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Except for reversing a decline in enrollments and eliminating duplicate physical examinations, the Department of Defense (DOD) has not corrected many Reserve Officer Training Corps (ROTC) management problems discussed by GAO in a 1973 report. GAO interviewed program managers in headquarters, DOD, the services, and the commands responsible for implementing the program which developed out of the 1973 report.

Findings/Conclusions: The services continue to retain ROTC units which are considered "unproductive" (having too few students in relation to cost) and vague and subjective considerations are still used to avoid closing such units. All three services use enlisted personnel to provide ROTC support which could be performed by civilians at reduced cost. Lacking a uniform cost reporting system, the services continue to report ROTC costs by using inconsistent data which cannot be used for effective management. The services have finally agreed on a legislative proposal to recover educational expenses from the thousands on ROTC scholarships who drop out of the program without incurring any active duty obligation. Recommendations: The Secretary of Defense should: direct the services to deactivate all units not meeting prescribed minimum production requirements unless an exception has been approved; revise DOD instructions to clearly identify substantive reasons for exceptions, require the Department's approval of any such exception, and prescribe consistent procedures for deactivating units which do not meet prescribed criteria; develop a practical and realistic staffing guide to be used by all the services; direct the services to identify and convert military support positions which can be filled by civilians; and develop and implement a uniform cost reporting system. Congress should enact legislation which permits the services to require reimbursement for education and

training costs as an alternative to active duty. (Author/QM)

REPORT TO THE CONGRESS



*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Reserve Officer Training Corps: Management Deficiencies Still To Be Corrected

Department of Defense

Congress should enact legislation permitting recoupment of investment in ROTC program dropouts in lieu of an active duty obligation.

Unproductive ROTC units should not be retained.

Improvements in unit staffing could reduce costs.

A uniform cost reporting system is needed.



COMPTROLLER GENERAL OF THE UNITED STATES
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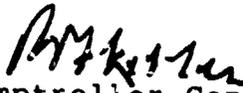
B-146947

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

This report discusses the services' efforts to improve the Reserve Officer Training Corps program since our February 1973 report to the Secretary of Defense. More actions are needed to correct management deficiencies which still persist.

We made our review pursuant to the Budget and Accounting Act of 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.


ACTING Comptroller General
of the United States

D I G E S T

Except for reversing a decline in enrollments and eliminating duplicate physical examinations, the Department of Defense has not corrected many Reserve Officer Training Corps (ROTC) management problems GAO discussed in a 1973 report.

At that time the Secretary of Defense agreed to correct the problems identified.

Contrary to Department of Defense directives, the services continue to retain ROTC units which are considered "unproductive," i.e., having too few students in relation to cost. At the time of GAO's review, 134 of 507 ROTC units did not meet criteria required to retain them. Vague and subjective considerations are still used to avoid closing such units. (See p. 3.)

The Department of Defense has published a uniform guide for the staffing of ROTC units. The Army and the Air Force elected not to use the guide because it would have increased their staffing levels. All three services use enlisted personnel to provide ROTC support which could be performed by civilians at reduced cost. (See p. 7.)

A uniform cost reporting system has not been established. Consequently, the services continue to report ROTC costs by using inconsistent data which cannot be used for effective management. (See p. 8.)

Thousands who are awarded ROTC scholarships withdraw from the program without incurring any active duty obligation. Few dropouts with active duty commitments are ordered to active service. In either case, the Government has incurred considerable expense and the dropout has received tangible benefits. The services have finally agreed on a legislative proposal to recover educational expenses, which they expect to submit to the 95th Congress. (See p. 11.)

The Secretary of Defense should:

--Direct the services to deactivate all units not

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meeting prescribed minimum production requirements unless an exception has been approved. (See p. 6.)

--Revise Department of Defense instructions to (1) clearly identify substantive reasons for exceptions, (2) require the Department's approval of any such exceptions, and (3) prescribe consistent and expeditious procedures for deactivating units which do not meet prescribed criteria. (See p. 6.)

--Develop a practical and realistic staffing guide to be used by all the services. (See p. 9 .)

--Direct the services to identify and convert military support positions which can be filled by civilians. (See p. 10.)

--Develop and implement a uniform cost reporting system. (See p. 10.)

GAO recommends that the Congress enact legislation which permits the services to require reimbursement for education and training costs as an alternative to active duty. (See p. 13.)

The Department of Defense generally agrees with GAO's recommendations; however, it did not agree to deactivate all units falling below minimum standards because it believed there were overriding reasons for retaining them.

