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The method the U.S. Customs Service uses to allocate inspectors to ports-of-entry has created staffing inconsistencies and the potential for their inefficient use. Although Customs has been aware of these shortcomings for many years, only recently have efforts been made to correct the problem. In August 1976, Customs established the Productivity Task Force to develop an approach to productivity management. Findings/Conclusions: Despite the magnitude of its responsibilities, Customs does not have a system which provides detailed information on its inspection efforts and which relates such efforts to accomplishments, considering such factors as volume, processing complexity, enforcement risks, and facility restrictions. In addition, Customs terminology has not been standardized, thereby hindering the conversion of workload data to staffing requirements. A review of Customs operations at several locations showed no apparent correlation between the number of inspectors assigned to a port-of-entry and the workload in terms of activity levels, work complexity, or enforcement risks. Efforts to correct these problems through the Productivity Management and Improvement Program appear to be weakening, and top management support is needed if Customs is to make a more rational allocation of inspectors. Recommendations: The Secretary of the Treasury should direct the Commissioner of Customs to provide the Productivity Task Force the necessary leadership and the authority, guidance, and personnel to accomplish its objectives; monitor the progress of the Productivity Management and Improvement Program; and develop standardized Customs terminology for current and proposed information systems. (Author/SC)

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REPORT BY THE U.S.

General Accounting Office

Customs' Efforts To Develop A System For Assigning Inspectors Need Top Management Support

The method the U.S. Customs Service uses to allocate inspectors to ports-of-entry has created staffing inconsistencies and the potential for their inefficient use. Although aware of these shortcomings for many years, Customs has only recently made efforts to correct the problem. These efforts, however, seem to be weakening and top management support of them is needed. This report contains recommendations to the Secretary of the Treasury to get corrective efforts moving again.



GGD-78-48
MAY 2, 1978



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

GENERAL GOVERNMENT
DIVISION

B-114898

The Honorable
The Secretary of the Treasury

Dear Mr. Secretary:

This report discusses the need for the Customs Service to evaluate the inspection workload at ports-of-entry and determine the appropriate staffing levels. Customs is aware of the need and has taken certain initial steps which should help; however, such efforts seem to be faltering and need top management support. During the course of our review, we discussed matters in the report with Customs officials and considered their views in its preparation.

The report contains recommendations to you on page 36. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations within 60 days of the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen of the House Committee on Government Operations; the Senate Committee on Governmental Affairs; the House Committee on Appropriations; the Subcommittee on Treasury, Postal Service, and General Government, Senate Committee on Appropriations; the House Committee on Ways and Means; and the Subcommittee on International Trade, Senate Committee on Finance. In addition, we are sending copies to Congressman James R. Jones; the Director, Office of Management and Budget; and the Commissioner of Customs.

Sincerely yours,

W. J. Anderson

Victor L. Lowe
Director

D I G E S T

For many years the U.S. Customs Service has been aware of the shortcomings in its allocation of inspectors to ports-of-entry. Only recently has Customs begun to develop an inspector work-measurement system as one means of improving productivity management and hence, the allocation process. However, the productivity management effort seems to be weakening and needs top management support.

Customs' method of allocating inspectors to ports-of-entry has created staffing inconsistencies and the potential for their inefficient use. Customs needs to evaluate the inspection workload at the ports-of-entry and determine the appropriate staffing levels.

During fiscal year 1976, over 79 million carriers--vehicles, vessels, and aircraft--and about 270 million persons entered the country through approximately 300 ports-of-entry. To control this traffic flow and prevent illegal entry, Customs employed about 4,000 inspectors at the ports.

Despite the magnitude of its responsibilities, Customs does not have a system which provides detailed information on its inspection efforts and relates such efforts to accomplishments, considering such factors as volume, processing complexity, enforcement risks, and facility restrictions. Additionally, Customs terminology has not been standardized, thereby hindering the conversion of workload data to staffing requirements.

GAO found no apparent correlation between the number of inspectors assigned to a port-of-entry and the workload in terms of activity levels, work complexity, or enforcement risks.

For example, despite the fact that the Houston Region's (the Southwest) enforcement risks are considered to be much higher, the Boston Region (the Northeast) uses 30 percent more inspectors to process 40 percent fewer travelers. (See p. 9.) Similarly, the number of inspections per inspector at Buffalo/Niagara Falls is greater than that at another major border port only a few hundred miles away. (See p. 14.) Passenger inspection workload also varies greatly, not only among airports but also among different terminals within the same airport. (See pp. 12 and 13.) GAO also found that reported accomplishments, such as duties collected, number of passengers and cargo processed, and enforcement actions, are of limited use because of imprecise reporting terminology.

In fiscal year 1976, Customs' efforts to improve its work measurement and information systems received stimulus from two sources. On November 28, 1975, the Congress passed the National Productivity and Quality of Working Life Act (Public Law 94-136), which required each Federal agency to identify, develop, initiate, and support appropriate programs, systems, procedures, and techniques, in order to improve the agency's productivity. In February 1976, a consulting firm, hired by the Department of the Treasury to study productivity management efforts within Treasury's bureaus, cited a need for a reporting system which would enable Customs to make more informed judgments on productivity trends.

In August 1976, Customs, in response to the stimulus, established the Productivity Task Force to develop an approach to productivity management. The task force developed a productivity management model which is the central component of Customs' Productivity Management and Improvement Program. This program was established in July 1977.

The productivity management model is to provide a means for assessing the productivity of ongoing projects and systems. The model is to incorporate most of Customs' current and proposed information and workload and staff resources measurement systems. For example, the Inspection and Control Division's Workload Measurement System--an attempt to compare the number of vehicles and persons inspected, duties collected, etc. with the number and grade of inspectors and type of inspections--is to be a major component within the model. (See p. 35.)

The task force, however, is advisory in nature with no specific authority and has not held a meeting since July 1977. Key personnel have either resigned or been detailed to other work and have not been replaced. No priorities or timetables have been established. Furthermore, the task force has not issued progress reports concerning Customs' Productivity Management and Improvement Program; nor has it received progress reports from ongoing projects.

GAO believes that a viable Productivity Management and Improvement Program with attendant subprograms, such as the Workload Measurement System, should aid Customs in making a more rational allocation of inspectors to ports-of-entry. That program, however, needs top management support.

RECOMMEN. ATIONS

GAO recommends that the Secretary of the Treasury direct the Commissioner of Customs to

--provide the Productivity Task Force the necessary leadership and the authority, guidance, and personnel to accomplish its objectives;

- monitor the progress of the Productivity Management and Improvement Program; and
- develop standardized Customs terminology for the current and proposed information systems.

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ABBREVIATIONS

CAPIS	Customs Accelerated Passenger Inspection System
DEA	Drug Enforcement Administration
GAO	General Accounting Office
INS	Immigration and Naturalization Service
JFK	John F. Kennedy Airport

CHAPTER 1

INTRODUCTION

The annual flow of people and merchandise into the United States is immense. Over 79 million carriers (vehicles, vessels, and aircraft), about 270 million persons, and merchandise valued at over \$113 billion legally entered the country during fiscal year 1976. All persons, carriers, and merchandise entering the country are subject to Customs inspection. This report evaluates the U.S. Customs Service's management of its inspectors, and discusses the need for Customs to evaluate the inspection workload at ports-of-entry to better determine its staffing needs.

ROLE OF THE U.S. CUSTOMS SERVICE

Customs is responsible for assessing and collecting duties on imported merchandise, preventing fraud and smuggling (including illicit drugs), and controlling carriers, persons, and articles entering and departing the United States. Customs also enforces about 500 laws for approximately 60 other agencies, including statutes relating to motor vehicle safety and emission control, drug and firearm possession, water and air pollution, pesticide control, protection of endangered wildlife, and protection of American agriculture, business, and public health. Although Customs has not established overall agency priorities for its responsibilities, it has informally established the interdiction of drugs as its number one concern.

About 4,000 of Customs 14,000 employees in 1976 were inspectors, responsible for enforcing laws at the 300 ports-of-entry in the United States, and 1,200 were Customs patrol officers who assist inspectors at ports and patrol the 96,000 miles of border between ports.

