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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

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DOD "Total Force Management"-- Fact Or Rhetoric?

Defense managers should seek the most cost-effective mix of available people--active and reserve military, civilians, and contractors--consistent with Defense requirements. Total force management resulting from a well-defined policy should make this objective attainable.

The present total force policy is vague and incomplete--that is, it is generally concerned with only segments of the Department of Defense's total manpower resources. Consequently, the services have developed independent policies and management systems with different manpower and cost elements. This limits Defense managers' ability to make informed decisions.

The Department of Defense should issue comprehensive guidance for a uniform total force policy and for effectively measuring its benefits.

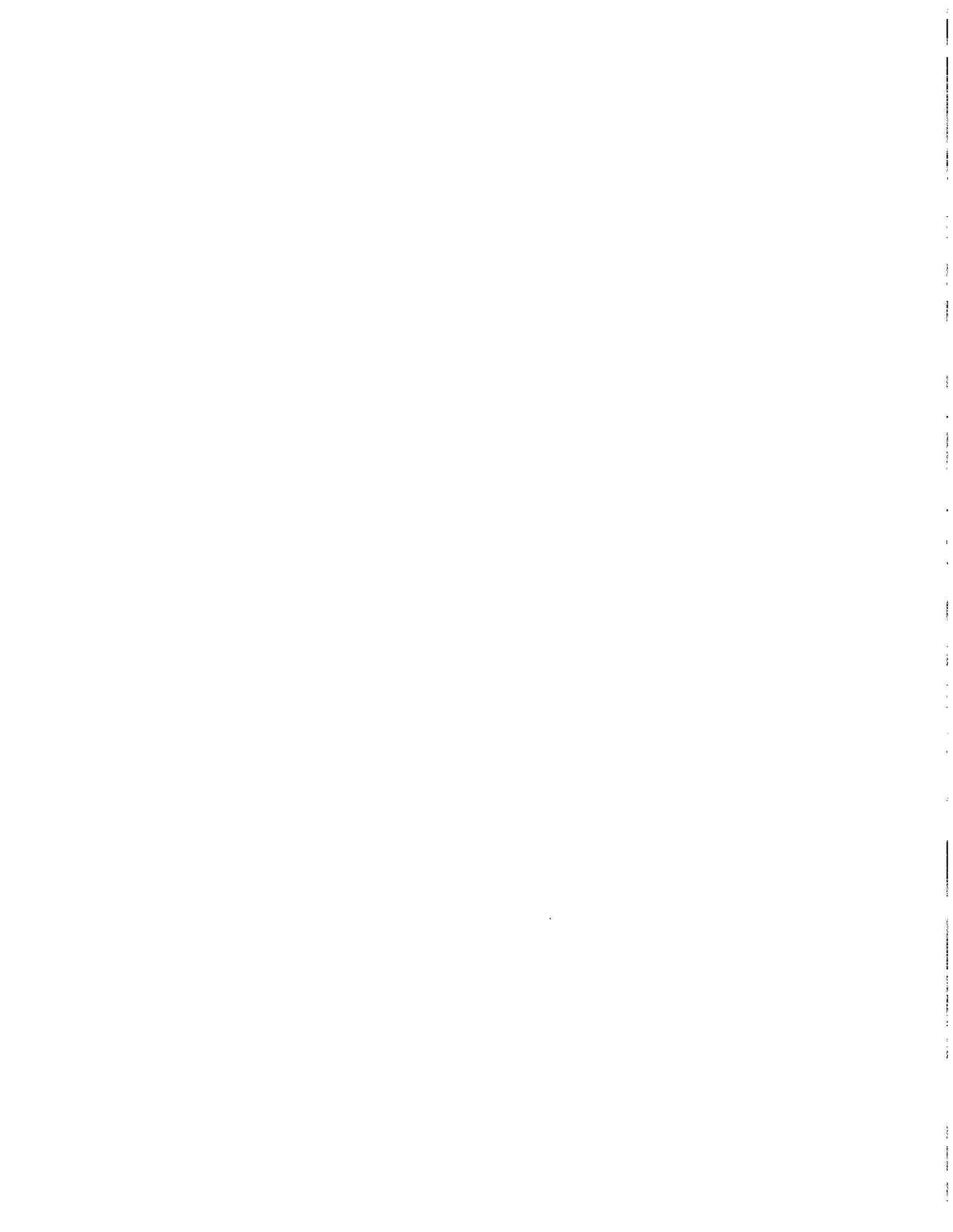


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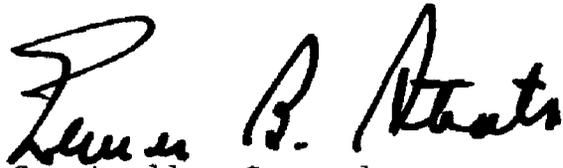
To the President of the Senate and the
Speaker of the House of Representatives