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ABBREVIATIONS

| | |
|------|--------------------------------|
| DOD | Department of Defense |
| GAO | General Accounting Office |
| ROTC | Reserve Officer Training Corps |

CHAPTER 1

INTRODUCTION

The Reserve Officer Training Corps (ROTC) program is the largest source of commissioned officers for the Army, Navy, and Air Force. The Department of Defense (DOD) estimates that ROTC will produce over 10,000 officers in 1977, or 44 percent of all acquisitions. During fiscal year 1976, the ROTC program was conducted by 507 units at 365 colleges and universities. The Army and the Air Force are each permitted to award 6,500 college scholarships, and the Navy 6,000, which cover tuition and books, plus a \$100 monthly subsistence allowance for up to 40 months. Nonscholarship participants are eligible for the \$100 monthly subsistence allowance during their junior and senior years (up to 20 months).

Students drill and attend military training classes conducted by commissioned officers in addition to their regular baccalaureate courses. During the summer they participate for 2 to 6 weeks in field training activities. Although the normal program is 4 years, abbreviated 2-year courses are available. DOD estimates that the cost of operating the program for fiscal year 1977 will be \$177 million.

The following table shows trends in the numbers of enrolled students for fiscal years 1975-77 and expected graduates in 1977.

| | <u>Enrollments</u> | | | <u>Graduates</u> |
|-----------|--------------------|---------------|-------------------------|-------------------------|
| | <u>1975</u> | <u>1976</u> | <u>1977</u> (note a) | <u>1977</u> (note a) |
| Army | 38,362 | 47,179 | 55,522 | 6,022 |
| Navy | 6,964 | 7,770 | 8,100 | 1,331 |
| Air Force | <u>17,545</u> | <u>15,852</u> | <u>14,297</u> | <u>2,750</u> |
| Total | <u>62,871</u> | <u>70,801</u> | <u>77,919</u> | <u>10,103</u> |

a/1977 data estimated.

Overall management responsibility for ROTC is vested in the Director, Defense Education, Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs). Besides providing policy guidance, the Director must approve all actions to open or close a unit. Program managers for the services are:

Army--Training and Doctrine Command

Navy--Naval Education and Training Command

Air Force--Air University

In a February 1973 report to the Secretary of Defense (B-146947), we identified several deficiencies in the program. We reported that the program's efficiency and effectiveness was being impaired by (1) the retention of unproductive units, (2) a general decline in enrollments, (3) the lack of a uniform staffing criteria, (4) the duplication of applicants' physical examinations, (5) a loss of investment due to voluntary program dropouts, and (6) the lack of uniform program cost reporting.

In response to our report, DOD officials and program managers in the services agree² to take certain corrective actions. In some instances, such as the duplication of ROTC applicants' physical examinations, DOD has resolved the situation and realized measurable savings. The general decline in ROTC enrollment has also been reversed. In other areas, however, former problems continue apparently due to an insufficient commitment by DOD. The following chapters describe the current status for these previously identified problems.

We interviewed program managers in headquarters, DOD, the services, and the commands responsible for implementing the program to arrive at our conclusions. We reviewed regulations, reports, and correspondence at:

--Training and Doctrine Command, Fort Monroe, Virginia.

--Naval Education and Training Command, Pensacola, Florida.

--Air University, Maxwell Air Force Base, Alabama.

We completed our fieldwork in September 1976.

CHAPTER 2

RETENTION OF UNPRODUCTIVE UNITS

The services continue to retain unproductive ROTC units contrary to directives provided by LOD, and they use vague and subjective considerations to rationalize actions for not disestablishing units. At the time of our review, the Army had 87 units out of 287; the Navy, 16 out of 58; and the Air Force, 29 out of 162 which did not meet DOD's criterion of 17 or more students entering the junior year of ROTC instruction. When an ROTC unit produces only two or three officers each year, the cost per graduate can be as high as \$120,000.

Our previous report addressed itself to the adverse effect of unproductive units and the maintenance of ROTC at schools which did not meet existing production requirements. DOD responded by rescinding instructions which permitted the services to waive production requirements and by issuing a new criterion for determining a unit's viability.

