harbor Public Works Center is another example of duplication. A Navy public works center is a centralized and consolidated organization intended to provide

maintenance services to a number of activities within a geographic area. Navy studies have shown that the centers provide maintenance support more economically and efficiently than separate maintenance organizations because of reduced requirements for personnel, office and shop facilities, material inventory, and shop and construction equipment.

One such study concluded that \$1.6 million in annual savings, and one-time savings of \$800,000, would result from consolidating the public works departments of four installations with the Public Works Center at Pearl Harbor. Further, the consolidation was considered feasible without seriously impairing responsiveness to mission requirements.

The Naval Audit Service, in a separate study, concluded that no further study of the feasibility of consolidating the public works functions of the installations was necessary and implementation was overdue. In 1972 one of the four activities, the Barbers Point Naval Air Station Public Works Department, merged with the Pearl Harbor Public Works Center. Estimated annual savings from this merger were over \$300,000. However, there were no plans to consolidate the public works functions of the other three--two Navy and one Marine Corps--organizations, even though obvious benefits had been identified.

The Hawaii joint service coordinating group agreed that consolidating real property maintenance was beneficial yet virtually nothing was being done.

Our current review shows that the potential savings to be realized on Oahu from consolidation of the real property maintenance organizations of all services are at least as great as described in our 1968 report. Except for the one intraservice transfer, no changes have been made that would alter our original conclusions. The estimated cost of DOD real property maintenance on Oahu for fiscal year 1974 was almost double the cost at the time of our earlier review. In addition, almost 250 more personnel are now involved.

Real property maintenance in Okinawa

A similar situation existed in Okinawa where each of the four services operated separate real property maintenance

organizations. These organizations had over 3,400 personnel, including about 480 involved in planning and administering the work. As in Hawaii, the geographical areas of responsibility of the different service organizations overlap.

Need for DOD action

Consolidating real property maintenance on Oahu and Okinawa could result in substantial savings by (1) eliminating duplicate management and administrative positions, (2) increasing the use and productivity of personnel by assigning them responsibility for a specific area rather than a specific military service, (3) eliminating the duplication of staffing for seldom-performed functions, and (4) improving coordination, scheduling, and use of equipment, thus freeing some duplicate equipment for redistribution.

Although DOD policy is to promote consolidation of proximate real property maintenance activities, lack of meaningful reviews to identify the benefits of consolidation and objections voiced by local commanders have prevented consolidations. The primary argument used by the services to prevent consolidations is possible mission impairment. This argument implies that if an installation or command cannot control and direct its own real property maintenance, it may not be able to accomplish its mission. This position ignores the fact that consolidated maintenance organizations, such as the Navy public works centers, have existed for many years without impairing military missions.

DOD's comments

DOD, in commenting on this example, reiterated some of the complex command and organizational relationships that are involved in consolidations of this type. DOD also pointed out that the Marine Corps has consolidated the real property maintenance activities in Okinawa at Camp Butler and at the Marine Corps Air Station, Futema. DOD further stated that studies of real property maintenance in Hawaii and Okinawa with a view to further interservicing have been assigned to CINCPAC. (See app. I.)

INDUSTRIAL GAS PRODUCTION IN OKINAWA

Eliminating duplicative industrial gas production plants operated by DOD in Okinawa would result in annual personnel cost savings of about \$200,000. Additional savings would be possible through redistributing equipment valued at \$281,000.

At the time of our review, both the Air Force and the Army had, or soon would have, plants capable of producing enough liquid and gaseous oxygen and nitrogen to satisfy the needs of all DOD users in Okinawa. The Army had 2 plants at Makiminato, while 10 miles away at Kadena Air Base, the Air Force had a 1-1/2-ton plant and intended to open a 5-ton plant in June 1974.

The table below shows the total DOD requirement of oxygen and nitrogen in Okinawa for the 12 months ended March 1974.

<u>Type of gas</u>	<u>Requirement</u>
Gaseous oxygen	7,190,390 cu. ft.
Gaseous nitrogen	469,975 cu. ft.
Liquid oxygen	143,024 gal.
Liquid nitrogen	98,557 gal.

The Air Force consumes about 90 percent of the liquid oxygen and nitrogen produced and requires on-base production because these are mission-essential items. Accordingly, it would seem logical for the Air Force to assume interservice responsibility for industrial gas production on Okinawa. Further, Army's consumption of gaseous oxygen should drop considerably since its depot maintenance operation, a major user of this gas, was to be phased out by the end of fiscal year 1974. However, the Army had no plans to close its gas plants.

Nearly all the operating personnel of the two Army gas plants are local national employees. Closing the plants would result in personnel cost savings of more than \$200,000. Air Force officials said their two plants could produce all the liquid and gaseous oxygen and nitrogen required by DOD on Okinawa without increasing the staffing of the plants. Further, the local Army and Air Force commands agreed that this consolidation is feasible.

The current value of the two Army gas plants and related compressors and other equipment is about \$281,000. These plants and associated equipment could be redistributed if the Air Force assumed the Army's workload and additional savings realized by avoiding future equipment replacement purchases.