Customs is one of four Federal agencies with first-line enforcement responsibilities at ports. The others are:

- The Immigration and Naturalization Service (INS), Department of Justice, which checks citizenship and determines admissibility of aliens.
- The Public Health Service, Department of Health, Education, and Welfare, which checks for required inoculations and health.

--The Animal and Plant Health Inspection Service, Department of Agriculture, which inspects agricultural items to keep out plant and animal disease and insects.

Other agencies with responsibility at the U.S. border are the Federal Bureau of Investigation; Bureau of Alcohol, Tobacco, and Firearms; Department of Defense; Federal Aviation Administration; Coast Guard; and the Drug Enforcement Administration (DEA).

Customs and INS generally inspect all individuals entering the country and refer specific health or agricultural problems to Public Health Service or Agriculture representatives. Customs inspectors perform all cargo inspections and refer special product problems to other agencies having enforcement jurisdiction over or interest in the items.

CUSTOMS ORGANIZATION

Customs is a decentralized agency with facilities located in 9 regions, 45 districts/areas, and about 300 ports-of-entry. Each region is headed by a commissioner and each district/area by a director. Most ports, except those located in the same city as a district office, are managed by a port director. Line authority extends from the Commissioner and Deputy Commissioner to the regional commissioner, district director, and port director. Agency policy has been to delegate authority and responsibility down to the lowest possible level of line management. The Washington, D.C., headquarters staff has little line authority and is primarily responsible for support activities.

SCOPE OF REVIEW

We reviewed how Customs determines its inspector staffing allocation and needs. Our review was made at Customs headquarters in Washington, D.C.; the Boston, New York, and Houston regional offices; the Boston, New York J. F. Kennedy Airport (JFK), Buffalo, Odgensburg, Houston, Laredo, and El Paso district offices; and several ports. These locations were selected to include both northern and southern border locations and workloads. El Paso was also selected because of congressional interest in complaints that it had an excessive workload compared to neighboring ports. We interviewed Customs personnel, reviewed records maintained at

various levels within the agency, and observed the operation of facilities at the locations visited.

We also reviewed Customs' evaluations of programs to improve inspector effectiveness and productivity, and evaluated its efforts to develop a productivity-measurement system.

CHAPTER 2

THE PROBLEM--MATCHING STAFF

TC WORKLOAD AT PORTS-OF-ENTRY

Because it has a limited number of inspectors to cope with a heavy flow of persons and merchandise into the United States, Customs needs to assign them where they will be best utilized. The current staffing method relies on local management's judgment without enough headquarters oversight. As a result, Customs headquarters personnel have no assurance that what they perceive as the agency's priorities and objectives are not being overridden by conflicting field priorities and objectives.

IMPORTANCE OF BORDER INSPECTION

Illegal entry into the United States is a serious problem. The influx of illicit drugs and illegal aliens is considered an enormous social cost. A significant aspect of the Federal strategies to reduce this cost include border interdiction--seizure and arrest at point-of-entry.

In our report, "Illegal Entry at United States-Mexico Border--Multiagency Enforcement Efforts Have Not Been Effective in Stemming the Flow of Drugs and People" (GGD-78-17, Dec. 2, 1977), we reported that border forces (at and between ports-of-entry) interdict only a small quantity of the estimated heroin and cocaine entering the United States from Mexico and that most seizures are marihuana. In fiscal year 1976, Customs, INS, and DEA, combined, seized on the southwestern border only about 6 percent of the heroin, 3 percent of the cocaine, and 13 percent of the marihuana estimated to come from Mexico.

Our report on Federal enforcement efforts along the U.S.-Mexico border also noted that Mexico was considered the major source or transit country for illicit drugs and illegal aliens entering the United States. Officials estimated that during 1975:

- 89 percent (5.2 metric tons) of the heroin reaching the United States came from poppies grown in Mexico.
- 75 percent (2,700 tons) of the marihuana coming into the United States originated in Mexico.

--One-third of the Colombian cocaine (4 to 5 tons) passed through Mexico.

--One-third of the dangerous drugs (16 million dosage units) entered from Mexico. Much of this was believed to represent diversions from U.S. exports.

An INS contractor believes that 8 million illegal aliens are in the United States, and he estimated that about 5.2 million are Mexican nationals. Additionally, although apprehensions of illegal aliens had increased, more successfully entered the United States than were prevented from entering (estimated at a two-to-one ratio).

National priorities and DEA efforts have shifted toward those drugs with the potential for causing the most social problems--heroin, cocaine, and dangerous drugs.

Our review of Federal enforcement efforts along the Mexican border, and the work of the Domestic Council Drug Abuse Task Force on the southern border, showed that most heroin, cocaine, and dangerous drugs were interdicted at ports-of-entry, while most marihuana by volume was intercepted away from the ports-of-entry. Border enforcement officials believed that the majority of hard narcotics smuggled across the southwestern border came through the ports-of-entry. The port-of-entry is probably the best border location for interdicting hard narcotics--the smuggler must at least present himself for inspection. Nevertheless, the drug interdiction task, even at the ports-of-entry, is extremely difficult.

Because of staffing limitations, a large workload, and frequent successful illegal entries, it is important that Customs have an efficient resource management system based on uniform objective criteria for assigning inspectors to help stop illegal entry. But does Customs have such a system?

HOW CUSTOMS STAFFS ITS PORTS-OF-ENTRY

Customs headquarters had issued general criteria for assigning inspectors to ports. It has delegated the responsibility for implementing these criteria to the regional commissioners, district directors, and the other field officials. According to these criteria the number of inspectors assigned to any activity should not exceed the minimum

required to adequately protect the revenue and provide reasonable service to the public. The basic assignment criterion is maximum staff utilization. The headquarters criteria provide for consideration of suggested passenger-to-inspector ratios--150 land vehicles per inspector per hour and 25 air travelers per inspector per hour. The number of inspectors assigned to particular ports can vary from these ratios at the discretion of the district director.

Field management rarely follows these criteria and generally considers them to be unrealistic. We were unable to determine the criteria used over the years to assign staff to the ports; however, the methods used to assess the effectiveness of the existing staff vary between regions.

In the Boston Region, for example, the management compares ports within the region by reviewing port activity statistics, visiting the ports, and discussing the port's activity with district and port personnel. When a port's workload appears to be increasing, management will attempt to transfer inspectors from a port whose relative workload appears to be decreasing. Little is done to determine if the prior staffing levels were acceptable or adequate to process the workload. Regional officials stated that the number of inspectors at any one port is based on management's experience in knowing how many were needed for the port's workload.

The Houston Region, on the other hand, has developed an inspector work measurement system which uses historically based standards to evaluate current performance. However, the system considers only the number of passengers and amount of cargo processed, not specialized problems such as enforcement, which may be reflected in achievements/accomplishments such as seizures, arrests, or increased duty collections. The management uses the system to compare the relative staffing levels at the ports and to assist in making staffing decisions.

Customs headquarters does not monitor the regions' use of inspectors, and therefore it has no means to substantiate the regions' budget submissions requesting additional personnel. The personnel requested are those which the regions deem necessary to implement new or expanded programs, staff new facilities, or perform support functions such as employee relations or equal employment opportunity activities.

Headquarters reviews the regional staffing requests in light of what it considers to be the agency's most important administrative and operational objectives-- improved employee relations, increased drug interdiction, etc.--for the coming year. The size of the approved budget determines how many new positions will be approved. Headquarters allocates the new staff positions to the regions based on perceived priorities and objectives; however, headquarters only recommends which requested position should be filled. It is the regional commissioner's responsibility to actually assign the new staff, based on his perception of the agency's priorities and objectives, which may or may not be the same as headquarters. Thus, headquarters has no assurance that its perceived priorities and objectives are not being overridden by conflicting regional priorities and objectives.

FACTORS BEYOND CUSTOMS' CONTROL AFFECT STAFFING DECISIONS

Customs' workload depends largely on factor beyond the agency's control. Changing requirements imposed by law, regulation, treaty, and Executive order, innovations in trade and transportation practices, the cyclical nature of passenger and cargo arrivals, and the differences in enforcement risk at the various ports make staffing decisions difficult.