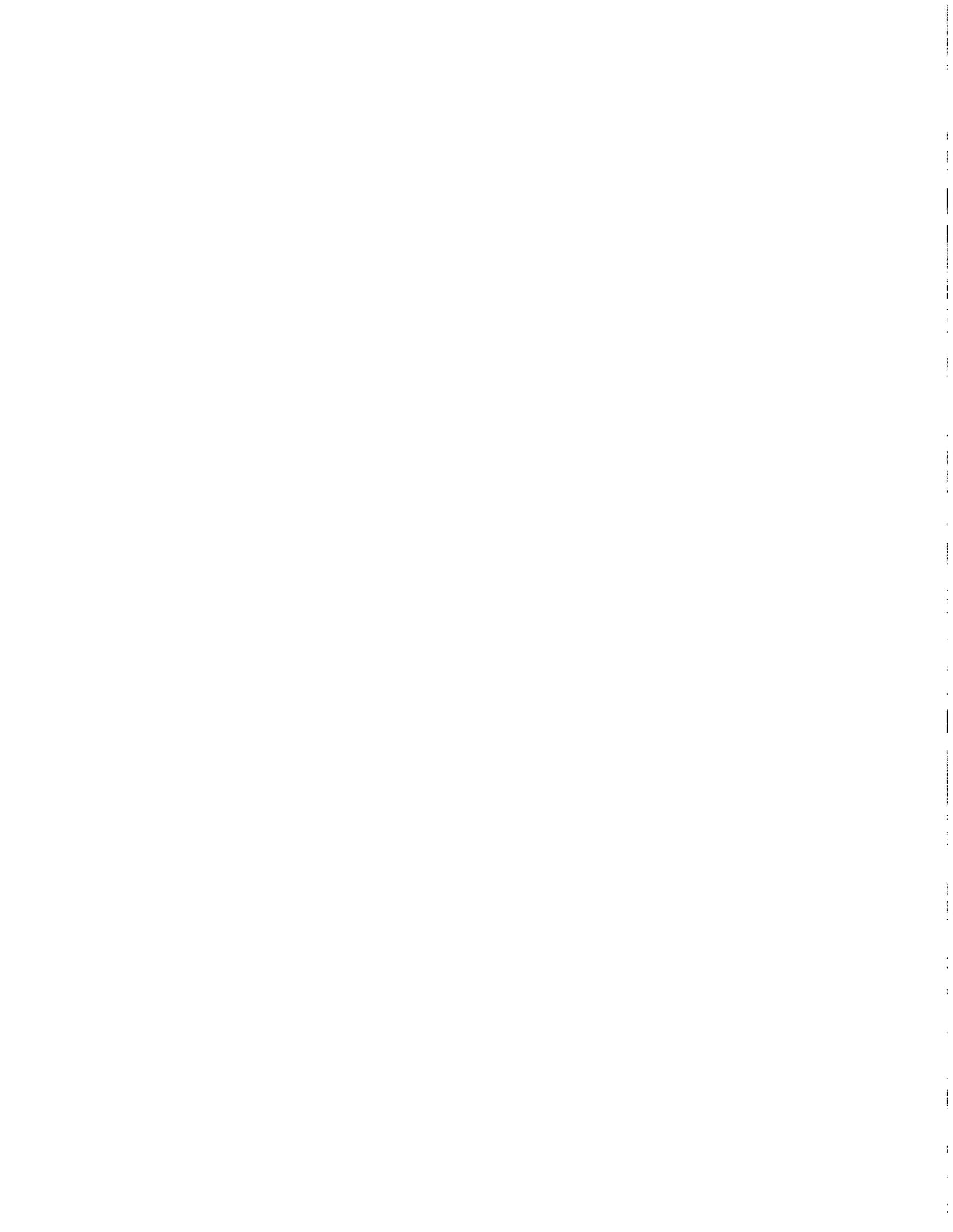
This report assesses the Department of Defense's ability to manage all available manpower resources (active and reserve military, civilian, and contractor personnel) in the most cost-effective way--total force management. It discusses the total force policy, its status in the Office of the Secretary of Defense and the services, and problems limiting its effective implementation.

We made this review because the importance of effective manpower management cannot be overstated in view of rising personnel costs. We believe that a well-defined total force policy implementing total force management could help Defense managers achieve maximum force readiness at minimum cost.

Officials in each service and in the Office of the Secretary of Defense were given an opportunity to study and verify the accuracy of the report and discuss it with us. Their comments were considered in preparing this report. (We did not obtain their formal comments.)

We are sending copies of the report to the Chairmen, Senate and House Committees on Appropriations; Chairmen, Senate and House Committees on Armed Services; and the Secretary of Defense.


Comptroller General
of the United States



D I G E S T

Rising manpower costs and increasing competition for funds underscore the importance of good management within the Department of Defense (DOD). Congressional interest in reducing military costs without sacrificing readiness further illustrates the need for competent management of the DOD work force.

An effective policy establishing total force management--the use of all available manpower (that is, active and reserve military, civilian, and contractor manpower)--could be a cost-effective solution to manpower problems. In addition, such a policy would allow DOD to achieve maximum force readiness at minimum cost because it would integrate the planning, programing, and budgeting of all work force elements. However, the Office of the Secretary of Defense (OSD) has not issued a clearly defined total force policy.

The guidance that is available does not acknowledge constraints and is vague and incomplete, generally addressing only segments of the total manpower resources. Further, the guidance requires no trade-off analyses to justify the type of manpower requested and provides little information on cost considerations other than directing the services to seek the least costly manpower program.

Consequently, each service has developed its own manpower systems with its own policies and sets of logic. However, the Air Force is the only service with a total force management system; the Army and Navy have only recently started to develop one. When the latter two have such a system, DOD will have made a major step toward achieving effective total force management.

OSD could better monitor and evaluate the total force if accurate and standard information were available. Although OSD is developing a system to improve its access to military and civilian information, it presently depends on the services for such information. But it is inaccurate and incomplete and lacks sufficient commonality between the services' manpower data systems.

DOD officials generally agreed that the report accurately addresses the problem areas and offers viable solutions.

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

The Secretary of Defense should take the lead to develop with the services a comprehensive total force policy which includes all manpower resources. The policy should define:

- The objectives of total force management in determining the most cost-effective force consistent with military requirements and resource constraints.
- The manpower elements of the total force-- that is, active and reserve military, civilian, and contractor--and their respective peacetime and wartime roles.
- Manpower systems that provide for integrated management and concurrent consideration of all manpower resources.
- The contributions of host nations' manpower in determining U.S. manpower requirements.

The Secretary should also prescribe guidance to help the services manage the total force and determine the DOD work force composition while allowing the services needed flexibility. This guidance should at least cover the following areas.

- The services need to provide a balance between determining manpower requirements and the ability to acquire the desired mix.

- Factors influencing short- and long-term manpower requirements, supplemented by recognition of external constraints which may preclude optimum total force solutions in annual program planning guidance.
- Methodology to determine manpower requirements.
- Cost elements to be used in figuring manpower.
- The need for cost-benefit analyses in examining manpower mix alternatives.
- Measures of improved capability over the current force and methods of effecting that capability.
- Clarification of criteria used to decide between performing in-house or contracting out for products and services.
- The information OSD needs to evaluate service requests.

RECOMMENDATION TO
THE CONGRESS

When formulating DOD legislation and making DOD authorization and appropriation decisions, the Congress should consider the interrelationships between available manpower resources and the impact its decisions may have on DOD's ability to manage the total force in the most cost-effective manner.