Closing the Army plants would increase the cost of transporting gases needed by the Army. However, in view of the Army's declining use of gaseous oxygen, the increased transportation cost would be minor compared with the potential savings. Also, this cost could be largely offset by additional savings on maintenance and utilities for Army gas plant buildings or through possible reuse of the structures for other purposes.

DOD told us in May 1975 that consolidation of these gas plants was to be completed by June 30, 1975. (See app. I.)

AUTODIN TERMINALS IN HAWAII

Consolidation of three automatic digital network (AUTODIN) terminals in Hawaii--at Schofield Barracks, Wheeler Air Force Base, and Kunia--would result in substantial savings to the Government. We informed DOD of this in 1973 but no action has been taken.

In recent years, the DOD communications system has been criticized by congressional committees and others for its high cost and unneeded duplication. In 1972 Hawaii was specifically cited as an area needing consolidation, and the Joint Chiefs of Staff were directed to analyze communications centers within 10 miles of each other as consolidation candidates.

In a 1974 report¹ we concluded that, despite such emphasis, little had been done. We identified AUTODIN terminals at Schofield Barracks (Army), Kunia (Navy), and Wheeler (Air Force) where interservice consolidation was feasible and would result in annual savings of about \$690,000. These

¹"Need to Consolidate Responsibility for Automatic Digital Network (AUTODIN) Terminals" (B-169857, July 17, 1974).

centers are within 3 miles of each other, and Navy officials at Kunia indicated they could absorb the workloads of Schofield and Wheeler.

In September 1973 we told DOD that this consolidation, along with some intraservice consolidation, would have saved about \$1 million annually. In February 1974 DOD responded that such consolidation had been directed for Oahu. However, our June 1974 inquiry showed that the three terminals were not being consolidated--each service was striving to improve its individual facilities through further automation. Our current review showed that consolidation of these three terminals is still feasible and economical even though personnel staffing and volume of message traffic have changed.

In commenting on this report (see app. I), DOD told us that the Wheeler AUTODIN terminal has been closed and the Schofield Barracks terminal was providing over-the-counter service to Wheeler. DOD said that further elimination of terminal facilities through consolidation will be implemented when it is found to be cost effective and the resultant over-the-counter service is operationally acceptable. DOD mentioned also that the criteria of operational responsiveness has greater weight than cost savings for certain organizations and requirements.

EQUIPMENT CALIBRATION

Duplicative, independent programs and facilities for calibration, measuring, and other types of equipment are operated by the individual services. Establishing consolidated calibration facilities in just two locations--Hawaii and Okinawa--would result in estimated annual savings of about \$780,000 in personnel costs alone. Also, equipment valued at more than \$3 million could be redistributed.

Although the individual services have some unique calibration requirements, the calibration function is essentially similar in all the services and is susceptible to extensive interservicing. Despite this, the Pacific Command had not coordinated the services' programs to eliminate duplicative functions.

The services were operating numerous calibration facilities, in Hawaii and Okinawa, which employed 500 personnel and had calibration equipment valued at about \$19 million. Although limited interservice support agreements were in effect, in each of these locations calibration facilities were newly established, renovated, improved, or relocated without regard to the capabilities of other services' facilities. Also, in some instances services were actually sending equipment to another country to be calibrated, rather than sending it to another service in the local area.

The primary disadvantage of consolidation would be an increase in the cost of transporting equipment to and from the calibration facility; however, in island locations such as Hawaii and Okinawa, the increase would be minimal when compared with savings. Also, increased transportation costs could be countered by increased use of mobile calibration vans.

Hawaii

The four services in Hawaii operate a combined total of 25 calibration facilities, including various sized labs, mobile vans, and field calibration activities. These facilities employ about 230 personnel and have calibration standards equipment valued in excess of \$8 million.

The calibration function is extremely fragmented in Hawaii in that each service has at least one calibration lab and three services have multiple labs. The Marine Corps ground and avionics calibration functions are managed independently due to separate funding for the two programs. Also, four Navy systems commands have independent calibration programs in Hawaii. Efforts to consolidate the calibration functions have met with little success.

Numerous pieces of equipment are sent to other locations for calibration which could be done by other services in Hawaii. For example, the Army sends its radiac equipment to the Army calibration activity in Okinawa rather than using the Navy facility at Pearl Harbor, which calibration officials of all services believe is the best radiac facility in the Pacific. The Air Force has developed radiac capability at Hickam Air Force Base just to handle its small workload.

Also, the Air Force sends numerous pieces of equipment to Air Force facilities in the Philippines and California instead of using another service in Hawaii for its higher level calibration needs.

The various labs in Hawaii have pursued independent plans for renovation and expansion of their facilities. The Air Force calibration lab was undergoing an extensive renovation project, and the Navy lab at Barbers Point was considering expanding its capability. One Navy lab was being pressured to relocate, but military officials were considering purchasing a new building rather than merging with an existing facility--such as the Naval shipyard, which had sufficient space to house a combined lab.