The new DOD standard for schools with 4-year ROTC programs provides that a unit is to be considered substandard if less than 17 students enter the junior year of ROTC instruction. A unit deemed substandard is to be placed in an evaluative status (probation) for 1 year, during which time the military department is to work with the institution to vitalize the unit and make it fully productive. If a unit does not meet the criterion by the end of the evaluation period, it may be disestablished. However, DOD's instructions contain additional considerations which may justify retention. These include: cost per officer produced, quality of officer produced, institutional support, and retention rate of graduates. DOD then vests the Secretary of each department the prerogative to cause disestablishment.

The result of the new instructions has not been clear, since the instructions contain permissive language and conditions which the services have elected to follow or ignore. Consequently, many units, which fall below DOD's minimum requirements, have been retained.

ARMY

During the 1975-76 school year, 87 Army ROTC units should have been in an evaluative status based on DOD's criterion. But only 51 units were placed on probation be-

cause the Army had devised its own criteria, based on projected officer production in each unit, instead of following DOD's instructions. Seventy-five units have been below minimums for more than 1 year, but only six units have been deactivated in the last 2 years. At the time of our review, the Army had no further plans for closing units.

The situation during the most recent Army review cycle typifies the Army's approach. Based on their analysis, program managers recommended that 20 substandard units be closed. DOD concurred with this recommendation, but the Commanding General of the Training Command interceded before action could be taken to close the units; with assistance from the Army Chief of Staff, he convinced the Secretary of the Army that only two units should be closed. The Army's position is that further units will be closed only if ordered by DOD because the Army needs all of the officers it can get from ROTC.

NAVY

The Navy developed an ROTC disestablishment plan which called for a reduction from 58 units in school year 1975-76 to 43 units by 1982. ROTC units at four schools were disestablished in fiscal year 1976. Because of the Navy's approach to disestablish units, ROTC instructors will remain on the campus until all students, who had matriculated in 1975, have completed the program. In most instances, actual disestablishment takes 3 years after the school is notified instead of the 1 year required by the other two services. The other services achieve more expeditious closures by requiring freshman and sophomores to either transfer to other units or discontinue ROTC instruction.

The Navy did not choose the four units for disestablishment because they were considered the least productive, but rather because program managers felt their elimination would face the least amount of congressional and Naval resistance for retention. Final decisions on the remaining units to be closed are being reserved by the Navy. The rationale for considering disestablishment appears inconsistent with DOD's criterion.

The ROTC unit at one university, for example, was retained to support minority officers' accession goals. This unit has not met DOD's enrollment criteria in recent years. The Navy's own evaluation noted the school's poor academic rating, low entrance requirements, lack of scholarship recipients, and proximity to another university which has a viable unit. Notwithstanding the Navy's own conclusion that "this is not a viable unit and its disestablishment is highly recommended," the Navy has chosen

not to consider its closure; yet, two consistently viable units were included in the Navy's plan to carefully scrutinize 19 schools for disestablishment. In both cases, Navy program managers have concluded that there was little to support the disestablishment of these schools.

AIR FORCE

Since our February 1973 report, the Air Force has closed 32 units and plans to close another 8 in 1977. Twenty-two units were on probation as of the end of school year 1975-76, and eight of these had also been on probation the preceding year. Although the Air Force has been most active in eliminating unproductive units, its decision to continue or close various units has often been based on criteria that is unrelated to the unit's prospects for productivity.

For example, a prime reason cited by the Air Force for the probationary retention of one college from April 1972 until the present was "political considerations" despite the unit's substandard productivity. This unit is now scheduled to be closed in fiscal year 1977. Similar considerations were listed in another case where a unit, which was never viable, was recommended for disestablishment in the spring of 1975 by the Air University. It was finally disestablished in June 1976.

CONCLUSIONS AND RECOMMENDATIONS

The services continue to operate unproductive units contrary to DOD's directives; the instructions for disestablishing units permit the services to exercise excessive discretion. Since this condition has existed for more than 3 years, a lack of commitment on DOD's part to resolve the issue seems apparent.

The Navy's practice of allowing all enrolled students to complete training at the institution before closing a unit is uneconomical and inefficient. Procedures for the disestablishment of unproductive units should be expeditious and consistent among the services.

DOD should clearly identify what circumstances justify exceptions to its production criterion and require the services to obtain its approval for the retention of those units.

We recommend that the Secretary of Defense

- direct the services to deactivate all units not meeting prescribed minimum production levels unless an exception has been approved and
- revise DOD's instructions to (1) clearly identify substantive reasons for exceptions, (2) require DOD's approval of any exceptions, and (3) prescribe consistent and expeditious procedures for deactivating units which do not meet prescribed criteria.