Changes in regulations of other Federal agencies and in national policy can significantly influence the way Customs performs its mission. Agencies such as the Consumer Product Safety Commission and the Food and Drug Administration may ban or restrict certain imports, thereby requiring inspectors to be alert to violations and possibly causing them to perform special examinations or take samples to determine compliance with agency regulations. For example, the policy shift in the late 1960s and early 1970s to increase drug enforcement caused Customs to divert resources into the war on narcotics and dangerous drugs. Future policy determinations can similarly affects Customs' workload.

Much of the merchandise arriving in the United States by ship and truck is containerized. Containers are trailer truck boxes which on arrival are attached to trucks and towed to an importer's premises for unloading. Containerization saves loading and unloading time and helps prevent cargo thefts. However, it has placed additional burdens on

Customs by increasing nonproductive travel time and creating scheduling problems. Since it would defeat the purpose of containerization to require importers to unload and reload containers at the docks, Customs inspectors must either travel to container terminals dispersed throughout metropolitan areas to observe unloadings or verify container contents by opening tailgates, observing the visible portion of the load, and occasionally opening a carton.

Increases in the number of ports-of-entry also affect staffing decisions. When areas are designated ports, Customs, regardless of the workload at the port (amount of traffic), must assign minimum staff to operate the facilities. This new staff is drawn either from the staffs at existing ports or from new budget authorizations. In today's increasingly mobile world of international trade, port-of-entry designation is important to the economy of many cities and areas. Accordingly, much pressure is placed on the Secretary of the Treasury to approve new ports-of-entry.

The cyclical nature of passenger and cargo arrivals further complicates Customs' staffing decisions. Customs must assign inspectors, giving due consideration to periods of heavy traffic. It tries to keep waiting time to a minimum and accordingly resorts to staffing for a median traffic level. This is inefficient when the workload is low or at its peak.

The probability of smuggling (enforcement risk) varies among the ports. Customs must adjust its inspection techniques and staff for this risk--the higher the risk, the more detailed the inspection and the more staff needed. Customs believes that as a general rule, airports pose a higher enforcement risk than land ports because the air passenger has traveled to more places in a shorter time period giving him more opportunity to acquire drugs or other illegal merchandise than the land traveler. Also, Customs believes the Mexican land ports pose a higher enforcement risk than do Canadian land ports because Mexico is a heroin-producing country and Canada is not.

CHAPTER 3

APPARENT STAFFING VARIANCES INDICATE

A NEED FOR BETTER RESOURCE DATA

Inspector staffing levels should be based on the amount of activity at a particular location, taking into account matters such as the frequency and significance of violations of laws and regulations, agency priorities, the complexity of the inspection process, the enforcement efforts of other agencies, and the number and type of facilities to be staffed. A comparison of workload and staffing levels of various Customs units raises serious doubts that the current staff allocation procedure allows for these factors. However, because of the inadequate data accumulated by Customs, we were unable to determine conclusively if the variances identified reflected inconsistent staffing policies. This is discussed in chapter 4.

REGIONAL VARIANCES IN ACCOMPLISHMENT STATISTICS RAISE STAFFING QUESTIONS

We compared regional accomplishment statistics with staffing levels for the first half of fiscal year 1976 (see app. I), and there seems to be no consistent relationship between the figures. For example:

- Northern border regions (1, 8, and 9) had significantly lower ratios of persons processed to inspectors than other land border regions.
- Southwestern border regions (6 and 7) had significantly higher ratios of persons processed to inspectors than all other regions.
- Regions 8 and 9, although not considered to be high enforcement risk areas, had the highest number of seizures per inspector, yet processed fewer persons per inspector than all other land border regions.
- The non-land-border regions (2, 3, 4, and 5) have much lower ratios of persons processed to inspectors than the land borders.
- While the ratio of seizures to baggage examinations appears relatively constant in eight regions, in Region 9 the number of seizures per baggage examination is much higher than the others.

The wide regional variances in numbers of travelers processed per inspector can be partially explained by the larger number of small ports-of-entry on the northern border. These ports require levels of staffing not justified by activity levels, but necessary to keep them open. Additionally, regions have varying percentages of air and sea travelers who, due to Customs policy, usually receive higher levels of inspection than land border crossers. (See p. 11.) Obviously the non-land-border regions receive their traveler workload solely from air and sea sources.

Since the thoroughness of inspections is relative to the ratio of inspectors to workload, the staffing of the port-of-entry is critical to proper enforcement. The wide variance of traveler to inspector ratios, with the two southwestern border regions having by far the greatest disparity, raises questions about staffing procedures.

Customs headquarters personnel stated that staffing is a field function and that they rely on field managers to properly assign resources. The level of effort committed is a local decision based on workload and priorities as the field managers view them. Headquarters intervenes only when an extreme situation develops and resources are obviously misused.

We also reviewed staffing at selected locations below the regional level and observed other disparities.

INSPECTION EFFORTS VARY AT AIRPORTS AND LAND BORDER PORTS

In fiscal year 1975, only about 6.6 percent of the persons entering the United States arrived in aircraft; yet, about 33 percent of Customs' passenger inspection personnel were assigned to process these individuals.

Fiscal Year 1975 Traffic and Inspector
Staffing by Mode of Traffic

	<u>Air traffic</u>		<u>Land/sea traffic</u>		<u>Total</u>
	<u>Number</u>	<u>Percent of total</u>	<u>Number</u>	<u>Percent of total</u>	
Carriers entering	353,088	.5	75,030,037	99.5	75,383,125
Persons entering (note a)	16,686,452	6.6	235,465,818	93.4	252,152,270
Inspector staff-years (note b)	623.0	32.9	1,271.7	67.1	c/1,894.7

a/Excludes crew members.

b/Based on Customs random time sampling estimates, which exclude overtime.

c/Includes only the resources dedicated to traveler processing.

It is Customs' policy to confront every arriving air traveler. All air passengers can expect to be questioned, and about one in five will have their luggage examined. Also, where computer terminals are available, every passenger can expect to have his name checked against centralized files of known and suspected violators. This contrasts with border ports where only automobile license plates are initially screened using computer terminals and baggage is rarely examined.

Customs officials cited several reasons why extra inspectional effort is needed at airports:

--Returning American air passengers have generally been away from home longer than land border crossers and bring more dutiable items with them.

--Air passengers travel to a larger geographical area, sometimes several countries, and may have more prohibited items, including narcotics.

--Workload fluctuates more at airports, with peak periods of hectic work when passengers arrive en masse, followed by periods of inactivity.

Customs headquarters could not provide enough information on the results of the inspection effort at airports for us to determine whether or not the seemingly disproportionate effort is warranted.

QUESTIONABLE STAFFING VARIANCES
BETWEEN AND AT MAJOR INTERNATIONAL AIRPORTS

Although Customs inspects both passengers and cargo at major international airports, it does not maintain records to show how much inspector effort is devoted to each activity. To get some indication of workload, however, we compared the total number of inspectors assigned to each of four major airports to the total cargo invoices, cargo entries, and passengers processed and computed a per-inspector workload. As shown on the table below, the inspector workload varied significantly.

Comparison of Fiscal Year 1976 (July 1, 1975, to June 30, 1976) Workloads
at Four Major Airports

Airport	Inspectors (note a)	Passengers		Cargo invoices		Cargo entries	
		Total	Per inspector	Total	Per inspector	Total	Per inspector
Logan Int'l. (Boston)	40	422,514	10,563	78,584	1,965	58,448	1,461
JFK Int'l. (New York)	b/300	4,952,825	15,977	703,219	2,268	650,062	2,097
Los Angeles Int'l.	120	1,166,065	9,717	172,769	1,440	202,080	1,684
Honolulu Int'l.	60	1,117,747	18,629	(c)	(c)	14,680	245

a/Estimated staffing levels, rounded to the nearest 10.

b/Average for FY 1975 and first half of FY 1976.

c/Data unavailable.

While the variations could in part be accounted for by peaking--brief periods when large numbers of passengers arrive requiring substantial numbers of inspectors--it is interesting to note that the two airports with the highest passenger-to-inspector workloads (JFK and Honolulu) are considered by Customs to be high enforcement risk airports since they receive frequent flights from Asia and South America.

At JFK we obtained data on inspectors assigned and passengers processed by terminal. At the time, Customs processed passengers at four terminals: the International Arrivals Building, British Airways, Pan American Airways, and Trans World Airways. As shown below, the inspector workload varied considerably among terminals.