In August 1973, a subgroup of the Hawaii overseas coordinating group completed a comprehensive two-phase study of the feasibility of consolidating the calibration function in Hawaii. The study concluded that consolidation in Hawaii was desirable and would result in savings, but recommended that the matter be directed to higher headquarters for implementation DOD-wide rather than locally. We were informed that parochial interests by the services and fragmentation of calibration management were the major deterrents to a local consolidation.

The study was forwarded to the headquarters of the military departments where some officials felt it lacked the data for comparing costs of consolidation with anticipated savings. Comments on the study from departmental headquarters showed that DOD--independently of the DRIS program--has given the Joint Logistics Commanders responsibility for providing interservice coordination of the DOD calibration program.

A subgroup of the Joint Logistics Commanders, the Joint Technical Coordinating Group for Metrology and Calibration (JTTCG-METCAL), had effected some calibration interservice agreements. These were minor, however, in relation to total DOD calibration activity. The group's principal activities in the area of calibration had been in standardizing calibration procedures, standardizing procedures for National Bureau of Standards support, and consolidating training activities.

Officials of the JTCG-METCAL advised us that consolidation must be considered on a case-by-case basis; however, no interservice studies were underway and none had been requested. This group's inactivity in effecting consolidation is demonstrated as follows. The Hawaii overseas coordinating subgroup had been studying the feasibility of consolidating calibration functions since 1972; however, the JTCG-METCAL was not aware of the study. Similarly, the Hawaii subgroup was not aware of the JTCG-METCAL's existence.

The chairman of the Hawaii study group conservatively estimated that 30 positions could be eliminated under a joint calibration facility. Based on cost data provided by the labs, this would result in annual personnel savings of about \$360,000. We believe once a consolidated lab becomes fully operational, even greater personnel savings could be realized. Further, we were informed that about \$2.4 million in calibration equipment could be released for redistribution.

We were told that Hawaii is a logical location for a combined calibration facility and the benefits of such a consolidation outweigh the disadvantages, but officials in Hawaii believe that DOD should direct any consolidations rather than local commands initiating them. The study had been given to the JTCG-METCAL for coordination with the Hawaii subgroup; however, no action had been taken by the end of our review.

Okinawa

Each service operates calibration activities in Okinawa, with a total of about 270 personnel and about \$10.8 million worth of calibration standards equipment. The Army has the greatest calibration capability in Okinawa. It has a partial primary calibration lab (which meets standards one echelon below the National Bureau of Standards), a secondary lab, and 14 mobile calibration units. The Army performs limited interservice support to other services in Okinawa for some calibrations beyond their labs' capabilities.

The Air Force and Navy have varying degrees of secondary lab capabilities, and most of their work is similar to that done by the Army labs. The Marine Corps capability is

limited primarily to field-level calibration and officials contended that this capability must be retained for possible deployment. Therefore, we excluded the two Marine Corps calibration activities from consideration for possible consolidation, although some of their secondary calibration could probably be provided by a consolidated lab.

As examples of duplication, the Naval Calibration Lab at Atsugi, Japan, had established an annex at the Marine Corps Air Station, Futenma, Okinawa, to calibrate the Corps' standards and test equipment rather than using existing capabilities in Okinawa. In addition, the Air Force was sending items to Clark Air Base in the Philippines for calibration when the Army could have done the work on many of these items at its lab in Okinawa.

At our request, military calibration officials visited the various calibration labs to identify possible duplication of equipment and personnel and determine the feasibility of consolidation. We were told that, except for limited amounts of service-peculiar requirements, the calibration function was common for all services and a total consolidation was technically feasible. Also, the large Army facility at Makiminato had sufficient space to accommodate a consolidated laboratory to perform all calibration requirements for Okinawa.

Calibration officials identified at least 35 positions that could be eliminated if a consolidated calibration activity (excluding the Marine Corps) were established. We estimate that this would result in annual savings in personnel costs of \$420,000. Further, these officials conservatively estimated that calibration equipment worth over \$600,000 could be redistributed.

Need for DOD-wide consolidation

While good potential exists for interservice support in specific locations like Hawaii and Okinawa, a much greater potential for savings exists through establishing a centrally funded and managed DOD program to consolidate and integrate the services' separate calibration programs on a DOD-wide basis. A single program would be the most effective way to eliminate the duplication of personnel, facilities, and

equipment. For example, procurement centralization could reduce the proliferation of different types of calibration equipment being bought by the services.

DOD has recognized the duplication of calibration operations and is trying to promote standardization and uniformity in such aspects as training and procedures. However, this has had no noticeable effect in Hawaii and Okinawa and we believe more aggressive DOD action is needed. A CINCPAC-directed study of calibration facilities in Hawaii completed in August 1973, recommended that DOD establish a calibration committee to consolidate and integrate the services' calibration programs. The Chairman of the study group stated that consolidation was a logical way to reduce costs and should have been accomplished many years ago. Representatives of the services' headquarters responded that a DOD committee was not needed since one already existed in the JTCG-METCAL. However, this group has not aggressively pursued interservicing, as evidenced by its limited accomplishments and lack of knowledge that the 2-year Hawaii study was underway.