AGENCY COMMENTS AND OUR EVALUATION

DOD said that (1) during the past year, there has been a significant reduction in the number of unproductive ROTC units and (2) the Army has worked intensively to increase enrollments resulting in a 59 percent reduction in the number of units below standard in fiscal year 1977 compared with 1976 (36 versus 87 units, respectively).

DOD did not agree with our recommendation that the services be directed to deactivate immediately all units not meeting prescribed minimum standards. DOD said that while the reasons for retaining some unproductive units may seem vague and subjective, it is imperative to note that a unit's value may lie more in its capability to meet such levels. Further, it said that the increasing requirements of the services for special scientific and technical skills or for improved minority composition may override numerical production. It also said that without providing reasonable opportunity for units to recover from enrollment declines, the programs would require continual and costly restructuring.

We are encouraged by the Army's progress in reducing the number of nonviable units during the current school year. Yet the fact remains that over 10 percent of the Army's units are still substandard and have been in some cases for many years. We believe the services can meet their needs for special skills and increased minority participation by other means than retaining low producing units. For example, the large number of scholarships awarded each year can be used to attract these types of students who could then be placed in viable units at other colleges.

DOD agreed that its instructions need to be revised and have begun a reappraisal.

CHAPTER 3

IMPROVEMENTS STILL NEEDED IN UNIT

STAFFING AND COST REPORTING

In our February 1973 report, we advised the Secretary of Defense of the lack of uniform staffing criterion and program cost reporting. DOD agreed to develop a staffing guide for all services and to revise budget formats to provide comparable cost data. We found that the Army and the Air Force do not currently use DOD's staffing criterion because they determined that the guide was too liberal. No uniform cost reporting system has yet been developed.

UNIT STAFFING

At the time of our previous review, ratios of ROTC staff to enrolled students ranged from 1:2 to 1:85 principally because the Air Force and the Army based their staffing levels on the types of programs offered and the number of students in each unit, while the Navy based its staffing levels on the types and number of courses taught at each unit. After agreeing that uniformity was desirable, DOD officials issued a staffing guide for all ROTC units which was to be effective during the 1975-76 school year.

Neither the Air Force nor the Army have used the guidelines because such use would result in higher staffing levels than their own. The Army estimated that using DOD's guidelines for the 1974-75 school year would have required an additional 570 personnel (308 officer, 173 enlisted, and 89 civilians). Similarly, Air Force officials estimated that they would require 31 additional military personnel in school year 1974-75 by using DOD's guidelines in lieu of staffing standards developed by the Air University.

The Navy, which has adopted DOD's guidelines, reports a resulting elimination of five officer positions. Sixty-three enlisted positions have also been downgraded. However, Navy ROTC officials believe DOD's guide to be inadequate and have asked Navy staffpower officials to make a study of unit staffing. The study was not complete at the time of our review.

OPPORTUNITIES FOR MAKING MILITARY SUPPORT POSITIONS CIVILIAN

The services assign a large number of enlisted personnel to ROTC units and headquarters to perform operational and

support functions; most functions are in the latter role. Army and Navy units also employ civilians in support positions. The table below shows the number of enlisted and civilian personnel authorized for fiscal year 1977:

| <u>Service</u> | <u>Enlisted</u> | <u>Civilians</u> |
|----------------|-----------------|------------------|
| Army | 1,084 | 628 |
| Navy (note a) | 226 | 84 |
| Air Force | 507 | <u>b/39</u> |

a/Includes Marine Corps personnel.

b/All are assigned to Air Force ROTC Headquarters.

Support functions performed by military personnel include:

- Administrative duties, including typing correspondence, reports, and instructional materials; filing; and maintaining student personnel records.
- Supply duties, including managing the units, inventory of uniforms, textbooks, and office supplies.

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

Our view is supported by the findings of other reports which conclude that generally, civilian personnel are less costly than military personnel. For example, in our report entitled "Financial Operations of the Five Service Academies" (FPCD-75-117, Feb. 6, 1975), we identified savings of \$1.6 million annually by civilianizing about 500 military support positions, a savings of about \$3,000 for each position.

COST REPORTING

In our February 1973 report, we advised DOD of the deficiencies of ROTC cost reporting by the services. We stated that the reporting was inadequate for either DOD or the Congress to make necessary judgments on the program's effectiveness because each service used different methods to compute average costs per graduate. DOD agreed that there were variances and consequently formed a tri-service committee to recommend standardized cost reporting.