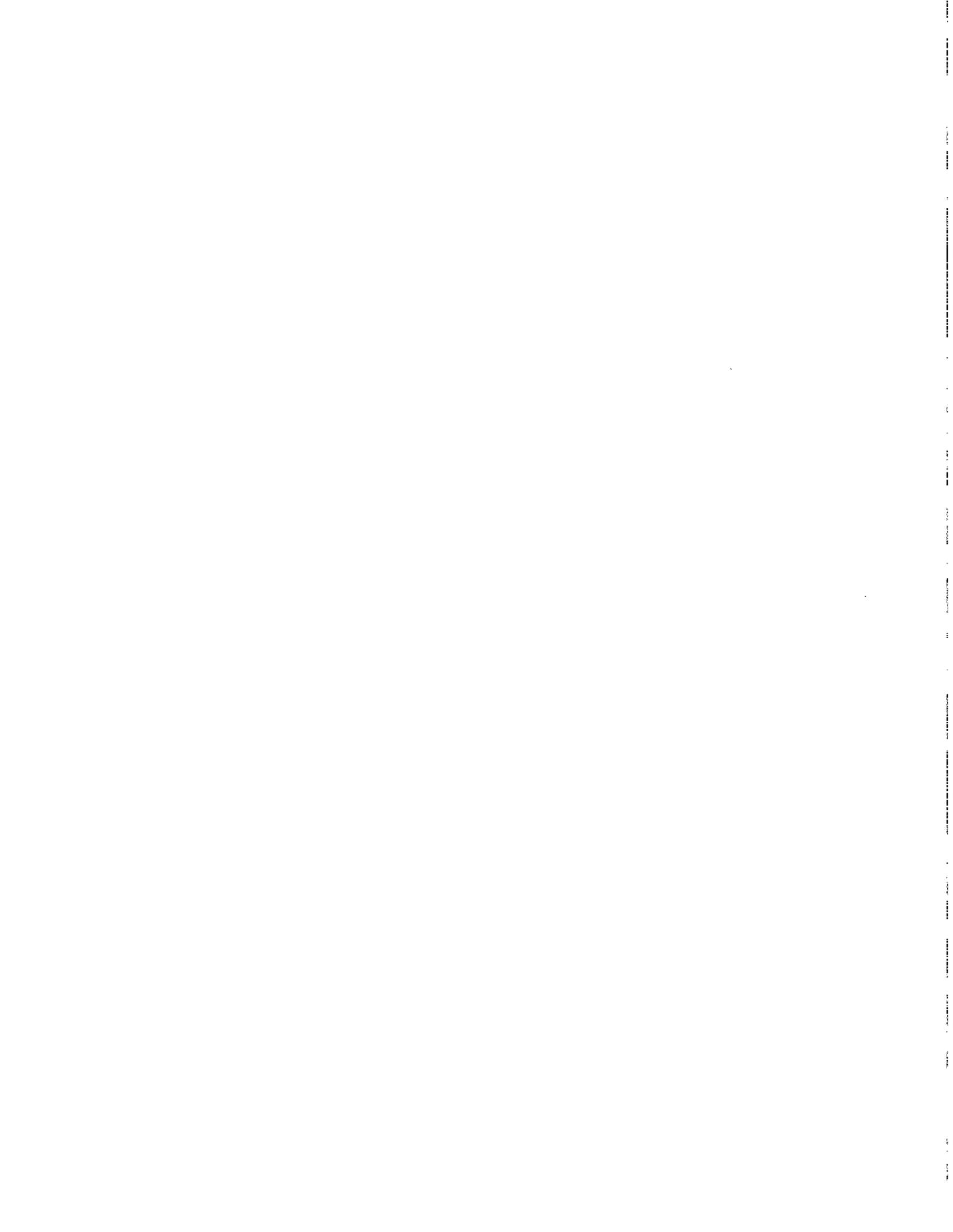


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ABBREVIATIONS

AIS	Advance Information System
DOD	Department of Defense
MACRIT	Manpower Authorization Criteria
OSD	Office of the Secretary of Defense



CHAPTER 1

INTRODUCTION

Manpower, once plentiful and cheap, is now scarce and expensive. Manpower management policies, which were often adopted for reasons of convenience and equity, must now be evaluated in terms of efficiency. Total force management may provide a cost-effective solution to manpower problems.

The Department of Defense (DOD) has sustained military manpower shortages since the introduction of the All-Volunteer Force in 1973. While the supply of manpower is projected to decline even further, the demand for manpower is likely to increase. Thus, to optimize the use of the critical manpower resources is going to require "tight" management.

The cost of available manpower relative to total defense outlays is also increasing. Manpower today consumes 56 percent of the DOD budget. The total manpower costs have increased from \$24 billion--47 percent of total outlays--in fiscal year 1964 to approximately \$64 billion for fiscal year 1979. Nevertheless, DOD must maintain force capability to insure adequate defense of the United States.

TOTAL FORCE MANAGEMENT

In an effort to achieve and maintain the desired military capability, the Office of the Secretary of Defense (OSD), in 1973, directed the services to integrate the active, guard, and reserve forces into a homogeneous whole. Guard and reserve forces were to be used as the initial and primary augmentation of active forces. This was one of OSD's initial steps in directing the services to conduct total force management. After a 1975 study of guard and reserve readiness to enhance active force capability, especially ground forces, DOD modified the 1973 directive. This study, "The Guard and Reserve in the Total Force," identified many problems with reserve readiness. As a result, guard and reserve units would continue to have important roles in a conventional conflict but would not be considered full substitutes for active duty ground forces. DOD did act, however, to strengthen the reserve components.

This emphasis given to the guard and reserve force in total force management does not exist for civilian and contract manpower. In the past, civilian and contract manpower were not considered a primary element of the total

force by OSD. A 1977 study 1/ for the Senate Committee on Armed Services reported that many Pentagon decisionmakers apparently feel that civilians are more vulnerable than military manpower to reductions in force. According to the study, this concern is not without foundation because civilian manpower, by the very nature of being in a support role, should receive first consideration when reductions are taken. OSD and the services have faced sharp reductions in the civilian work force in recent years--about 55,000 in fiscal years 1975 and 1976 alone. The Congress and the executive branch apparently believe civilian cuts, despite potential cost savings, are less risky to national security while others find civilian reductions politically hazardous.

The study further stated that reliance on private industry is encouraged, although the possibilities for substituting contract manpower for both military and civilian manpower have not been fully tapped and further opportunities deserve to be explored.

However, the Congress placed a moratorium, for fiscal year 1978, on the conversion of certain base operating support services to commercial contract and also restricted certain contracting for weapon system engineering and logistical support; intermediate and depot level maintenance; and research, development, test, and evaluation if such conversion resulted in a reduction of Government employees. 2/

A 1977 Rand study, "Military Manpower and the All-Volunteer Force," also addressed the use of contract manpower. The study reported that cost savings of up to \$1 billion a year might be realized by contracting out for 250,000 civilian positions. It concluded that the cost-effective solution may be in substituting contract manpower for civilian manpower rather than substituting civilian manpower for military manpower.

One factor contributing to the lack of contract manpower is the executive branch policy of relying on private enterprises to supply goods and services. A recent GAO study 3/

1/"Shaping the Defense Civilian Workforce," a study prepared for the Committee on Armed Services, United States Senate, 95th Congress, September 1977.

2/Section 852, Public Law 95-111, Department of Defense Appropriation Act, 1978, Sept. 21, 1977.

3/"Development of a National Make-Or-Buy Strategy--Progress and Problems," PSAD-78-118, Sept. 25, 1978.

concluded that this policy was confusing. We found a lack of knowledge and understanding of the policy, and a reluctance to include it in the main decisionmaking process. The House Committee on Armed Services has also expressed concern about the substantial disagreement over the factors used to determine whether an activity can be performed by the private sector.