DOD's comments and our evaluation

DOD told us that it was having in-depth reviews made of the feasibility of totally or partially consolidating calibration facilities in both Hawaii and Okinawa, and that it was writing an appendix to DOD Directive 4155.1, "Quality Assurance," to (1) formally establish the DOD Metrology and Calibration Program, (2) set forth the JTCG-METCAL role in coordinating the management of the program, and (3) advise all DOD components of their obligations and the procedures for effectively participating in the program. (See app. I.) DOD cited that as an interim measure, the JTCG-METCAL is preparing guidelines for collecting and analyzing data needed for making appropriate consolidation decisions.

DOD also said it had given our proposal for DOD-wide consolidations serious consideration but could not concur now because of a lack of pro and con operational and cost data.

We believe the missing data is of the type the JTCG-METCAL should have been compiling in carrying out its assigned responsibilities. DOD should place high priority on obtaining the data necessary for consolidation planning to avoid further proliferation of individual service calibration labs around the world.

PROCUREMENT OFFICES

Independent offices responsible for local procurement of goods and services were operated by each service on mainland Japan, Okinawa, Hawaii, Korea, Taiwan, and elsewhere in the Pacific. Based on current workload and staffing, eliminating duplicative offices in just three of these locations--Japan, Okinawa, and Hawaii--and assigning the procurement responsibility to one service would save \$2 million annually in personnel costs. Procurement efficiency and productivity would be improved in other ways, including

- lower costs for goods and services resulting from fewer procurement actions, larger volume procurements, and increased vendor competition;
- concentration of legal and technical expertise and valuable procurement information on such things as available sources of supply and prior vendor performance and prices; and
- lower administrative, overhead, and support costs.

Consolidated procurement is not a revolutionary concept. For instance, the Defense Supply Agency and the General Services Administration already provide interservice and interagency procurement support for many Government agencies. Further, in each location visited, interservice procurement was being used to a limited degree through single-service procurement assignments, a procedure under which one service buys a specific item for all military activities in the area.

Prior proposals for consolidating procurement offices have come from various sources, including our earlier report on support functions in the Pacific. Little has been accomplished, however, primarily because of parochial objections.

The situations we observed in Japan, Okinawa, and Hawaii are detailed below.

Japan

The Army, Air Force, and Navy operated six separate procurement offices on mainland Japan with a combined staff of 216 personnel. Other military activities had limited procurement authority, and the Navy had a separate office for executing construction contracts.

A Joint Procurement Coordinating Board had been established to limit duplication and competition among the separate procurement offices by proposing single-service procurement assignments. At the time of our review, however, the board had not met for over 15 months. Further, the board could not direct the establishment of single-service procurements. A service's objection to such an assignment has in the past amounted to a veto. The effectiveness of the program was questionable. For example, only 10 single-service assignments were in effect for mainland Japan. Also, though the Navy had been awarded an assignment to procure industrial gases, the Army continued to buy the gases independently.

Subsistence and stevedoring services were being contracted for by two separate offices when they should have been obtained through consolidated procurement. Navy officials claimed that, through harder negotiation, they had obtained a better contract for stevedoring services than had the Army, even though both services negotiated with some of the same companies. The Army's contracts were valued at over \$1 million and the Navy's contract at about \$375,000. If all negotiations had been handled by one service, the military would have been able to negotiate from a stronger position with a better chance of getting the best price.

Army procurement officials in Japan favored a single procurement office for Japan and acknowledged that it would result in significant savings. Air Force and Navy procurement office officials also agreed with the concept. We were informed that any of the three services could assume full responsibility for procurement and provide satisfactory service.

At our request, top officials of each procurement office provided us with estimates of the number of personnel that would be required if their office assumed procurement for all services in mainland Japan. Each estimate provided for field offices at major installations to handle necessary local actions.

Based on the average of the three estimates, about 100 personnel positions could be eliminated if procurement were assigned to one service, resulting in annual personnel savings of about \$1 million. Although there were plans for limited personnel reductions in two of the three offices, the savings from such reductions would be largely offset by a pay increase of 32.6 percent approved for local national employees in early 1975, retroactive to April 1, 1974.

Okinawa

In Okinawa 119 personnel were assigned to independent procurement offices of the Army, Air Force, Marine Corps, and the Navy Officer in Charge of Construction.

Although various single-service procurement assignments have been established in Okinawa, duplication still exists. Contracts are awarded by the separate offices, often to the same vendors, for common supplies or services. For instance, three of the offices have contracts with the same companies for office machine maintenance and repair and furniture and mattress repair.

Both Army and Air Force procurement officials in Okinawa agreed that a single office should be established and that substantial savings would result. Army officials stated that consolidation should have occurred long ago.