Customs headquarters officials could not explain the reasons for the staffing disparities, other than to say that staffing is generally a local management decision. Officials at JFK informed us that staffing decisions are based on their judgment of what is needed to adequately handle passenger flow.

While these variances do not in themselves show ineffective or inefficient operations, they raise questions regarding staff utilization. If a ratio of 131 passengers per inspector-day is adequate at one terminal, why isn't it appropriate at another?

Comparison of Fiscal Year 1975
Workloads at JFK terminals

	<u>Terminals</u>				<u>Total</u>
	<u>International arrivals</u>	<u>British Airways</u>	<u>Pan Am Airways</u>	<u>Trans World Airways</u>	
Passengers	<u>2,198,115</u>	<u>602,203</u>	<u>915,778</u>	<u>603,711</u>	<u>4,391,807</u>
Inspector staff-days:					
Full-time (note a)	16,646	7,924	5,565	5,761	35,896
Temporary (note b)	<u>3,206</u>	<u>2,205</u>	<u>1,449</u>	<u>1,645</u>	<u>8,505</u>
Total	<u>19,852</u>	<u>10,129</u>	<u>7,014</u>	<u>7,406</u>	<u>44,401</u>
Passengers Per inspector staff-days	111	59	131	82	97

a/Estimated based on weekly staffing assignments. Sunday staffing assumed to be the same as weekdays. Does not include weekday overtime.

b/We were unable to apportion an additional 1,757 summer temporary staff-days to the terminals.

Customs does not have a single system for inspecting air travelers. At some airports, one inspector makes the total inspection, while at others primary (preliminary screening activity) and secondary (detailed examination) inspectors are used. The method used can affect the speed of processing passengers. Customs is in the process of converting to the Customs Accelerated Passenger Inspection System (CAPIS) which uses primary and secondary inspectors and computer checks to select 20 to 25 percent of arriving travelers for detailed inspection. (See p. 23 for more information on CAPIS.)

STAFFING VARIANCES AT PORTS ALONG
THE U.S.-CANADA BORDER INDICATE AN
INADEQUATE RESOURCE MANAGEMENT SYSTEM

Buffalo/Niagara Falls and Champlain/Rouses Point are two land border ports in Region 1, a few hundred miles apart on the New York State-Canadian border. They are both major crossing points for traffic arriving from large Canadian cities (Toronto and Montreal) and handle both cargo and passenger traffic. Buffalo/Niagara Falls has between three and four times the traffic of Champlain/Rouses Point. Each port has more than one duty station to staff. Passenger traffic in Buffalo/Niagara Falls arrives over four bridges and in Champlain/Rouses Point over one major highway and four lightly traveled roads. Both have rail and truck cargo operations. Although not identical, the ports are similar.

We compared measurements of fiscal year 1976 workload with the number of full-time inspectors assigned to each port as of June 1976 and noted individual inspectors at Buffalo/Niagara Falls were inspecting over one and a half times as many persons and over twice the number of vehicles as their counterparts at Champlain/Rouses Point. Additionally, the number of baggage examinations performed per inspector in Buffalo is about three times the number performed in Champlain. A comparison of seizures could not be made because comparable information was not maintained. Cargo processing workloads in terms of entries for the two ports were about equal, and the types of cargo going through the ports appeared similar. (See app. II.)

Although available data does not indicate the relative quality or complexity of the inspections at the two ports, we did observe that vehicle inspections at Buffalo/Niagara Falls were more extensive and examinations of glove, engine, luggage, and passenger compartments were more common.

Region 1 officials stated that the imbalance in Buffalo/Niagara Falls staffing resulted from a shift of commercial goods to this port in recent years. The region has been shifting inspector positions to Buffalo from other ports when they become vacant (through attrition) and can be spared. Since headquarters does not normally provide resources to meet shifts in workload between ports, the region has found this approach to be the only practical alternative.

UNEXPLAINED VARIANCES CAN BE INDICATIVE OF SERIOUS PROBLEMS--EL PASO, A CASE IN POINT

In July 1975, Customs inspectors at El Paso, Texas, through their union, complained to the Commissioner of Customs of an "extreme personnel shortage." Although more persons crossed into the United States at El Paso than at any other port-of-entry in Region 6, the number of inspectors there was inadequate to handle the traffic. This caused long vehicle waiting lines and many traveler complaints. In an October 1975 letter to a U.S. Congressman, the inspectors stated that employee morale and health were low because of 6-day work weeks and frequent 10-hour shifts.

Customs' headquarters officials, in response to an inquiry by the Congressman, compared El Paso's staffing and workload to other major ports on the southwestern border using data on persons and vehicles entering the ports. Cargo was given minimal consideration. Only the number of cargo entries was compared for the various ports. Furthermore, no onsite evaluation of operational procedures or problems was made and field management was not consulted.

Customs reported "an obvious imbalance in the inspector man-year processing rate for El Paso versus other ports-- workload per inspector was generally higher in El Paso than most of the other ports." Customs concluded that:

- Workload processing rates per inspector staff-year at El Paso exceed those of other southwestern border ports by a wide margin. Inspectors at El Paso are processing 37 percent more vehicles and 22 percent more persons per staff-year than the average of the other Texas ports.
- The region has not taken adequate steps to increase staffing at El Paso.
- El Paso requires additional inspector staffing to effectively handle the current workload.

Customs recommended that:

- Headquarters allocate 10 new positions to Region 6 for immediate support at El Paso.
- Region 6 reassign 10 existing positions from other locations to El Paso.
- An indepth survey be conducted when the above recommendations are implemented to determine if additional staffing is required.

El Paso district officials informed us that they were aware of staffing problems at El Paso, but had been unable to obtain enough additional resources. They added that they did not have additional resources to call on since the other district ports were small and already at base level staffing. Regional officials said strong demands for staffing were made by a number of ports-of-entry they believed to be understaffed. However, they did not believe it would be responsible management to aid one port at the expense of another.

Customs' El Paso study and followup were inadequate

Customs' El Paso evaluation did not fully address inspector requirements. The evaluation did not determine the proper inspection level, evaluate the existing enforcement risks, or consider El Paso's particular inspection needs.

In reviewing El Paso, Customs also analyzed the enforcement results by port. Customs figures, in the chart on the following page show that El Paso inspectors have made many more drug seizures than counterparts at similar ports. Customs concluded that El Paso's general enforcement record is equal to or better than most other ports; and for heroin seizures, consistent with other Region 6 ports that have far more inspectors relative to workload.

Drug Seizures at Selected
Southwest Border Ports for Fiscal Year 1975 (note a)

<u>Port of entry</u>	<u>Seizures</u>			
	<u>Drugs</u>	<u>Per inspector</u>	<u>Heroin</u>	<u>Per inspector</u>
Region 6:				
El Paso	1,444	15.2	8	.08
Laredo	677	9.4	8	.11
Brownsville	128	2.1	1	.02
Hidalgo	205	5.1	5	.12
Eagle Pass	56	1.9	1	.03
Del Rio	104	5.1	11	.54
Region 7:				
Nogales	441	6.1	25	.40
Callexico	240	4.5	19	.36
San Ysidro	<u>1,031</u>	8.7	<u>127</u>	1.07
Total	<u>4,326</u>	7.7 (average)	<u>205</u>	.36 (average)

a/The Customs report indicated that this data may not be fully comparable.

Missing from Customs' analysis, however, was an explanation of why El Paso inspectors made more seizures. We visited both El Paso and Laredo and observed a difference in the way inspectors were used. In El Paso, most inspectors were assigned to primary inspection (preliminary screening), which usually does not involve baggage examinations. Laredo, on the other hand, had more inspectors performing secondary inspections (detailed questioning and examination) including examination of baggage. In fiscal year 1975, Laredo made 5,384,625 baggage examinations and El Paso, 466,792--an 11 to 1 ratio. The substantially greater ratio of baggage examinations to travelers could have resulted from several factors including a higher proportion of travelers with baggage.