The highest levels of Government recognize the need to move toward a more fully integrated approach to determining manpower requirements, planning manpower needs, and programming resources to meet these needs. In view of dollar and military ceiling constraints, DOD will have to manage human resources on a total force basis, with reserves and civilians (including contract manpower) being used in lieu of active military manpower wherever feasible.

SCOPE OF REVIEW

Our review, the fieldwork for which was completed in May 1978, was directed toward identifying DOD's capability to manage the total force. Specific emphasis was placed on DOD policies, documents, and regulations pertaining to the total force policy and on the obstacles to total force management. We also looked at the services' development and implementation of the total force policy.

We performed our work at Offices of the Assistant Secretaries of Defense (Manpower, Reserve Affairs, and Logistics), (Program Analysis and Evaluation), and (Comptroller) and the military services' headquarters.

CHAPTER 2

OSD TOTAL FORCE POLICY LACKS

DEFINITION AND GUIDANCE

The DOD fiscal year 1979 budget includes about \$64 billion for manpower costs--approximately 56 percent of total DOD outlays. The Congress has continued to be concerned about this high cost of DOD manpower. Therefore, it is essential that DOD utilize the most efficient manpower resources to perform the various national defense missions. We believe that a well-defined total force policy is mandatory for meeting this goal.

OSD has not taken an active leadership role in specifying the total force policy and in guiding the services' efforts to implement total force management. Officials in various OSD offices define the total force policy differently, and none have issued comprehensive guidance for implementing the policy. As a result, OSD receives data from the services that is comprised of different manpower and cost elements and is in different formats, reducing OSD's ability to fully evaluate all alternatives before making decisions on manpower management and to exercise the necessary oversight of the total force.

COMPREHENSIVE OSD TOTAL FORCE POLICY IS MISSING

Despite its 1973 pronouncement that the "total force policy* * * integrates the Active, Guard, and Reserve forces," OSD has not clearly defined the objectives of the total force policy. As a result, officials within OSD have applied conflicting interpretations to the policy. We believe the policy should include, as a minimum, the consideration of all resources available to DOD--active and reserve military, civilians, contractors, and appropriate allied forces (in planning for contingency operations)--in the most cost-effective configuration and should still meet current and long-range operational requirements. However, some officials interpret the policy to mean "the management of the guard and reserve to effectively augment the active force" while others consider it to be "the integrated management of the military, civilians, private contractors, and appropriate allied forces." Obviously, the total force policy and its application are not understood within OSD.

Evolution of the
total force policy

The total force concept was introduced by Defense Secretary Melvin Laird in August 1969. In a memorandum to the secretaries of the military departments and the Assistant Secretary of Defense (Comptroller), the Secretary directed that separate budget accounts for each of the reserve forces be created for the areas of operations and maintenance--including depot maintenance--and of procurement. This action was intended to insure effective control over funds designated for the reserve forces.

In 1970, Secretary Laird reiterated his support for the guard and reserve forces. In a memorandum for the secretaries of the military departments and other DOD activities, he stated that the total force concept would apply to all aspects of planning, programing, manning, equipping, and employing guard and reserve forces. The Defense Secretary made the Assistant Secretary of Defense (Manpower and Reserve Affairs) responsible for coordinating and monitoring selected guard and reserve actions to assure their total force role of augmenting the active forces.

Secretary Laird explained the total force concept during the 1971 congressional appropriations hearings by saying:

"In defense planning, the Strategy of Realistic Deterrence [sic] emphasizes our need to plan for optimum use of all military and related resources available to meet the requirements of Free World Security. These Free World military and related resources--which we call 'Total Force'--include both active and reserve components of the U.S., those of our allies, and the additional military available through local efforts, or through provision of appropriate security assistance programs."

Although Secretary Laird was first to promote the total force concept, it was Secretary of Defense Schlesinger who took the initial step in establishing a total force policy. In August 1973, he told the secretaries of the military departments and other selected military officials:

"Total Force is no longer a 'concept.' It is now the Total Force Policy which integrates the Active, Guard, and Reserve forces into a homogenous [sic] whole."

The Secretary also asserted that the guard and reserve forces would be used as the initial and primary augmentation of the active forces. In this memorandum and the others mentioned above, references to the total force primarily focus on the reserve components, with little or no mention of civilian or contracted contributions.

Total force policy
as currently defined

Although OSD officials refer to Secretary Schlesinger's August 1973 memorandum as the total force policy, many define the policy differently. Some officials define the policy to be the integration of the active and reserve components as defined in the memorandum while others consider it to include civilians and private contractors. Moreover, some officials have also included appropriate allied forces in the definition. We did not find an official policy document to support any belief that the total force policy includes all of these available resources. According to OSD officials, OSD has issued neither a comprehensive total force policy which encompasses all available resources nor a DOD directive defining the objectives of the total force policy.

In spite of emphasis on the use of all available resources to augment and support the active forces, OSD has not clearly identified these resources in a comprehensive total force policy. If OSD expects to have a consistent manpower policy, it must clearly define the elements of that policy.

OSD documents and directive provide
fragmented total force guidance

OSD guidance we have examined promotes the total force concept but does little toward establishing how total force objectives will be met or how its benefits will be measured.

A DOD internal document states that in order to meet the total force objectives, adequate numbers of people should be provided to support force structure needs. The services should develop programs to meet these objectives by balancing manpower among active military, reserve paid drill, unpaid reserve, civilian employees, and contractors to achieve the least costly program consistent with military requirements. The document also provides instructions to the services on manpower programming considerations (decline in the youth population, legislative impact), manpower mobilization, personnel planning (officer and civilian levels), and manpower utilization and training. Its only guidance on costs is to direct the services to seek the least costly manpower program.

The "Consolidated Guidance," an annual planning document, provides overall guidance for program development. Under "Manpower," OSD advises the services to consider all sources of manpower in implementing the following manpower objectives:

- Provide adequate inventories for each occupation and experience level in order to satisfy all wartime manpower requirements.
- Maintain peacetime manning levels and a training posture that enable all units to meet readiness standards at the time of scheduled deployment.
- Attain the most cost-effective mix of active military, selected reserve, individual ready reserve, standby reserve, in-house civilian, defense contractor, and nondefense manpower to accomplish programmed peacetime workload and to satisfy DOD mobilization and sustainability objectives.

OSD expects the services to adhere to this guidance, but it has no criteria to measure compliance.

Present DOD instructions and directives provide guidance on manpower management but address only segments of the total force. The directives primarily state policies and responsibilities on the use of a specific manpower resource; they do not give comprehensive guidance on considering concurrently all the resources--active and reserve military, civilians, and contractors. Trade-off analyses are not usually required to justify the form of manpower requested in service programs. For example, DOD Directive 1100.4 states:

"Civilian personnel will be used in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness, which do not require military background for successful performance of the duties involved, and which do not entail unusual hours not normally associated or compatible with civilian employment."