Army and Air Force procurement officials estimated that they would require 93 and 89 personnel, respectively, to operate a consolidated procurement office for Okinawa, assuming no procurement support was received from mainland Japan organizations. Comparing the average of these two estimates with the existing staff of 119 personnel in the separate offices, showed that 28 positions could be eliminated through consolidation, and an estimated annual personnel savings of at least \$280,000 would result.

Hawaii

The services in Hawaii had 198 personnel assigned to 10 procurement activities. The Army and Air Force each operated a separate procurement office. Many of the Navy's major procurement functions had been consolidated and were performed by the Naval Supply Center, Pearl Harbor which also handled major Marine Corps procurements. However, seven other Navy and Marine Corps activities had limited purchase authority.

At our request, the Army Procurement Agency reviewed the workload of the three major procurement offices and estimated that 105 personnel would be needed to staff a consolidated office. Using a conservative approach, we added the 23 procurement personnel assigned to the 7 other Navy and Marine Corps activities (without any reductions), making a total of 128 personnel. Based on this projected staffing, which assumes higher graded personnel than at present, about 70 positions could be eliminated and personnel savings of about \$700,000 could be realized annually.

Reaction of services

We brought our proposal for consolidation of procurement offices to the attention of officials at local management levels. Although their reactions ranged from complete agreement to complete rejection, the consensus was that consolidation was feasible and economical. In fact, as a result of our proposal, the Army and Air Force decided to consolidate their offices under the Air Force in Japan and Okinawa and under the Army in Korea. This is a step in the right direction; however, it does not go far enough. The offices of all services in each Pacific location should be consolidated.

Navy's unwillingness to consolidate in Japan is especially noteworthy since, during our fieldwork, top Navy officials in Japan were receptive to the idea of consolidation and informed us of the significant savings that would be realized. When an opportunity to consolidate was presented, however, the Navy was apparently unwilling to give up control of its procurement function.

DOD's comments

DOD has told us that it is studying the possibility of consolidating the Navy's procurement office in Japan with the previously consolidated Army and Air Force offices there. Progress is being made toward an Okinawa consolidation study and studies are also underway which address procurement in Hawaii, Taiwan, and Guam. DOD also cited examples where various commodities have been assigned to a single service for management. (See app. I.)

CIVILIAN PERSONNEL OFFICES

Separate civilian personnel offices (CPO) are operated by the individual services throughout the Pacific. CPOs provide services such as recruitment, placement, position classification, management-employee relations, employee development, training, and various administrative and clerical functions. At foreign locations, the CPOs serve both U.S. and foreign national employees.

Establishing consolidated CPOs in just three locations--mainland Japan, Okinawa, and Hawaii--would result in estimated annual savings of \$1.9 million in personnel costs alone. Even greater savings would accrue from DOD-wide consolidation. Of the locations we visited, only Taiwan had a consolidated CPO for employees of all services.

In the past, most major U.S. military installations in the Pacific area had individual CPOs performing the full range of civilian personnel services. Recent recognition that this involved considerable duplication and unnecessary costs has led to much intraservice consolidation. However, interservice consolidation, the next logical step, generally has not been undertaken.

Feasibility of consolidating CPOs

There is little need to argue the feasibility of consolidating CPOs. It has already been accomplished successfully at some locations. In Taiwan, the central civilian personnel office at Taipei Air Station services U.S. and local national employees of Army, Navy, Air Force, and joint service organizations. The office has existed for more than 10 years and serves about 3,200 employees.

Top officials of major organizations served by the consolidated office said they were entirely satisfied with the service provided. An official from this CPO stated that consolidation is feasible in locations serving larger numbers of civilian employees.

Basic policy for administration of DOD's foreign national civilian personnel is set forth in the Foreign Services Act and DOD Instruction 1400.10. It is intended that all U.S. Government agencies in a country act as a single employer by providing uniform employment conditions to all foreign national employees in the country. Similarly, the personnel management programs for U.S. employees of all services stem from the same source--the Federal Personnel Manual. CPOs consolidated across service lines would facilitate achieving a basic goal of the Government as an employer--equal treatment to all employees under like circumstances.

Except in Taiwan, where they knew that consolidation had worked, military officials at the locations we visited generally opposed interservice CPO consolidation. Their primary arguments were (1) the services have differing programs and procedures and (2) consolidation might reduce responsiveness and quality of service.

We recognize that there are procedural differences among the services, but these should not impede consolidation. The initial staffing of the consolidated office should include a mix of employees familiar with the requirements of all services. At present the consolidated office in Taiwan is satisfying the procedural requirements of three separate services. As discussed later, standardized procedures for DOD-wide use should eventually be developed.

The fear that consolidation would reduce responsiveness or quality of service is, in our view, a parochial objection. The complete satisfaction of officials in Taiwan demonstrates that quality service and adequate responsiveness across service lines can be achieved.

Cost savings and increased productivity
from consolidating CPOs

Generally, as the number of employees served by a CPO increases, economies of scale are realized and the number of office staff does not increase proportionately. The separate CPOs existing in mainland Japan, Okinawa, and Hawaii during our review had a total of more than 700 employees. Applying Air Force manpower staffing guidelines to the number of employees served, we estimate the consolidation of CPOs in these three locations would result in a reduction of 138 employees at a savings in personnel costs of \$2 million.