In August 1973, the tri-service committee proposed a uniform system of cost reporting. Budget format and the definitions of various terms were jointly developed by representatives of each service. Neither the proposal of the tri-service committee nor any alternative has been adopted by DOD. The services, therefore, are reporting program costs in essentially the same inconsistent manner they were using at the time of our previous report.

Army officials told us that they are now considering implementing a new cost accounting system because they have difficulty in identifying total program costs. They have discontinued using average officer production costs which could, if accurate, be used to determine program effectiveness.

The Air Force has developed and proposed a cost accounting system which tracks students and costs through each year in the program. DOD has not accepted this proposal.

CONCLUSIONS AND RECOMMENDATIONS

The services' dissatisfaction toward the uniform staffing guide is perplexing, considering the tri-service participation in their formulation. While minor objections to rigid student-to-instructor ratios might be expected, it would seem reasonable to expect the services to at least agree on a common methodology for determining staffing requirements. We believe that this circumstance requires DOD to take the initiative to develop practical and realistic staffing standards and insist upon their use by the services.

There are large numbers of military personnel occupying support positions which could be filled by civilians at reduced cost. The services should carefully review these positions and convert those where military personnel are not required, without delay.

The formulation of a usable cost reporting system for ROTC is a matter of urgency if program evaluation is to be meaningful. While the services have studied the matter and made proposals, none have been adopted by DOD. Without uniform cost reporting, neither DOD nor the Congress can make judgments on the effectiveness of the services' programs.

We recommend that the Secretary of Defense, without further delay

- develop a practical and realistic staffing guide to be used by all the services,

- direct the services to identify and convert military support positions which can be filled by civilians, and
- develop and implement a uniform cost reporting system.

AGENCY COMMENTS AND OUR EVALUATION

DOD observed that other than serving as the upper limit for ROTC staffing, the practicality of a common staffing guide for use by all services is questionable. DOD said that it believes each service should retain its own standards with the condition that aggregate staffing does not exceed that indicated by the guide. It also said that the present staffing guide appears adequate subject to periodic assessment of (1) the rationale underlying the guide and (2) whether the guide may be too liberal in allocating staffpower. DOD promised to reassess the guide.

We believe that the guide should be revised because the Army and the Air Force found it to be too liberal and the Navy believes it is inadequate for determining unit staffing.

DOD agreed that there may be military support positions which can be filled by civilians and have asked the services to identify these positions and to civilianize as soon as practical those where military personnel are not required and it would be more cost effective to do so.

DOD said that it is acutely aware of the need for uniform costing of ROTC and has formed an interservice committee to develop a uniform costing methodology. DOD expects this committee to have a product for review by May 1977.

CHAPTER 4
RECOUPING INVESTMENT IN
PROGRAM DROPOUTS

Many ROTC participants, supported by full scholarships or monthly stipends during their junior or senior years, discontinue their enrollment in the program each year. We noted in our previous report that very few, who dropout prior to completion, are subject to an active duty requirement and that the Government, therefore, receives no benefit in return for the invested resources. We previously suggested that scholarships be converted into loans for participants who voluntarily do not complete their active duty requirements. DOD officials concurred with our suggestion but concluded that it would require statutory authorization. Nevertheless, they agreed to seek such legislative authority.

At the time of our review, the services had not agreed on a legislative proposal. Concurrently, they have relaxed their previous policy of enforcing active duty commitments which most program participants incur upon entering their junior year. Their reluctance to enforce active duty obligations is, according to them, founded primarily on the premise that such a practice would be inconsistent with the All-Volunteer Force concept.

Students may withdraw from the program any time during their first 2 years without obligation. Upon entering the advanced program (the last 2 years), students are required to sign a contract obligating them to serve 2-years' enlisted service should they withdraw from the program without a valid reason. The Army's policy has been to ignore the active duty obligation unless officials are convinced that the student was willfully attempting to evade the contract. While more than 800 participants withdrew during the 1974-75 school year, only 2 were ordered to active duty. The Air Force's policy allows any student to withdraw from the program without serving on active duty regardless of contractual liability. The Navy ordered 60 students to active duty during the 1975-76 school year.

The services experience the greatest loss of scholarship students during the students' first 2 years and especially at the end of their second year, which is prior to incurring the service obligation.