DOD also has issued guidance concerning reliance on the private enterprise system. The overall policy is stated by the Executive Office of the President in the Office of Management and Budget Circular No. A-76, which requires each Government agency to

- issue implementing instructions and provide management support to ensure that the policy is followed,
- compile and maintain an inventory of the agency's commercial and industrial activities, and
- review its activities every 3 years to determine whether in-house performance should be continued.

(Revisions to the circular have been proposed.) The policies and requirements of Circular No. A-76 were implemented by DOD Directive 4100.15 and its Instruction 4100.33. Directive 4100.15 states that in-house operation is permitted when

- procurement from a commercial source would disrupt or materially delay an agency's program;
- it is necessary for combat support, military personnel retraining, or mobilization readiness;
- a commercial source is not available and could not be developed in time to provide the product or service when needed;
- the product or service is available from another Government agency; or
- procurement from a commercial source would be substantially more costly to the Government.

Because of increased emphasis on the use of contractors during 1976 and 1977, the Congress expressed concern about how this policy was being implemented. In the DOD Appropriation Authorization Act of 1978, the Congress directed the Secretary of Defense and the Director of the Office of Management and Budget to comprehensively review the criteria used in determining whether commercial or industrial type functions should be performed by DOD personnel or by private contractors. The results of that review, dated December 31, 1977, were submitted to the Senate and House Committees on Armed Services. The report stated that, within the total force structure, activities not required to be staffed by military personnel or by full-time Federal civilians are are considered contractible.

Previous studies
criticize OSD guidance

According to a Brookings Institution study prepared for the Senate Committee on Armed Services, "Shaping the Defense

Civilian Work Force," OSD guidelines on the makeup of the work force are not completely followed. The study states:

"These guidelines are not followed. * * * Their vague contours leave a great deal open to interpretation, thus permitting institutional and political forces to exert considerable influence. On balance, these interests discourage even marginal changes in the composition of the defense labor force - irrespective of changes in the cogency of the underlying justification."

The Defense Manpower Commission Report of 1976 also addressed the inadequacy of present policy guidance. The Commission reported that each service determines manpower requirements using its own system, sets of logic, decision rules, and policies. The report recommended that DOD be more active in determining manpower requirements and in specifying policy guidance to achieve the maximum commonality possible between the services' systems.

We have also reported on OSD's ineffective guidance on work force planning. "Development and Use of Military Services Staffing Standards: More Direction, Emphasis, and Consistency Needed" (FPCD-77-72, Oct. 18, 1977), stated that OSD had not issued specific guidance to the services concerning

- the desired methodology and approaches for developing staffing standards;
- the appropriate levels of responsibility and control;
- the types, quality, and number of personnel to develop, implement, and maintain staffing standards; or
- the use of work-measurement data under the productivity improvements program for developing and applying staffing standards.

Consequently, the military services, except for the Air Force, have made little progress in developing and using staffing standards. At the current rate, significant progress will not occur for several years.

OSD CANNOT EFFECTIVELY MONITOR
AND EVALUATE THE TOTAL FORCE

OSD does not have readily available the information it needs to carry out its basic responsibilities of analysis,

policy development, supervision of policy implementation, and dissemination of manpower information to the President, the Congress, the Office of Management and Budget, DOD organizations, and other Government agencies. Lack of centralized and comprehensive manpower information systems, and receipt of what OSD believes to be incomplete and inaccurate data from the services, hinders OSD in monitoring and evaluating the total force.

At present, OSD does not have a centralized manpower information data system. An OSD official says the Defense Manpower Data Center is the closest system to a centralized data base. However, the Data Center is a personnel system limited to an inventory of active and reserve military and civilian personnel. It does not contain data on manpower requirements.

OSD officials told us that OSD is developing a centralized manpower system for military and civilians which will permit access to manpower data down to the installation level. Plans are to integrate the system with the services' systems. An OSD official expects this system to be working in about a year. We believe that OSD and the services should cooperate in developing this system to insure that complementary and comparable data is available.

OSD's information system for maintaining an inventory of commercial or industrial activities is also inadequate. The Office of Management and Budget Circular No. A-76 requires the military departments to maintain an inventory of commercial and industrial activities and to review each activity at least once every 3 years to insure that in-house performance is justified. In a report "How To Improve Procedures for Deciding Between Contractor and In-House Military Base Support Services" (LCD-76-347, Mar. 28, 1977), we concluded that DOD's inventories of its commercial and industrial activities were unreliable because of

- installation personnel not identifying all activities and allocating all costs,
- inappropriate justifications given for continuing in-house performance, and
- difficulty in matching DOD classification of commercial and industrial activities with the military service activities.

A 1977 DOD audit service study also reported that DOD's inventories of its commercial and industrial activities were incomplete.

Accuracy of data
is questionable

OSD officials responsible for monitoring manpower programs find it difficult to evaluate the services' manpower requests because they believe the data they receive from the services is incomplete, inaccurate, and inconsistent. In justifying manpower programs, service officials provide OSD with different types of manpower and cost data. Reasons cited for poor cost data include poor training of persons doing cost analyses, errors associated with transcribing unit data to command computer banks, and lack of sufficient staff to perform all work required at reserve units.

A recent OSD-sponsored report on alternatives for achieving standardization of manpower accounting and programing 1/ confirms some of these views, stating that each service uses different methods of describing its total force requirements. Although total strength is not affected, such reporting methods can result in actual strength variations between manpower categories of more than 10,000 (depending on the service's reporting objectives).

We have also reported on inaccurate and incomplete military manpower data. For example, we stated that the Military Manpower Training Report does not accurately reflect staffing in support of training because data submitted by the services is inadequate. More specifically:

- Not all elements of training support are being included.
- Base operations' support is not consistently reported.
- Training support provided by one service to another is not included for specific locations.
- Contractor personnel are not included.

1/"Development of Rules and Methods for Defense-wide Standardization of Military Manpower Accounting and Programing," General Research Corporation, March 1978.

Consequently, valid assessment of the training resources is difficult if not impossible. 1/

The lack of complete and accurate manpower data has also contributed to the fact that OSD has not provided DOD-wide guidance, definitions, or policy to eliminate ambiguity of manpower terms. Our prior reports and a March 1976 OSD study found problems with the lack of standardized definitions. For example, the OSD study attributed the inadequacy of manpower data to the use of subjective work force definitions by OSD personnel. In addition, in a prior report, "Development and Use of Military Services' Staffing Standards: More Direction, Emphasis, and Consistency Needed," dated October 18, 1977, we concluded that the absence of DOD-wide definitions and procedures limits OSD's capability to evaluate the validity of service personnel budget requests.