These estimates pertain only to the CPO operating level. Even more could be saved by designating one service as executive agent for civilian personnel management functions for the entire Pacific Command area.

DOD might find it feasible and cost effective to appoint a single service to provide all CPO support for military activities overseas. However, to maximize the benefits of consolidation, serious consideration should be given to establishing a single civilian personnel agency to service all DOD civilians--including those in the continental United States. This would provide standardization and help overcome resistance.

DOD's comments and our evaluation

DOD said it agrees that opportunities for further CPO consolidations in the Pacific and elsewhere may be possible. (See app. I.) In addition DOD stated that it is studying the potential for eventual consolidations of CPOs in Okinawa, Japan, and Hawaii and that consideration will be given to consolidating service civilian personnel regulations into DOD regulations, to make the operation of consolidated CPOs more feasible.

DOD also stated that each situation must be considered on a case-by-case basis including such factors as (1) size and mission of the activities, (2) geographic proximity, (3) potential for manpower saving and/or for improved personnel services, and (4) the workload demands which

current or planned readjustment or realignment actions generate.

Regarding the feasibility of appointing a single service to provide CPO service for military services overseas, DOD said this involved complex issues and required further study.

The positive actions cited by DOD are encouraging. Considerations, such as size, mission, and workload demands, however, have been used in the past to support parochial objections. We agree these must be considered. Care must be taken, though, to insure that studies concentrate on how to overcome such obstacles, not on finding excuses to reject consolidation.

CONCLUSIONS

The foregoing examples demonstrate that valuable potential exists for increased productivity and cost reductions in the Pacific Command by establishing interservice arrangements. Estimated annual cost reductions of at least \$9.1 million could be realized by implementing the proposed interservice consolidations for the eight examples where potential savings were identified. Also, equipment and vehicles valued at \$6.4 million could be made available for redistribution and, to the extent that this reduced future purchases, additional savings would be realized. Since the functions reviewed are relatively standard throughout the military, even more cost reductions probably could be effected through similar consolidations in the continental United States and Europe.

DOD concurred in our proposal that procedures be established to insure that consolidations proven economically feasible at one location are analyzed for possible implementation worldwide, theaterwide or at other specific locations. It said that action will be taken to insure appropriate consideration of existing interservice arrangements for application in similar situations elsewhere.

That DOD is studying most of our proposed consolidations is an encouraging step in the right direction. (See app. I.) DOD's comments on certain support functions, however, continue

to voice parochial views similar to those encountered by the overseas coordinating groups, and convince us that little will come of these studies unless stronger emphasis is placed on consolidation from the highest levels. For example, DOD said in regard to maintenance of real property in Hawaii and Okinawa that an attempt to consolidate in a given area under a single manager usually results in complex command/organizational relationships because (1) real property maintenance must respond to different priorities and command requirements assigned to each installation as a result of differing missions, and (2) size and distance are complicating factors. In conclusion DOD said CINCPAC has assigned studies of real property maintenance in Hawaii and Okinawa with a view to further interservicing.

We believe that the obstacles of differing missions, priorities and size and distance are parochial objections which can be overcome by a well planned and well written consolidation arrangement. Further, consolidation of real property maintenance has been studied ad infinitum. We believe it is now time to implement consolidations.

DOD's announcement that one consolidation action--industrial gas production in Okinawa--was underway demonstrates that any consolidation undertaken by the services tends to be of smaller activities, where less individual service resistance is expected, while the larger activities with much greater potential are neglected. Significantly, agreement to consolidate the gas plants was made after the Army's gas requirements were substantially reduced as a result of terminating a major maintenance depot operation. Had this not occurred, we suspect the Army would have resisted consolidation even though its requirements could easily have been filled by Air Force plants.

RECOMMENDATIONS

In addition to the procedural changes recommended in chapter 2, a real sense of urgency must be generated and a clear message transmitted down through military command channels, from the highest to the lowest level, that consolidation and interservicing of support functions will be adopted when they can achieve economies without impairing mission capabilities. Commanders at lower levels must be

convinced that their superiors place the utmost importance on this matter. Therefore, we recommend that the Secretary of Defense:

--Direct the consolidation of functions discussed in this report.

--Issue instructions to insure that commanders, at all levels, fully understand that he expects current and future studies to emphasize finding ways to achieve consolidation, rather than to discourage it.

CHAPTER 4

INTRASERVICE CONSOLIDATIONS OFFER

OPPORTUNITIES FOR SAVINGS

The main thrust of our review was to evaluate the interservice support program in the Pacific Command. However, we noted several examples of duplicate support functions within a military service.

Opportunities for intraservice consolidations are being overlooked because the services apparently do not have an effective system to identify duplication of effort. The examples summarized below are especially noteworthy because each involves Japan, where the military services have been facing rampant cost increases which are predicted to continue.