The following table shows the dropout rate of Navy scholarship students during the past 4 fiscal years: 1/

| <u>Academic year</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> |
|----------------------|-------------|-------------|-------------|-------------|
| Freshman | 215 | 266 | 155 | 238 |
| Sophomore | 594 | 548 | 428 | 403 |
| Junior | 176 | 207 | 170 | 185 |
| Senior | 95 | 84 | 75 | 77 |

DOD LEGISLATIVE PROPOSAL

DOD agreed with our previous recommendation that the scholarship expenses of voluntary dropouts should be recovered. In May 1973, DOD officials said they were working on a legislative proposal. Again in July 1974, DOD officials assured the Congress that they were considering a legislative proposal authorizing them to recover educational expenses. Air Force officials who were responsible for coordinating the proposal told us in August 1974 that it would be forwarded to the Congress in early 1975.

Since that time, the proposal has undergone several revampings which altered both its specificity and its applicability, but the services still had not come into agreement. At the time of our review, the Secretary of Defense had not exercised his prerogative to go forward, despite complete concurrence, since officials of all three services agree in principle on the need for legislation.

CONCLUSIONS

Each year, over 2,000 scholarship participants and others in the advanced program drop out of ROTC after the Government has invested millions of dollars in their education and training. Since the services have relaxed their previous policy of enforcing active duty commitments, there is no longer a deterrent to withdrawing from the program. The services believe that their prior policy is inconsistent with the All-Volunteer Force concept; we believe that an effective alternative is needed.

1/Comparable data is not readily available for the other services.

RECOMMENDATION TO THE CONGRESS

Notwithstanding DOD concurrence more than 3 years ago concerning the need for legislation to permit recouping the Government's investment in program dropouts, no proposals have been submitted to the Congress. We recommend that the Congress enact legislation which permits the services to require reimbursement for education and training costs as an alternative to active duty. A legislative proposal developed by DOD is provided in appendix I.

The proposed legislation covers participants in other officer acquisition and training programs because the services believe that (1) the provisions are equally applicable to those programs and (2) the ROTC program should not be singled out for special treatment.

AGENCY COMMENTS AND OUR EVALUATION

DOD agrees on the need for such legislation and said that an identical proposal will be submitted as part of its legislative program for the 95th Congress.

We noted that DOD will need to revise ROTC regulations concerning the time when a service obligation is incurred in order to realize the full benefits of this legislation. Presently, students in the first 2 years of the program incur no obligation. The revised regulations should also provide for uniform application by the services.

LEGISLATIVE PROPOSAL

A B I L L

To amend chapter 101 of title 10, United States Code, to authorize the Secretaries concerned to require an applicant for certain advanced education sponsored by the armed forces to agree to serve on active duty for a specified period or reimburse the United States for the apportioned costs of the education.

1 Be it enacted by the Senate and House of
 2 Representatives of the United States in Congress
 3 assembled, That chapter 101 of title 10, United
 4 States Code, is amended by adding the following new
 5 section and a corresponding item in the analysis;
 6 "§2005. Advanced education: active duty agreement
 provisions; reimbursement of costs

7 "(a) The Secretary concerned may require an
 8 applicant for advanced education by or with the
 9 assistance of an armed force to agree in writing as
 10 provided in this section.

11 "(b) An agreement under subsection (a) of
 12 this section may provide that --

13 " (1) if his application for advanced
 14 education by or with the assistance of an
 15 armed force is approved, the applicant will
 16 complete specified educational requirements
 17 and serve on active duty for a specified period;

18 " (2) if the applicant does not complete
 19 the educational requirements specified under
 20 clause (1) of this subsection, he will serve
 21 on active duty for a specified period;

1 " (3) if the applicant does not serve
 2 on active duty for the period specified under
 3 clause (1) or (2) of this subsection, he will
 4 reimburse the United States for the percentage
 5 of the cost of the education which the period
 6 not on active duty is of the specified
 7 period;

8 " (4) terms in the agreement have the
 9 same meaning as in this section; and

10 "(5) the applicant agrees to other
11 provisions not inconsistent with this section.

12 "(c) Unless a different period of active
13 duty is prescribed by another law, the period
14 of active duty in an agreement under this section
15 shall be as prescribed by regulation of the
16 Secretary concerned.

17 "(d) In this section --

18 "(1) 'advanced education' means
19 education (whether or not completed) at a
20 level above high school --

21 "(A) from an agency of the United
22 States, if the education is directed
23 toward an academic degree or pro-
24 fessional certificate; or

1 "(B) from a source other than an
2 agency of the United States.