Also, the Congress needs assurance that manpower data justifying the DOD budget is credible and useful in the budget reviews. For example, in the Defense Manpower Requirements Report for fiscal year 1979 (and other years), terms--such as "industrial engineering," "engineered data," and "statistical standards"--or techniques indicating precise work measurement are used to explain manpower requirements determination processes for several, dissimilar service programs. The use of these terms to describe systems which are not in fact similar is misleading.

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

CHAPTER 3

OBSTACLES TO TOTAL

FORCE MANAGEMENT

OSD leadership and management of the total force could be improved if certain obstacles were removed. These obstacles include inadequate coordination between OSD offices, limitations on the number and use of its manpower resources, and decentralized control of the civilian work force. OSD officials agreed that total force management is ineffective because DOD lacks the necessary control to manage its work force.

TOTAL FORCE MANAGEMENT COORDINATION BETWEEN OSD OFFICES IS INADEQUATE

Although DOD is trying to improve the effectiveness and efficiency of its organizational structure, divided responsibility and inadequate coordination preclude effective total force management. The staffs of almost all assistant secretaries of Defense are involved in some manpower-related issues. We reviewed three of the primary offices which have related but diverse manpower responsibilities--Manpower, Reserve Affairs, and Logistics, Program Analysis and Evaluation, and the Comptroller.

The functions of the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics include:

- Force structure analysis as related to quantitative and qualitative manpower requirements, manpower utilization, logistics, and support.
- Administration of controls on military and civilian manpower strengths.
- National Guard and reserve affairs as provided in Title 10, U.S. Code, including facilities and construction, logistics, training, mobilization, readiness, and other related aspects of reserve affairs.

The Assistant Secretary of Defense for Program Analysis and Evaluation is responsible for formulating force planning and fiscal policy guidance upon which DOD force planning and program projections are to be based. The force levels establish the quantitative and qualitative aspects of manpower for which Manpower, Reserve Affairs, and Logistics is responsible.

Assistant Secretary of Defense (Comptroller) functions include (1) coordinating and controlling the programing process and (2) supervising, directing, and reviewing the preparation and execution of the DOD budget.

These offices are involved in many interacting manpower issues. However, at the directorate level, where most of OSD work is done, there is insufficient coordination in developing integrated total force programs. This lack of coordination exists between directorates within an assistant secretary's office as well as between offices of assistant secretaries. Each office, preoccupied with its own responsibilities, fails to effectively coordinate with other cognizant offices. For example, OSD officials told us that force structure plans include the use of certain reserve forces to augment the active forces within specified mobilization timeframes. Yet, an Army internal report and the Defense Manpower Commission study disclosed that some of these forces are unable to meet their assigned mission. This was also confirmed by OSD officials.

We believe that sound force structure planning must consider the availability of the needed manpower. A force structure plan cannot work without close coordination between many manpower and personnel management and other offices. We could not find any office responsible for integrating the myriad aspects of manpower and personnel management below the assistant secretary level. And, the offices at that level lack the necessary information and adequate staff to make total force management decisions.

In the spring of 1977, the President initiated efforts to reform the structure and management of the Federal Government, including DOD. Generally, the President's goals in reorganization are to identify and resolve such problems as:

- overlapping and fragmented responsibilities,
- duplication of effort,
- lack of accountability, and
- unnecessary organizational elements.

To meet these objectives, DOD has undertaken three organizational studies dealing with departmental headquarters, resource management, and the national military command structure. Two of the three studies have been completed

and the third is expected in early 1979. We believe these studies offer excellent opportunity to improve the decision-making process.

LIMITATIONS ON MANAGEMENT OPTIONS

Actions which influence manpower levels but which are outside the requirements determination process undermine effective DOD manpower management. Often, these unilateral actions do not consider overall program effectiveness or the effect on other, closely related programs. Two such actions are imposition of personnel ceilings and forced reductions of military or civilian manpower levels.

Personnel ceilings

GAO has previously reported ^{1/} that personnel ceilings limit management options for accomplishing essential work. In the budget process, the agencies, the Office of Management and Budget, the President, and the Congress scrutinize agencies' programs and functions and the estimated funds and manpower needed to accomplish them. This should provide effective control over the agencies.

However, the Office of Management and Budget also imposes a personnel ceiling which limits the number of employees an agency may have on its payroll on the last day of the fiscal year, regardless of the work to be accomplished and the funds available. Distributing this ceiling among its organizational elements and monitoring actual employment by these elements to insure that the ceiling is not exceeded on one day of the year creates an administrative burden and an illusion of control. Federal manpower management can be improved by employing or otherwise acquiring the most appropriate personnel for specific circumstances and purposes rather than by limiting the number of persons that may be reported on the Federal payroll.

Forced reductions

Civilian manpower level reductions imposed by the Congress or the administration, especially those accompanied by large unilateral civilian substitution programs (converting military positions to civilian), frustrate DOD manpower

^{1/}"Personnel Ceilings - A Barrier to Effective Manpower Management," FPCD-76-88, June 2, 1977.

managers. Such reductions are often unrelated to national security and military requirements. According to service officials, converting a military position is commensurate with losing it. First, a military position is converted, then it is eliminated because of a civilian reduction program or a personnel ceiling adjustment.

Civilian work force reductions take little account of workload requirements and limit a manager's options to (1) impose reductions in activities where the reduction will not impair productivity or readiness and (2) bypass these activities where a reduction would be harmful.

For example, OSD directed a servicewide civilian substitution program from 1973 to 1975 whereby the Army had to convert over 14,000 military positions to civilian status. In fiscal year 1975, the Congress reduced the Army civilian work force with no restoration of the military spaces already withdrawn. An Army official told us the Army had to "borrow" military manpower to do the work of the vacated civilians. Army officials state that workloads have increased, with no additional authorization of military or civilian personnel.

We recently recommended 1/ that the Secretary of Defense, through the Office of Management and Budget, request the Congress to adjust the appropriate authorizations and appropriations to accommodate increases in civilian personnel and decreases in military personnel if the authorized personnel ceiling does in fact constrain DOD from using civilians.

DECENTRALIZED CIVILIAN MANAGEMENT PROVIDES LIMITED CONTROL

Decentralized management of the civilian work force also makes it difficult for OSD to manage the total force. OSD has close control of military personnel because of centralized budgeting, but it has limited control over the management of the civilian work force. The military personnel budget does not affect a local commander's budget, but civilians are paid from the commander's operations and maintenance funds. These funds are also used for other expenses such as utilities, rent, and supplies. Local commanders have little incentive to hire a civilian because

1/"Using Civilian Personnel for Military Administrative and Support Positions--Can More Be Done?" (FPCD-78-69, Sept. 26, 1978).

it would mean less funds for these expenses. The Congress rejected an OSD request to consolidate military and civilian budget accounts. According to an OSD official, a consolidated budget would give managers the flexibility to make trade-offs in formulating the budget.