AIRCRAFT MAINTENANCE AT YOKOTA AIR BASE, JAPAN

Consolidating duplicate aircraft maintenance organizations at Yokota Air Base, Japan would result in annual personnel cost savings of at least \$500,000, and make possible the redistribution of equipment and vehicles valued at more than \$500,000. In addition, other operating cost savings would accrue and portions of the maintenance facilities could be released for other uses.

The 610th Military Airlift Support Squadron and the 475th Air Base Wing have separate aircraft maintenance organizations at Yokota. These two organizations have 555 personnel, being paid over \$5 million annually, and a combined inventory of equipment and vehicles valued by the Air Force at about \$5 million. No tactical aircraft are assigned to Yokota.

Both organizations have separate Chief of Maintenance staffs to provide administration, quality control, maintenance control, production analysis, and training. The organizations have separate facilities and equipment to perform their missions and both have maintenance shops for radios, radar, electrical systems, instruments, jet engines, pneudraulics, and environmental systems.

Officials from both organizations agreed there is a duplication of maintenance, especially in the Chief of Maintenance staffs, and that at least 50 positions could be eliminated through consolidation. There is also duplication of supervisory positions for avionics, field, and organization maintenance and for specialist positions, such as radio and radar. We were advised that at least 10 percent of the combined vehicle and equipment inventory would become excess under consolidation.

We believe consolidation of these two maintenance organizations could (1) result in increased productivity and reduce total staffing by at least 50 positions, with related personnel savings of over \$500,000, (2) free equipment and vehicles, conservatively estimated at \$500,000, for redistribution, (3) reduce other costs of operations, and (4) free office and shop space for other use. The reduction of 50 positions is a conservative estimate. A detailed manpower study would be needed to determine the number of actual positions to be eliminated and the specifics of the consolidation effort. Fifth Air Force officials in Japan agreed that such a study should be made.

ARMY QUALITY CONTROL/QUALITY ASSURANCE
IN OKINAWA

The quality control/quality assurance (QC/QA) function within the U.S. Army Base Command, Okinawa, was highly fragmented. More than 400 personnel, assigned to 10 organizational elements of the base command, were responsible for the function. Although the base command had a separate Directorate for Quality Control, with 267 personnel authorized as of April 30, 1974, we identified an additional 151 authorized QC/QA personnel in 9 other directorates or organizations.

Combining all QC/QA personnel under one directorate would eliminate duplicate supervisory and administrative personnel and reduce technical positions through better use of inspectors. Officials of the Directorate for Quality Control agreed that the QC/QA function should be consolidated in one organization. They estimated that as a result, the total number of personnel required could be reduced by at least 30 positions, with a savings in annual personnel costs

estimated at \$380,000. Officials based the estimated manpower reduction on the personnel savings that resulted from a previous partial consolidation of logistics QC/QA personnel which established the Directorate for Quality Control.

An Inspector General report issued in May 1973 concluded that the Army QC/QA function in Okinawa was excessively fragmented. This finding was referred to higher headquarters; however, we were informed that no studies or corrective action had taken place.

LOGISTICS STAFFS AT KADENA AIR BASE, OKINAWA

The Pacific Air Force has three separate logistics staffs at Kadena Air Base, totaling 21 personnel, responsible for such matters as supply, maintenance, logistics mobility, interservice support agreements, host-tenant agreements, war reserve material, and logistics plans.

After analyzing and discussing the logistics function at Kadena with Air Force officials, we concluded that the staffs should be consolidated to reduce costs and increase staff productivity. Officials from the three staffs agreed that this was feasible and warranted study. They said that with the present organization, many staff-hours were spent coordinating activities that a consolidated staff could perform more effectively and efficiently. Further, logistics staff and management engineering team officials estimated that five to seven positions could be eliminated, saving at least \$100,000 annually.

AGENCY COMMENTS

DOD told us that it concurred in our proposals for consolidating the QC/QA activities and logistics staffs in Okinawa and that actions were underway to consolidate each function under one organizational element. (See app. I.) DOD said the Air Force was studying the feasibility and economy of consolidating its aircraft maintenance organization at Yokota Air Base, Japan.

DOD said that major efforts had been made regarding our proposal that the Secretary of Defense direct the service

Secretaries to eliminate unnecessary intraservice duplication of support functions worldwide. It cited actions taken to improve its "tooth to tail" ratio. DOD pointed out that all support functions in Okinawa were being reevaluated in consonance with previous instructions given to the Department of the Army.

CONCLUSIONS

Our proposed intraservice consolidations could reduce annual operating costs in the Pacific Command by about \$1 million and free equipment and vehicles valued at more than \$500,000, for redistribution. We believe these examples are indicative of much greater savings to be achieved through continued effective action similar to those cited above by DOD. Although we are making no specific recommendations, we will evaluate the effectiveness of these actions in future reviews.



SR

INSTALLATIONS AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

23 MAY 1975

Mr. Fred J. Shafer
Director
Logistics and Communications Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Shafer:

This is in reply to your letter of January 23, 1975 to the Secretary of Defense requesting comments on General Accounting Office (GAO) Draft Report, "Ways to Reduce Costly Military Support Functions in the Pacific" (OSD Case #4009).