3 "(2) 'assistance' includes any payment
4 of the cost of education to or on behalf of
5 the applicant from funds appropriated for
6 an armed force; and

7 "(3) 'cost of education' means those
8 costs which are, under regulations prescribed
9 by the Secretary concerned and consistent
10 with generally accepted accounting practice,
11 directly attributable to the education of
12 the appointee, but does not include pay or
13 allowances under title 37 or a stipend
14 under section 2121 of this title.

15 "(e) Subject to subsection (f) of this
16 section, the obligation to reimburse the United
17 States under an agreement under this section is
18 a debt owing the United States for all purposes.

19 "(f) The Secretary of a military department
20 under regulations prescribed by the Secretary of
21 Defense, or the Secretary of Transportation, as
22 the case may be, may waive in whole or in part
23 a debt to the United States arising out of an
24 agreement under this section, if the Secretary

APPENDIX I

APPENDIX I

1 concerned determines that recovery would be
2 against equity and good conscience, or against
3 the public interest."



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MANPOWER AND
RESERVE AFFAIRS

February 23, 1977

Mr. H. L. Krieger, Director
Federal Personnel and Compensation
Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Krieger:

This is in reply to your letter to Secretary Rumsfeld regarding the General Accounting Office draft report, "Reserve Officers' Training Corps: Management Shortcomings Still to be Corrected," dated December 3, 1976 (OSD Case #4487).

We agree that some of the problems uncovered in the February 28, 1973 report (B-146947) still remain. However, as noted in the comments below, considerably more progress has been made in resolving them than is indicated in the draft report. Following are our comments in each area of concern:

Retention of Unproductive Units

GAO Concern and Recommendations

The Services continue to operate numbers of unproductive ROTC units contrary to DoD instructions. Considerations which are seemingly vague and subjective are used to avoid disestablishing these units. The Navy's practice of allowing all enrollees to complete training at an institution before closing its unit is uneconomical and inefficient. The Secretary of Defense should (1) direct the Services to deactivate without delay all units not meeting prescribed minimum production levels, and (2) revise the DoD instructions to (a) clearly identify reasons for exceptions, (b) require DoD approval of any exception, and (c) prescribe consistent and expeditious procedures for deactivating units which do not meet prescribed criteria.



Comments

Within the past year there has been a significant reduction in the number of unproductive ROTC units. Faced with a need to more than double its present ROTC production by 1980, the Army has worked intensively to increase its enrollment in all of its units and, particularly, in those which have had low production in the last several years. The result of this effort is apparent in the 59% reduction in the number of units below the DoD viability standard in FY 1977 compared with that of FY 1976 (36 versus 87 units, respectively). Of note is that four Army and four Navy unproductive ROTC units are expected to close as of FY 1977. This is reflected in the FY 1978 President's Budget.

We disagree with the recommendation that the Services be directed to deactivate immediately all units not meeting prescribed minimum production levels. While the reasons for retaining some of the unproductive units may seem vague and subjective, it is imperative to note that a unit's value may lie in more than its capability to meet such levels. The increasing requirements of the Services for special skills, such as the scientific and technical specialties needed by the Navy and Air Force, or for improved minority composition, may override numerical production. Also, third-year strength as an index of production potential should not be used as the sole basis for deactivating units since first- and second-year enrollments may promise near-term viability. Without providing reasonable opportunity for units to recover from enrollment declines, the ROTC programs would require continual and costly restructuring.

We agree that the DoD instructions need revising and have begun an appraisal of DoD Directive 1215.8, "Policies Relating to Senior Reserve Officers' Training Corps (ROTC) Programs." The resulting revisions are expected to provide for the three specific GAO recommendations in this area.

Unit StaffingGAO Concern and Recommendation

DoD has promulgated a uniform guide for ROTC unit staffing. But both the Army and Air Force elected not to use the guide because it would have increased their staffing levels. The dissatisfaction of the Services toward the uniform staffing guide is perplexing considering the tri-Service participation in its formulation. It seems reasonable to expect the Services to agree, as a minimum, on a common methodology for determining staffing requirements. The Secretary of Defense should immediately develop a practical and realistic staffing guide to be used by all the Services.

Comments

The DoD staffing guide has been of value in setting maximum aggregate manning for the ROTC program of each Service. It should be to the credit of the Services that they have been able to operate either at or below this maximum. Other than serving as the upper limit for ROTC staffing, the practicality of a common manning guide for use by all Services is questionable since the guide can never be attuned to the actual and varying workloads at each of the 493 ROTC units. Therefore, we believe that each Service should retain its own unit staffing standards with the condition that aggregate manning of each ROTC program does not exceed that indicated in the guide. For setting an aggregate manning standard, the present DoD staffing guide appears to be adequate subject to periodic assessment of (1) the rationale underlying the formulae for determining maximum manning strengths, and (2) whether the guide may be too liberal in allocating manpower. We shall insure that the guide is so assessed.