Although facilities and traffic patterns in Laredo were more suited to secondary inspection, this type of inspection logically should be related to enforcement risk and not just the ability to do more. Even with the larger number of examinations and resulting higher level of enforcement effort, inspectors at Laredo made less than half as many drug seizures as those at El Paso. Of course, no one is able to measure the amount of drugs entering through any port. Therefore, we cannot determine the relative effectiveness of Laredo and El Paso.

Without a detailed analysis of information, which is not accumulated by Customs, it isn't possible to determine why El Paso inspectors made more drug seizures per inspector than Laredo's or other ports' inspectors. Nonetheless, it is apparent that the level of inspectional effort--baggage examinations--at Laredo is extremely high in relation to its

results--seizures. This raises questions about how Customs staffs its ports and establishes levels of effort to apply.

The El Paso study also gave little consideration to the nature of cargo entries. A comparison of the numbers of entries does not in itself measure the cargo workload. Many other factors which Customs did not consider influence the degree of inspection required to properly examine merchandise, including duty status, volume or size, nature of commodity (e.g., bulk such as hay, newsprint, etc.) complexity of the product (restrictions of U.S. tariff laws), and the number of regulations that cover the item.

Is the El Paso situation unique?

Normal Customs review of field operations did not show the El Paso staffing deficiencies. Headquarters became aware of the situation only after union complaints and a congressional inquiry. One can readily understand how such a severe situation can occur when Customs lacks standards to measure and compare the performance of organizational units and exercises little control over field activities. As pointed out by a Treasury Department consultant (see p. 30), lacking performance standards, Customs is unable to compare and evaluate organizational units which could identify problems at an early stage. Lacking standards to monitor performance, Customs is unaware whether other ports are experiencing El Paso's dilemma or conversely whether inspectors at other ports are performing below levels of counterparts assigned elsewhere. Further, without a monitoring system, customs could not tell whether priority missions, if established, were being efficiently and effectively addressed.

CHAPTER 4

EXISTING REPORTING SYSTEMS ARE NOT HELPFUL IN MAKING STAFFING DECISIONS

Although many of the factors influencing Customs' workload are beyond its control, Customs needs to measure their impact on its workload in order to make effective staffing decisions. Data provided to both headquarters and field managers by Customs' current reporting systems is of little assistance in allocating inspection resources.

Reporting terminology is inconsistent and hinders evaluation. Productivity measures are based chiefly on the flow of people and merchandise into each port and not on other important factors. Productivity measures based on volume are not considered adequate for field managers' use because they lack statistical validity at the port and at certain district levels. In addition, the costs of inspection efforts are not determined at the port level. In spite of these limitations, headquarters and the field use such information to make their staffing decisions.

IMPRECISE REPORTING TERMINOLOGY LIMITS THE DATA'S USEFULNESS

Accomplishments, including collections, passengers and cargo processed, and enforcement actions, are regularly reported by existing Customs reporting systems. However, the use of this information is limited because the terms used are not adequately defined.

Customs has its own unique terminology. While the terms themselves are used throughout Customs, their meanings are not precise or uniformly applied. For example, primary and secondary inspection, cargo tailgate inspection, and 100-percent inspection are terms for which Customs has not established uniform definitions.

A primary inspection can vary from a casual visual check of a moving vehicle to extensive questioning of the passengers and examination of the vehicle's glove, trunk, and engine compartments possibly requiring an hour or more. Substantial variation in primary inspections exists between ports. A tailgate inspection can vary from a quick look at a truck's contents through opened rear doors to actually climbing into the truck and opening boxes. A 100-percent inspection ranges

from a physical count of boxes to the actual opening and examination of all the boxes. Because of such differences, comparisons of level of effort or workload are questionable.

A Customs headquarters official said that the revised Transaction Report form, issued since our review and for use in fiscal year 1978, contains common definitions which should correct the problem of imprecise reporting terminology. The Transaction Report is a monthly report of the number and kind of Customs transactions, i.e., passengers arriving, cargo processed, baggage opened, etc. The revised form contains definitions of the terms used in the report.

Although the official said these definitions were common, Customs is not currently planning to use them in all its reporting systems. The definitions of terms used in the Inspection and Control Division's Workload Measurement System, a system which Customs is developing to measure the inspector's workload at the port and station level (see p. 32), are not the same as those on the revised Transaction Report. The revised Transaction Report defines the difference between primary and secondary inspections by the level of effort involved, while the Workload Measurement System defines the same inspections by the location in which they are conducted.

For example, in defining the difference between primary and secondary vehicle inspections, the revised Transaction Report says "The difference between primary and secondary inspections is the intensity of the procedure--not necessarily the location at which the inspection is carried out" (emphasis added). The Workload Measurement System, on the other hand, defines "Process vehicles (primary)" as "All Customs and [Immigration and Naturalization Service] activities conducted in the primary area (emphasis added) with arriving vehicles * * *." and "Inspect Vehicles (secondary)" as "All time spent routinely inspecting privately owned vehicles in secondary" (emphasis added). As a result of these different definitions, it is doubtful that the statistics gathered by these programs will be comparable.

Even if the Transaction Report definition of terms was used in all Customs reporting systems, it would still be doubtful that the statistics would be comparable because the Transaction Report definitions allow for a great variation in the inspector's effort actually expended under each definition. For example, primary vehicle inspection is defined as "the travelers' initial contact with the Customs officer which includes preliminary or cursory inspection and, if

needed, [a computer] primary query," while secondary vehicle inspection is defined as any vehicle searched "in a manner more intense than the above described primary inspection."

Because "preliminary or cursory inspection" is not defined, the difference between a primary and secondary inspection is not clear. A primary vehicle inspection could vary from a visual check of a moving vehicle (wave through) to the opening of the vehicle's doors, trunk, and/or glove box and a visual inspection of the vehicle's contents, and the secondary vehicle inspection could vary from the opening of the vehicle's doors, trunk, and/or a glove box to a detailed inspection of the vehicle's contents. Since the Transaction Report definitions are unclear, comparable statistics would probably not be obtained.

Another example of current problems with inconsistent data and terms is Customs seizure reports. Customs has been unable to compare the ports' accomplishments, i.e., seizures, arrests, etc., to determine the inspection results because such data also is frequently inconsistent. Individual ports report similar information differently. For example, ports with infrequent and insignificant drug seizures may report them as individual actions, while other ports with greater activity may consolidate small seizures and report the total as a single action. Individual ports are sometimes even inconsistent in their reports during a given year. Small seizures will be reported separately when violations are low and consolidated when they are high.

PRODUCTIVITY MEASURES ARE
INADEQUATE FOR FIELD USE

Inspector productivity measures are currently based on broad output indicators. These measures are of limited use in staff allocation because they do not consider factors such as the port's enforcement risk, time consumed performing specific inspection activities, and inspection accomplishments. Also, they lack statistical validity at the port level.

In response to a Bureau of Labor Statistics' requirement, Customs annually reports the staff-years associated with each of the following broad output indicators:

- Land carriers crossing the border (cars and trucks).
- Sea carriers entering the United States.

- Aircraft entering the United States.
- Passengers entering the United States (land, sea, air).
- Passenger declarations requiring the payment of duty.
- Formal cargo entries.
- Mail entries (dutiabale parcels under \$250 in value).

Customs' Random Time Sampling system is used to estimate the staff-years for each of the above activities. Customs field personnel are sampled to determine the amount of time associated with each activity--one-twelfth of the inspectors are sampled each month. To estimate the total staff-time spent in each activity, percentages developed from the sample observations are applied to the total actual inspection staff-years realized by ports, districts, and regions. The sampling process excludes all overtime.

Customs believes the Random Time Sampling system accurately presents the staff-time associated with the above output indicators on a national and regional basis; however, the information is not statistically valid at the port-of-entry level because no port produces enough sample observations to make a statistically valid distribution. Customs also lacks a method for determining the staff-years spent on performing particular tasks or functions at individual ports. The district data was heavily limited by poor employee participation. The participation in 13 districts was so low that the data collected during the 6-month period ended June 30, 1977, was considered inaccurate or unreliable. A headquarters official said the Random Time Sampling system can never produce adequate detail for field managers.