The Draft Report indicates that there are further opportunities for interservicing and intraservicing in the Pacific Command area, and recommends certain other changes. We concur that there are additional potential areas for interservice and intraservice consolidation in the Pacific area. Our comments regarding the GAO recommendations, various specific functional areas and other matters are set forth below and in the enclosure.

With regard to the recommendation that the Secretary of Defense direct consolidation of functions discussed in the Draft Report, the enclosure indicates that some consolidation actions are underway and that others are being studied. For example, decisions made in preparation of the President's Budget for FY 1976 require that a plan be provided to the Office of the Secretary of Defense (OSD) by June 1975 for realignment of certain interservice support functions in Japan and Okinawa. Where economic benefits can be obtained without reducing mission effectiveness, consolidation will be effected. However, no decision will be made regarding the particular areas which are under consideration until the studies and plans have been completed and reviewed.

With regard to the recommendation that the Secretary of Defense delegate clear-cut authority to the Unified Commander, Pacific Command to direct interservice support arrangements, when he determines economical advantages exist and the military missions of the Services involved would not be compromised, the Unified Commander now has authority to recommend consolidation of functions. Specific procedures are provided for resolution of any disagreements. However, it must be recognized that the Military Departments have certain responsibilities for support of their respective forces.

[See GAO note p. 62.]

[See GAO note p. 62.]

DoD Directive

5100.1, "Functions of the Department of Defense and Its Major Components," provides that the chain of command for purposes other than operational matters runs from the President to the Secretary of Defense to the Secretaries of the Military Departments. The Department of Defense (DoD) will, however, review the exercise of this existing authority by the Unified Commander and the adequacy of current procedures for resolution of nonconcurrences, and take any action determined to be required to assure that all appropriate interservice support is accomplished.

With regard to the recommendation on simplification of procedures to release or transfer funds, personnel or other resources necessary to implement interservice support agreements, we consider the existing procedures relating to the release and transfer of resources necessary to implement interservice support agreements to be adequate in every important respect. We continuously review resource allocation procedures to assure that those procedures are responsive to changes in mission and support assignments.

With regard to the recommendation that the Secretary of Defense direct the Secretaries of the Military Departments to eliminate unnecessary intraservice duplication of support functions through consolidation between installation host and tenant activities, or within one Command's organization, as you know, the OSD and the Military Departments have made major efforts in this respect. Actions taken to improve the "tooth-to-tail" ratio within the DoD have eliminated a number of previous duplications. In the case of Okinawa, all support functions are being reevaluated in consonance with previous directions to the Department of the Army. Other consolidation actions are being taken, for example, consolidation of Army post financial functions.

The DoD concurs in your recommendation to establish procedures to ensure that consolidations proven economically feasible at one location, including those discussed in the Draft Report, are analyzed for possible implementation worldwide, theater-wide or at other specific locations. Action will be taken to assure appropriate consideration of existing interservicing arrangements for application in similar situations elsewhere.

With regard to the recommendation that internal audit organizations of DoD be required to periodically review and report on the effectiveness

of the interservice and intraservice support program, including the degree of command interest and enthusiasm for effecting savings through consolidations, the DoD concurs. Action will be taken accordingly.

The opportunity to comment on your report in draft form is appreciated.

Enclosure
As Stated

Sincerely,


JOHN J. BENNETT
Acting Assistant Secretary of Defense
(Installations and Logistics)

PROCUREMENT OFFICES

A study of total consolidation of procurement offices in Japan is underway. Milestones for the Okinawa study are under development. There are also studies underway which address procurement in Hawaii, Taiwan and Guam. Consideration must be given in these studies and interservice support arrangements to mission differences, and to the ability of the individual Services to meet assigned requirements. In Japan, certain consolidations of Army and Air Force procurement offices were accomplished late in 1974.

[See GAO note p. 62.]

Past actions have assigned various commodities to a single Service for management. The NSC, Pearl Harbor, for example, has been assigned the commodities listed below for procurement in support of all Services' requirements in Hawaii.

NAVAL SUPPLY CENTER, PEARL HARBOR

CONTRACTS ON WHICH SINGLE SERVICE (USN) PROCUREMENTS ARE
ESTABLISHED TO SUPPORT ALL MILITARY REQUIREMENTS
(FY 75) IN HAWAII

<u>CONTRACT</u>	<u>EST. ANNUAL DOLLAR VALUE</u>
Contractor Operated Parts Store (COPARS)	\$2,500,000
Bakery Products, General Mess & Resale	2,000,000
Dairy Products, General Mess & Resale	8,000,000
Electrical Supplies	500,000
Plumbing Supplies	425,000
Packing & Crating of Household Effects	6,000,000
Stevedoring Services	526,000
Computer Time Sharing	150,000
Disposal of Volatile Liquids	16,000
UPI and AP Wire Services	12,000
Pallet Procurement	15,000
Pallet Retrieval	3,000
Joint Military Telephone Directory - Hawaii	60,000