Opportunities for Making Military Support Positions CivilianGAO Concern and Recommendation

There are large numbers of military personnel occupying support positions which could be filled by civilians at reduced cost. The Secretary of Defense should immediately direct the Services to identify and convert military support positions which can be filled by civilians.

Comments

We agree that there may be military support positions which can be filled by civilians. We have asked the Services to identify these positions and to civilianize as soon as practical those where military personnel are not required and it would be more cost-effective to do so.

Cost ReportingGAO Concern and Recommendation

Formulation of a usable uniform cost reporting system for ROTC is a matter of urgency if program evaluation is to be meaningful. While the Services have studied the matter and made proposals, none has been adopted by DoD. Without uniform cost reporting, neither DoD nor the Congress can make judgments on the effectiveness of the Services' programs. The Secretary of Defense should immediately expedite development and implementation of a uniform cost reporting system.

Comments

We are acutely aware of the need for uniform costing of ROTC and have formed an interservice committee which is charged with developing a uniform costing methodology based upon an Air Force cost accounting model. The committee is expected to have a product for OSD review by May 1977.

Recouping Investment in Program DropoutsGAO Concern and Recommendation

Thousands of scholarship participants withdraw from ROTC without incurring any active duty obligation. Few dropouts with active duty commitments are ordered to active service. In either case, the government has incurred considerable expense and the dropout has received tangible benefits. The Services have yet to agree on a legislative proposal to recover educational expenses incurred for volitional program dropouts even though one has been under consideration for several years. GAO (1) recommends that the Congress enact legislation which permits the Services to require reimbursement for education and training costs as an alternative to active duty, and (2) includes suggested legislative language with its report.

Comments

As a part of the DoD legislative program for the 95th Congress, we have submitted a proposed legislative amendment (DoD 95-54) to Chapter 101, title 10, United States Code, which is in substantial agreement with the GAO suggested proposal. It would authorize the Secretary concerned to require an applicant for certain advanced education sponsored by the Armed Forces to agree to serve on active duty for a specified period or reimburse the United States for the apportioned costs of the education.

[See GAO note]

The GAO report concerning the management of ROTC has been very helpful and we appreciate your assistance.

Sincerely,

Charles C. Chamberlain

Enclosures

GAO note: The deleted comments relate to matters which were discussed in the draft report but omitted from this final report.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

Tenure of office
From To

DEPARTMENT OF DEFENSE

Secretary of Defense:

| | | |
|----------------------|-----------|-----------|
| Harold Brown | Jan. 1977 | Present |
| Donald H. Rumsfeld | Nov. 1975 | Jan. 1977 |
| James R. Schlesinger | July 1973 | Nov. 1975 |

Deputy Secretary of Defense:

| | | |
|------------------------|-----------|-----------|
| Charles W. Duncan, Jr. | Jan. 1977 | Present |
| William P. Clements | Jan. 1973 | Jan. 1977 |

Assistant Secretary of Defense:
 (Manpower and Reserve Affairs)

| | | |
|--------------------------|------------|-----------|
| David P. Taylor | July 1976 | Present |
| John F. Ahearne (acting) | Mar. 1976 | July 1976 |
| William K. Brehm | Sept. 1973 | Mar. 1976 |

DEPARTMENT OF THE ARMY

Secretary of the Army:

| | | |
|------------------------------|-----------|-----------|
| Martin R. Hoffman | Aug. 1975 | Present |
| Norman R. Augustine (acting) | July 1975 | Aug. 1975 |
| Howard H. Callaway | May 1973 | July 1975 |

DEPARTMENT OF THE NAVY

Secretary of the Navy:

| | | |
|--------------------------|-----------|---------|
| J. William Middendorf II | Apr. 1974 | Present |
|--------------------------|-----------|---------|

DEPARTMENT OF THE AIR FORCE

Secretary of the Air Force:

| | | |
|---------------------------|-----------|-----------|
| Thomas C. Reed | Jan. 1976 | Present |
| James W. Plummer (acting) | Nov. 1975 | Jan. 1976 |
| John L. McLucas | May 1973 | Nov. 1975 |