ACTIVITY COSTS ARE NOT DETERMINED AT THE PORT LEVEL

In order to compare the costs with the benefits of inspectional assignments, Customs needs to determine the inspectional activity costs at the port level. However, Customs has no accurate method for assigning costs to port activities. Currently, standard wage rates are applied to the random time sample information to provide national activity costs. Since the random time sample information is not valid at the port level, assignment cost data at that level could not be valid.

EXISTING REPORTING DOES NOT
PROVIDE FOR MEANINGFUL EVALUATION
OF INSPECTION PROGRAMS

As previously shown, Customs' routine activity reporting is not particularly helpful in assessing inspector utilization. Similarly, Customs' special projects and program evaluations are not fully useful because of similar deficiencies in operational data.

Customs Accelerated Passenger Inspection System and the containerized cargo inspection program are examples of special projects and programs whose evaluations were hindered. Both programs were designed to improve Customs' effectiveness in view of changes in commerce.

Customs decided to implement CAPIS without adequate evaluations and despite indications of decreased inspector productivity.

Customs also implemented the containerized cargo inspection program without a test. Customs later evaluated the program and found it cost effective. However, our analysis questions this finding.

CAPIS appears to decrease
inspector productivity

CAPIS is one of a series of programs developed to process the rapidly increasing number of air travelers entering the United States. The program is intended to improve enforcement and reduce the time required to process passengers. Under the system, inspectors screen passengers at a primary inspection table and check names against computerized files of violators and criminals. Low-risk passengers are then allowed to pass through while high-risk or suspect individuals are examined in more detail. CAPIS was initially installed at the Miami International Airport in early 1974, and is now operational at 12 airports.

Initial CAPIS evaluations

Subsequent to implementation at a number of locations, Customs evaluated CAPIS at Miami and at Boston's Logan International Airport. The evaluations failed to adequately consider a number of important aspects of passenger inspection and showed that the system has a negative impact on inspector productivity.

Miami

Customs compared CAPIS to prior efforts at Miami using three time periods between 1973 and 1975. The results of the tests are shown below.

Comparisons of Prior System and CAPIS at Miami International Airport

	<u>First evaluation</u>		<u>Second evaluation</u>	
	<u>Prior system</u> (Apr. 30 to July 1, 1973)	<u>CAPIS</u> (Mar. 11 to May 12, 1974)	<u>CAPIS</u> (Apr. 15 to May 12, 1974)	<u>CAPIS</u> (Mar. 2 to Mar. 29, 1975)
	(9-week periods)		(4-week periods)	
Workload processed:				
Total passengers and crew	276,364	217,845	103,396	111,429
Total declarations (note a)	171,893	172,739	86,697	88,584
Enforcement:				
Number of seizures:				
Major drug	8	8	4	8
Minor drug	11	15	5	10
Fraud	7	12	4	25
Total	<u>26</u>	<u>35</u>	<u>13</u>	<u>43</u>
Processing efficiency:				
Average declarations per belt-hour (note b)	36.1	39.3	33.9	38.5
Productivity:				
Average declarations per inspector-hour	25.9	20.4	17.0	19.3

a/A declaration is a Customs form that passengers use to list out-of-country acquisitions.

b/A belt is a conveyor which transports baggage to and by a Customs inspector and can be slowed for examination.

The first evaluation involved a comparison of the production of the the prior inspection system during a 9-week period to CAPIS for a comparable time period and showed that inspector productivity (i.e., the amount an individual inspector is accomplishing) declined 21 percent (from 25.9 to 20.4 declarations per inspector-hour). The number of seizures, however, increased 35 percent (from 26 to 35), and processing efficiency improved by 9 percent (from 36.1 to 39.3 declarations per belt-hour).

The second evaluation compared CAPIS production for 4 weeks in 1974 to 4 weeks in 1975. Although this evaluation showed overall improvement in all respects, inspector productivity was still below that under the old system.

The Miami evaluations did not adequately consider some major aspects of passenger inspection. For example, while identifying the number of seizures by category, the

study did not compare the significance of the various seizures--item, quantity, and value or potential harm to society if successfully smuggled into the United States. Therefore, the added or even diminished value of the seizures was not determined. More importantly, no attempt was made to identify the reason(s) for the seizures to determine if they would have occurred under the prior system and whether CAPIS really improved effectiveness.

The second aspect of CAPIS which received inadequate analysis was passenger facilitation (the movement of people). While the evaluations revealed an improvement in passenger processing efficiency under CAPIS, they failed to recognize that more inspectors were processing less declarations and passengers per hour under CAPIS than under the prior system.

If the same effort had been used to staff added primary lines and/or to replace primary inspectors conducting secondary passenger examinations under the old system, the same results may have occurred.

A February 1976 consultant's study of Customs' productivity commented on the Miami CAPIS evaluation. It stated:

"First, the study indicated that insufficient data has been gathered to warrant statistically reliable conclusion that CAPIS is a better enforcement system than (the system CAPIS replaced). Second, even the data that was gathered showed that (the system CAPIS replaced) compared favorably with CAPIS. * * * Therefore, the study does not provide a sound basis for judging the impact of CAPIS on Customs productivity."

Boston

Customs evaluated CAPIS at Boston after the system was installed in the fall of 1974. The evaluation involved a comparison of inspection results prior to CAPIS during April 1974 with those achieved during a comparable period during late winter of 1975. The following table shows the results of this study.

Comparison of the Prior System and CAPIS--
Logan International Airport

	<u>Prior system</u> <u>(Apr. 1974)</u>	<u>CAPIS</u> <u>(Winter 1975)</u>
Workload processed:		
Total passengers	33,957	24,925
Total declarations	26,062	19,997
Enforcement:		
Seizures	4	4
Processing efficiency:		
Average declarations per belt-hour	30.3	35.4
Productivity:		
Average declarations per inspector-hour	30.3	24.4

The results of the Miami and Boston evaluations were similar--processing efficiency increased, but inspector productivity decreased. As was the case in Miami, the Boston evaluation did not consider the significance of the various seizures, whether the seizures would have occurred regardless of CAPIS, or whether the additional inspectors used with CAPIS would have had the same effect on facilitation if utilized under the prior system.

However, even if enforcement and passenger processing were improved, which has not been clearly demonstrated, were they worth the increased costs? This question cannot be intelligently answered without agency operating standards and effective cost-benefit analysis.

Moreover, although the above evaluations failed to consider the appropriateness of CAPIS for all types of locations, the Miami evaluations indicated that during slow traffic periods the old system may be better than CAPIS. In this regard, Customs' Boston Region altered CAPIS by reducing the number of secondary inspectors assigned to support CAPIS. Regional officials believed full implementation of CAPIS resulted in nonproductive use of staff.

Each CAPIS evaluation failed to consider the program's effect on overall inspector activity and effectiveness. This failure is not hard to understand, since the agency has no system to measure performance as a product of input.

Containerized cargo inspection program
does not appear to be cost effective

Containerization has made it more difficult to inspect cargo, and Customs has estimated that the United States loses \$40 million in duties annually because container contents are not accurately reported by importers. In February 1975, Customs developed a program to conduct field examinations of containers shipped directly to importer premises. The program set an inspection target of 2 percent of the containers for detailed or "100 percent" inspection. Headquarters established general implementation procedures and guidelines for container examinations, but not specific selection criteria or program goals. A standard reporting system was not developed to provide adequate information for program evaluation. Neither were standardized inspection or precise terminology developed which would facilitate comparison of the results. The regions and districts decided which of their ports would participate in the program, and port officials established the selection criteria and determined the inspection level.

Customs evaluated the containerization program for the 12-month period ended February 1976 and concluded that it was cost beneficial, returning a potential \$3.10 for every dollar spent. To arrive at the \$3.10, Customs divided total duties and taxes collected and fines and penalties assessed, by total program costs. Collections of fines and penalties, however, typically are only a fraction of the amounts assessed due to mitigation procedures. A comparison of actual collections and costs shows that each dollar spent on the inspection program, only \$0.41 was collected. (See table page 28.)

It should also be noted that this evaluation does not consider the significance of the various seizures--item, quantity, and value or potential harm to society if successfully smuggled. Customs did not develop this data; therefore, it is not possible to fully appraise the benefits accruing under the program. Additionally, because of a lack of information, it was not possible to compare results achieved under the containerized cargo inspection program with those of prior cargo inspection programs. Further, data on the number of containers entering the region was not available and therefore the scope of regional inspection efforts under the program could not be determined.