The Defense Manpower Commission reported that the differences in philosophies of managing the civilian and uniformed individuals preclude effective management of the total DOD work force. The Commission stated that the programming of civilian manpower is the accumulation of independent decisions of hundreds of local commanders and personnel officials or the attempt to anticipate those decisions through some centralized computational approach. The Commission concluded that in either case, the decisions are independent of the civilian total work force needs or of the total manpower force needs, much less the total work force needs of the local commanders.

In addition to limited control of the civilian work force, special interest groups can hinder greater use of contractors. For example, a study prepared for the Senate Committee on Armed Services, "Shaping the Defense Civilian Work Force," reported that congressional members, representing geographical areas with government installations whose constituents might be adversely affected by an increased reliance on contractors, can be more responsive to the needs and interests of their constituents than to those of DOD. The study also states that policies governing the mix of DOD manpower, particularly the relative amount of in-house and contract labor, have been influenced by partisan politics.

CHAPTER 4

SERVICES' TOTAL FORCE

MANAGEMENT MUST BE IMPROVED

Lacking specific guidance from OSD, the services have independently pursued and developed total force management using their own systems, sets of logic, rules, and policies. The Air Force and the Navy have issued formal total force management policies while the Army and the Marine Corps rely on several policies rather than a standard policy to integrate manpower management. The Air Force took the initial step in total force management and is presently the only service to have a total force management system. The rising costs of manpower have forced the other services to follow the Air Force lead in placing greater emphasis on total force management.

The lack of OSD guidance and the different emphasis given to total force management is further reflected in some services having

- a fragmented organizational structure for manpower,
- an inaccurate and incomplete manpower information system, and
- the inability to accurately determine manpower requirements.

TOTAL FORCE POLICY DIFFERS IN EACH SERVICE

Only the Air Force and the Navy have issued a total force policy to govern manpower and personnel management. For example, the Air Force total force policy is defined as:

"* * * the concurrent consideration of all elements of the force--officer, airmen, reserve and civilian (including non-appropriated fund employees)--to determine the best force capability that will support the national strategy and meet the threat."

The Navy policy adds to this concept by including the use of contractors in determining manpower and personnel requirements and by stressing the importance of coordinating hardware and systems development with manpower and personnel goals.

Although the Air Force has not included the use of contractors in its total force policy, the Air Force is using more contractors than the other services.

Although the Army and the Marine Corps have not issued a formal total force policy, various documents reflect their attempts at integrating the management of all manpower resources. For example, one Corps policy states that a continuing reliance on reserve assets for reinforcing or augmenting active forces is inevitable because forecasts indicate that no increase in manpower or manpower appropriations can be expected. Another policy stresses using civilians to the maximum extent practicable, consistent with mission requirements, in order that increasing numbers of military personnel can be more available to the operating forces. Another calls for the reliance on the private sector as much as possible for the products and services it needs.

TOTAL FORCE MANAGEMENT AT DIFFERENT STAGES IN EACH SERVICE

The services are at different stages in their ability to manage the total force. The Air Force has developed a total force management system and is already monitoring its ability to achieve the system's objectives. The Army and Navy, on the other hand, have just started developing a total force management system. Until these systems are fully implemented, neither service can effectively manage its total force because of the fragmented manpower structures and inaccurate manpower information systems.

Air Force

The Air Force is the only service with a working system to manage the total force. The Air Force says its initial movement toward total force management was the 1960 implementation of its plan which integrated active and reserve forces by preassigning peacetime forces to organizations they would serve during wartime. Under this plan, the gaining commands are responsible for inspecting and supervising the training of reserve units they would gain in war or in a national emergency. In 1968, additional emphasis was given to total force management when the assistant vice chief of staff told Air Staff agencies that the total force policy "will be applied in all aspects of planning, programing, manning, equipping, and employing Guard and Reserve forces."

The Air Force has established a personnel plan to implement and sustain total force personnel management. This plan establishes objectives for the best configuration of

each element of the force, except for contractors, and defines the objectives for a management system designed to achieve that force in a consistent manner. The Air Force also has procedures for measuring the effectiveness of the plan and the achievement of its objectives.

However, the Air Force's total management system still needs improvement. For example, we stated in our report "Determining Requirements for Aircraft Maintenance Personnel Could Be Improved--Peacetime and Wartime" (LCD-77-421, May 20, 1977), that the Air Force's Tactical Air Command has not considered using individual reservists to fill maintenance manpower requirements for sustained wartime and, thus, may be incurring unnecessary manpower costs. In addition, we reported that the Air Force did not have a single system for determining maintenance manpower requirements. Each command has its own system--ranging from a manual system to a rather sophisticated computer-based system. Air Force officials told us that comparable computer-based systems are being developed by other commands.

Army

The Army cannot effectively manage its total force because of ill-defined and uncoordinated manpower management responsibilities and an ineffective management information system. It has no office completely responsible for all manpower management. Instead, manpower related functions are spread throughout the headquarters staff. An Army Resource Management Study group reported that the Office of the Deputy Chief of Staff for Operations and Plans is responsible for utilization of civilian end strengths, the Office of the Deputy Chief of Staff for Personnel establishes utilization policy and actual reports, and the Office of the Inspector General conducts manpower surveys. Manpower surveys consist of an onsite determination of personnel requirements based on workload data. This decentralized manpower management hampers staff coordination considerably.

The decentralized management also affects the Army's ability to manage the total force. The Army policy is to give the subordinate commands maximum flexibility in managing allocated resources. As a result, these commands often have more responsibility than headquarters in managing manpower. They allocate manpower authorizations to their units, develop staffing guides, and perform manpower surveys. Staffing guides and manpower surveys form the basis for determining noncombat manpower requirements. With these subordinate commands independently determining manpower

requirements, discrepancies exist, and the best combination of people and skills is overlooked.

For example, we previously reported 1/ that the responsibility for managing and using enlisted manpower is disseminated among many Army organizational elements. In addition, the Army's

- critically needed personnel are not always distributed in accordance with authorized plans,
- installations frequently do not receive persons with required skills and grades in a timely manner, and
- shortages of personnel qualified in critically needed skills or in certain military occupational specialties can have an adverse effect on units' readiness to perform their mission.

A recent Army study of resource management also stated that

- responsibility for manpower management was not clearly fixed,
- staff coordination on manpower matters was extremely complex and time consuming, and
- major command flexibility regarding manpower management often exceeded that of headquarters.

Before the Army can effectively manage its total force, it must have a complete and reliable manpower information system. Presently, there are too many sources of manpower data and too many data files/systems being maintained. The result is conflicting and inconsistent data, infrequently maintained systems, and differences among systems that require an inordinate amount of time and effort to reconcile.

Delays in processing manning documents have become a problem. For example, a major command is directed to reduce a specific number of spaces during the fiscal year. If the command does not send the revised manning documents reflecting reductions in a timely manner, a headquarters manager makes a "calculated guess" as to where the reductions will be made.