Boston officials were unsatisfied with the program and planned to discontinue it. Future examinations, other

than those required for obtaining samples, will be restricted to containers believed to represent the greatest enforcement risk.

As with the evaluations of CAPIS, Customs was not able to fully measure the costs and benefits of the containerized cargo inspection program. This required identification of both the staff-days and dollars spent and, also the production loss from other activities. The current Customs reporting systems are unable to identify lost production.

Results of the Containerization Program
During the Period March 1975 to February 1976

Region	Number of containers			Collections			Total costs	Collections per dollar of cost	Hours expended	Hours per container
	Examined	With unmanifested cargo	Seizures	Duties	Fines/penalties	Total				
I	3,863	32	5	\$ 5,922	\$ 356	\$ 6,278	\$ 78,569	\$.08	9,065	2.3
II	3,163	115	50	24,932	123,269	148,201	228,197	.65	25,899	3.2
III	748	23	12	3,503	6,017	9,520	34,450	.28	4,196	5.6
IV	2,212	32	5	9,268	8,490	17,758	84,772	.21	11,158	5.0
V	825	30	15	6,849	2,905	9,754	23,186	.42	2,656	3.2
VI	1,065	36	29	13,256	729	13,985	20,594	.68	2,454	2.3
VII	2,542	94	67	31,725	31,553	63,278	133,378	.47	14,843	5.8
VIII	1,888	66	30	2,197	10,351	12,548	50,858	.25	6,240	3.3
IX	2,661	34	9	4,200	2,679	6,879	40,524	.17	5,659	2.1
Total	<u>18,967</u>	<u>462</u>	<u>222</u>	<u>\$101,852</u>	<u>\$186,349</u>	<u>\$288,201</u>	<u>\$694,528</u>	\$.41 (average)	<u>82,170</u>	4.3 (average)

Source: U.S. Customs Services.

CHAPTER 5

CURRENT EFFORTS

TO IMPROVE STAFF MANAGEMENT

Although Customs has been aware for many years of the shortcomings in its resource management system, only recently has the agency begun to develop required overall work-measurement and information systems. Development of a revised system has been slow, and no implementation date has been established.

STAFFING PROBLEMS WERE IDENTIFIED LONG AGO

The need for improved staffing criteria is not new to Customs. It was recognized as early as 1964, when a Customs report on management and organization stated:

"* * * it is imperative that more adequate standards and guidelines for staffing inspection activities be developed and be put into effect after critical appraisals of needs at each port."

In March 1974, Customs' Office of Operations reported in its "Mid-Year Progress Report of Program Goals for the Office of Operations - FY 1974" that accurate performance-measurement systems were still under development in the inspector and import specialist areas. The report further stated that preliminary information had been helpful in allocating some aspects of the resources acquired in fiscal year 1974, and work would continue on these projects and refinements would be made as information became available.

More than 2 years later we found that although Customs had made some efforts to improve its work-measurement and information systems, implementation was not imminent.

RECENT EFFORTS--A STEP IN THE RIGHT DIRECTION

Customs, both on a national and regional level, has attempted to improve its management of inspectional resources by upgrading its overall work-measurement and information systems. Implementation, however, has been slow.

In fiscal year 1970, Customs' efforts to improve its work measurement and information systems received stimulus from two sources. On November 28, 1975, the Congress passed the National Productivity and Quality of Working Life Act (Public Law 94-136), which required each Federal agency to identify, develop, initiate, and support appropriate programs, systems, procedures, and techniques, in order to improve the agency's productivity. In February 1976, a consulting firm, hired by the Department of the Treasury to study productivity management efforts within Treasury's bureaus, issued its report on Customs.

Consultant's study

Although the consulting firm's study was not limited to Customs' inspectional activities, the firm's findings, conclusions, and recommendations were applicable to the inspectional activities. The consultant's report stated that Customs did not have an accurate method for assigning costs to activities or for relating costs to accomplishments and that this hindered evaluation of the effectiveness of field units.

The report cited a need for a top-level management reporting system which would enable Customs to make more informed judgments concerning productivity trends and impact of new programs. The ability to compare and evaluate various organizational units also would be enhanced, leading to earlier problem identification. The explicit reporting of input/output relationships (i.e., efforts expended for the results obtained) and use of performance standards would provide operating managers with objectives and specific feedback on results to facilitate control and allow managers to concentrate on major problems and policy issues.

The report further stated that Customs had not successfully integrated productivity management and improvement efforts into a unified approach for monitoring and improving productivity. The report concluded that substantial opportunities exist to structure an integrated productivity management system around the existing systems and current development projects.

Work measurement

The consulting firm observed that Customs headquarters does not formally analyze productivity to monitor overall

operations. The firm stated that work standards and processing norms appear applicable to most Customs activities. Moreover, Customs should choose a standard approach to work measurement and establish programs promoting work measurement throughout the agency. The inspector work measurement efforts of the Houston Region (discussed below) were described as an important step in developing meaningful work measurement systems; however, the consultant recommended expansion of current efforts into a servicewide effort to develop performance measurement systems.

Program planning control

The consultant pointed out that Customs has developed and implemented a number of programs in recent years in response to management's identification of significant problems.

The consultant recommended that Customs

- prepare a 5-year plan which relates all activities to missions and define, where possible, specific measurable goals for each area within the scope of operations;
- use cost/benefit analysis to set program priorities and monitor progress; and
- evaluate implemented programs to determine if actual costs that are incurred are in line with the plan and if project benefits have been realized; this would serve as a basis for improved program planning.

Regional efforts to develop work measurement systems

The Houston Region has independently developed a work measurement system for inspectional activities. Initiated in 1973, this system considers the volume of passengers and cargo processed, but does not consider measurements of enforcement problems and risks, potential revenue loss, or changes in the nature and frequency of seizures, arrests, or duty collections. Neither are facility restrictions or inspection complexity considered in the system. Further, it uses historically based standards to evaluate current performance. The region realized from the start the inherent disadvantage of accepting past performance as satisfactory and using what was processed rather than what should

have been processed as a basis for comparison. However, the high cost of engineering a standard and the lack of headquarters guidance as to what should be processed caused the region to accept a historical standard.

Houston Region management uses the system to compare the relative staffing levels at ports and to assist in making staffing decisions including reallocating positions. Although the region has developed the system for all major ports, it is unable to use it fully for the port of Houston, which is the only major seaport in its jurisdiction. The region believes it is improper to compare seaports with land ports. The region would, however, welcome the opportunity to compare Houston's workload and staffing to other major seaports.

The region also feels very strongly that an overall agency work-measurement system can be developed and used to reallocate existing staff as well to make decisions on new positions. They believe a national system should consider the basic differences between Canadian and Mexican border ports, as well as differences between airports and seaports. The basic similarities of operations within these separate border environments would allow for better comparisons.

Boston regional officials also stated that an overall quantitative workload/staffing system was necessary in view of the complexity of staffing decisions. They believed there was a definite need to evaluate organizational unit performance in accomplishing priority agency missions. The region began developing such a system but suspended the effort pending completion of national studies.

Headquarters efforts to improve information and staffing systems

Customs has undertaken some expansion and improvement of its information systems and has taken the first steps to integrate them into a servicewide productivity management program. These efforts should improve Customs' ability to allocate inspection staff where they would be best utilized.

Inspection and Control Division's Workload Measurement Program

As a result of the consultant's report, Customs headquarters began developing an inspector work-measurement

system. The system is an attempt to merge traditional work measurements--number of vehicles, number of persons, collections, etc.--with inspector activities and costs.

The system is designed to run in 1-week intervals--four times a year at large ports and once a year at small ports. During the information-gathering periods, all inspectors, including other agencies' inspectors, report their time, including overtime, by task in 15-minute intervals. In addition, a supervisor from each shift completes a transaction report for each work station within the port. The transaction report records the shift's total workload, numbers of vehicles and passengers, collections, etc. types of inspections, and results. Since the inspectors record their grade and step on the task form, actual staff costs can be associated with the tasks.

The system will complement the Random Time Sampling system by providing port and district workload and cost data. Once the system is functional, Customs officials hope that statistical trends will develop which will be useful to measure staffing needs and that inspector performance standards can be developed from the data. The system will replace the current subjective headquarters review of a port's staff utilization and needs.

In 1976, the system's data collection instruments were initially tested at four land border ports. In June 1977, after revision, they were retested at two airports, a seaport, an inland port, and a land border port.

After this second test, it was decided that the inspector's work environment had to be defined before the workload data could be meaningful. As a result the "Environmental Data File" is being developed as an automated inventory of all cargo and passenger processing facilities. The file will be able to stand as a separate system. Initially Customs field personnel will inventory and code their port's facilities. A Customs headquarters official stated that the coding was completed in March 1978. While the coding was being completed in the field, headquarters personnel were developing a computer program for the automation of the Workload Measurement Program. A headquarters official stated that the program specifications have been developed and estimated the computer program will be ready by April 1978. After that, Customs plans to test the total program in the Houston Region. Customs has not projected a Customs-wide implementation date.

Computer simulation models

Customs has been working on developing an airport and a land border port computer simulation model for passenger flow. The models will be used to determine the number of inspectors needed to process a given number of passengers with a given level of enforcement risk and available facilities. Additionally, the models will be used to assess the impact of new facilities, increases or decreases in inspectors, or changes in passenger flow.

Individual airport models have been developed and tested for the Miami International Airport, the Los Angeles International Airport, and the Toronto Airport; however, before a generalized airport model can be developed, Customs believes it must model two or three other major airports. Customs plans to model New York's John F. Kennedy International Airport, Chicago's O'Hare Airport, and Honolulu International Airport.

Also, Customs has developed and tested a land border port model at El Paso. Customs plans to model two other land border ports--one more on the southern border and one on the northern border--before determining if a generalized land border model can be developed.

Cost accounting system

Customs is developing a cost accounting system. Under the present system, the standard wage rate is applied to the results of the Random Time Sampling system to obtain an estimate of labor costs by activity. The new system will account for actual cost and will be used to provide whatever cost information is needed in other Customs systems. Customs plans a phased implementation of the cost accounting system. In October 1977, Customs implemented the first phase which captures all obligations, not actual costs, by budget activity. The second phase will give Customs the capability to capture program costs and labor distributions within the budget activities. Customs has no implementation date for this phase of the system; however, a headquarters official said he does not expect the second phase to be implemented before fiscal year 1979.

Customs Organization and Automated Position Management System

Customs has recently implemented the Customs Organization and Automated Position Management System, a servicewide

automated system for recording positions and staff assigned to each Customs organization unit. Prior to this system, Customs had no single source to determine the positions or employees allocated to each organizational unit. Managers can use this system to review staffing by organizational units and identify vacancies in the unit's authorized positions.

Productivity Management and Improvement Program

In response to the consultant's study, and at Treasury's request, Customs established the Productivity Task Force in August 1976 to develop an approach to productivity management. The task force developed a productivity management model, which is the central component of the Customs Productivity Management and Improvement Program. This program was established on July 29, 1977.

The productivity management model provides a conceptual framework for assessing ongoing projects and systems related to productivity management. The model incorporates most of Customs' current and proposed information and workload and staff resources measurement systems. For example, the Inspection and Control Division's Workload Measurement System is to be the inspectional component within the model's Operating-level Work Measurement category. The Customs Organization and Automated Position Management System will be a key component within the Human Resources Utilization and Development category.

The task force, however, is advisory in nature with no specific authority and has not held a meeting since July 1977. Key personnel have either resigned or been assigned to other work and have not been replaced. No priorities or timetables have been established. Furthermore, the task force has not issued progress reports concerning Customs' Productivity Management and Improvement Program; nor has it received progress reports from ongoing projects.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

Customs has been aware for many years of the shortcomings in its system for allocating inspectors to ports-of-entry. Despite its workload, Customs does not have a system which provides sufficient detailed information on its inspection efforts to relate such efforts to accomplishments. A part of the problem is that Customs terminology has not been standardized, thereby hindering the conversion of workload data to staffing requirements. These shortcomings have resulted in apparent staffing inconsistencies with an accompanying potential for inefficient use of staff.

Staff allocation decisions are made difficult because of changing import requirements imposed by law, innovations in trade and transportation, the cyclical nature of passenger and cargo arrivals, and the difference in enforcement risks at various ports-of-entry. Although these factors hinder the development of a sound staff allocation system, recent Customs efforts are encouraging. In an effort to improve productivity, Customs has begun development of a Productivity Management and Improvement Program.

As part of this program, subsystems such as the Workload Measurement System are being developed. The system is an attempt to compare the traditional work measurements--number of vehicles and persons processed, duties collected, and enforcement actions taken--with such factors as the number and grade of inspectors and type of inspection. This information should aid Customs in making a rational allocation of inspectors to ports-of-entry. There are problems, however. Customs' productivity improvement efforts seem to be faltering and need top management support.

RECOMMENDATIONS

We recommend that the Secretary of the Treasury direct the Commissioner of Customs to

- provide the Productivity Task Force the necessary leadership as well as the authority, guidance, and personnel to accomplish its objectives;
- monitor the progress of the Productivity Management and Improvement Program; and
- develop standardized Customs terminology for the current and proposed information systems.

REGIONAL COMPARISON OF BAGGAGE INSPECTORS,
ARRIVING PERSONS, BAGGAGE EXAMINATIONS, AND
SEIZURES FOR FIRST HALF OF FISCAL YEAR 1976

Region	Baggage inspectors		Persons entering			Baggage examinations			Seizures		
	Number	Percent of total	Number	Percent of total	Per inspector	Number	Percent of total	Per inspector	Number	Percent of total	Per inspector
			(000 omitted)			(000 omitted)			(000 omitted)		
1	369	23.5	27,118	19.2	73,491	6,358	15.1	17	739	13.5	2.0
2	146	9.3	3,451	2.4	23,637	6,595	15.7	45	622	11.3	4.2
3	35	2.3	472	0.3	13,485	758	2.0	22	55	1.0	1.5
4	135	8.6	1,488	1.1	11,022	3,505	8.3	26	336	6.1	2.4
5	17	1.1	74	0.1	4,353	202	0.5	12	15	0.3	0.8
6	283	18.0	46,886	33.3	165,675	4,765	11.3	17	610	11.1	2.1
7	216	13.7	38,706	27.5	179,194	8,421	20.0	39	864	15.7	4.0
8	176	11.2	9,534	6.8	54,170	8,178	19.4	46	1,155	21.0	6.5
9	<u>195</u>	<u>12.4</u>	<u>13,261</u>	<u>9.4</u>	68,005	<u>3,337</u>	<u>7.9</u>	17	<u>1,096</u>	<u>20.0</u>	5.6
Total	<u>1,572</u>	<u>100.0</u>	<u>140,990</u>	<u>100.0</u>	89,688 (average)	<u>42,119</u>	<u>100.0</u>	26.8 (average)	<u>5,492</u>	<u>100.0</u>	3.5 (average)

Note: Percents may not add to 100 due to rounding.

COMPARISON OF FISCAL YEAR 1976 WORKLOAD AT
BUFFALO/NIAGARA FALLS AND CHAMPLAIN/ROUSES POINT

	<u>Buffalo/ Niagara Falls</u>	<u>Champlain/ Rouses Point</u>
Full-time inspectors		
(note a):		
Customs	153	60
INS	<u>56</u>	<u>26</u>
Total	<u>209</u>	<u>86</u>
Cargo processing		
(note b):		
Merchandise invoices		
Total	574,163	257,402
Per inspector	3,753	4,290
Freight carrier vehicles		
Total	560,849	208,162
Per inspector	3,666	3,469
Merchandise entries		
Total	260,860	117,947
Per inspector	1,705	1,966
Person processing (note c):		
Land border crossers		
Total	15,132,146	3,793,293
Per inspector	72,403	44,108
Baggage examinations		
Total	2,550,014	344,753
Per inspector	12,201	4,009
Ground vehicles (excluding trucks and trains)		
Total	5,234,131	1,048,493
Per inspector	25,044	12,192

a/End of FY 1975 used.

b/Includes only Customs inspectors, since Customs performs all cargo inspections.

c/Includes total Customs and INS inspectors.

(26355)