1/"Management and Use of Army Enlisted Personnel--What Needs To Be Done" (FPCD-78-6, Feb. 16, 1978).

When actual changes are received at headquarters, it may discover that the command has reduced or eliminated positions in units other than those selected by the headquarters manager. Headquarters' projections are used by training managers to determine skill training requirements; this often requires changing skills training requirements for skills projected and also introduces training requirements for skills not considered in the command manager's update.

The information used to determine the size and composition of the force is not credible or supportable. Major commands have authority for approving most proposed staffing changes. Headquarters reviews less than 20 percent of the command-approved documents and finds a high percentage of errors. A high error rate and the infrequent headquarters review of command-approved actions suggests that, in relation to staffing criteria, improper field allocation of manpower resources occurs frequently without headquarters knowledge.

To improve the accuracy and timeliness of the manpower management data, the Army is planning a Force Development Integrated Management System which is intended to integrate four separate management information systems at the headquarters level. The system is developing slowly, and implementation is some time away. However, without such a system, we believe the Army cannot effectively manage its total force.

Army officials said that they are aware of the problems mentioned in this report and recently made the first attempt to correct the organizational problems. Although no policy statement has been issued, the officials said the consolidation of manpower responsibilities was implemented October 1, 1978. They said the consolidation will not fully solve all the problems mentioned in this report; additional time is required to establish an effective total force management system.

According to Army officials, the Army did not provide all the needed manpower to meet the revised functions of the new consolidation. We believe that successful consolidation will require adequate staffing. Until this is provided, revisions to policies, directives, feedback, and information systems will be adversely affected.

Navy

The Navy does not have a viable system to manage its manpower and personnel functions or meet the needs of the total force. The different types of Navy manpower are

controlled by separate organizations, and Navy manpower management is not functionally integrated with the management of personnel and training. The Navy manpower information system limits the ability to effectively manage the total force.

There have been numerous studies of the Navy's management of manpower, personnel, and training since World War II. Many of these studies, however, are acted upon quite slowly. For example, the Navy has just started to integrate military and civilian manpower management, an action recommended in 1952.

The Navy's present organizational structure limits its management of the total force because no single organization is responsible for total force manpower or authorized to assure consistent manpower policies. There are a number of major offices that have some responsibility for manpower, personnel, and training management. Each of these three major functions is assigned to a different organizational entity; furthermore, responsibility for each function is assigned according to the type of manpower--active, military, reserve military, civilian, and contractor. Finally, no central point within the Navy manpower management system is charged with determining which functions should be contracted out rather than performed by military or Federal civilian manpower.

A Navy study reported that the present structure

- hinders the development of consistent policies and the effective and timely coordination of policies,
- impedes adequate analysis of interaction within and among manpower, personnel, and training problems, and
- limits the accurate assessment of manpower, which impacts on program and budget changes.

Since management of civilians is also decentralized, the Navy does not know its true civilian manpower requirements and how they compare position for position with people on board. It is unable to relate civilian ceiling cuts to reduced or lost capabilities at the activity level.

Although the Navy has developed a Manpower, Training, and Personnel Plan to improve its total force management, officials have not developed specific management requirements to achieve the plan objectives.

Essential to the plan is development of a computer-based information system referred to as the Advance Information System (AIS). We recently concluded in our report "The Navy's Advanced Information System--A Personnel Management Information System in the 1980-1990s" (LCD-78-122, Sept. 18, 1978), that the Navy has not clearly defined the relationships involved in successfully developing AIS. No formal set of relationships was established between the Navy's (1) mission and objectives, (2) policies, regulations, and directives, (3) programs and activities, and (4) AIS program management, development, and user needs.

Because the Navy is still developing an integrated manpower planning system, it cannot precisely determine manpower requirements of all activities to achieve the optimum mix of active and reserve military, civilian, and contractor manpower within the total force.

Navy officials did not dispute the accuracy of this report. On November 1, 1978, the Navy reorganized its manpower, personnel and training functions, and organizations under the Deputy Chief of Naval Operations to specifically improve total force management. Navy officials said the reorganization is the first step toward total force management.

According to Navy officials, the reorganization is going to be hindered mostly by the lack of qualified people to manage the reorganized functions. They said this lack of personnel is a result of the existing policy of limited hiring. We believe that, until properly skilled staff are available, development of the reorganized functions needed for effective total force management will be impaired.

SERVICES UNABLE TO ACCURATELY DETERMINE MANPOWER REQUIREMENTS

One important aspect of total force management is an accurate requirements determination, which each service has problems with. The services develop their total force requirements through such methods as manpower staffing standards, staffing guides, and survey programs. Staffing standards based on work measurements generally are considered to be the most reliable method. However, only the Air Force has made much progress in developing and using this technique.

Although the Air Force and Navy have abandoned the use of the less precise manpower surveys for determining manpower requirements, the Army has not. The Army Manpower Survey Program generally determines personnel requirements in support and administrative areas. The program is decentralized among

the major commands, which are responsible for surveying their own installations and units.

In addition to our previous criticism of the Army's survey program, 1/ a 1976 Army study reported numerous problems with the program. The report recommended that:

- A comprehensive Army-wide work measurement program be developed and implemented by Headquarters Army.
- Commands and managers at all levels exercise active interest and support in the program.
- Survey teams make maximum use of approved standards in their recommendations for staffing requirements.
- A standards data base be established at Headquarters Army, and all Army-wide/summary-level/work-performance standards be approved and maintained at Headquarters Army.

The Army has similar problems determining personnel requirements for combat units. For example, it computes the number of personnel required for combat-related support activities (maintenance and supply) by applying standard staffing criteria called Manpower Authorization Criteria (MACRIT). The MACRIT requirement formula, however, is based on unreliable estimates which are in turn supported by little or no documentation and outdated data. The Army and OSD are attempting to improve MACRIT, but implementation of an improved system is several years away.

We have also identified problems with the Army process of determining staffing requirements for support and administrative functions. A study, which is expected to be released soon, will report on the (1) inadequacies of manpower surveys and work standards to determine staffing requirements, (2) failure of the current manpower requirements program to provide useful budget and management information, and (3) problems that the Army's decentralized management causes.

The Navy has also acknowledged its shortcomings in conducting comprehensive analyses to identify the most cost-effective manpower mix within imposed constraints. One of

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

its biggest problems is determining manpower requirements for shore activities.

In fiscal year 1977, 49 percent of the Navy's enlisted personnel (about 230,000) and approximately 300,000 civilians were in noncombat units (such as shore facilities and staff). However, only 1 percent of the shore requirements were covered by staffing standards. Navy goals for fiscal years 1978 and 1979 are to increase the shore requirements covered by manpower standards to 4 and 30 percent respectively. But it could take until 1981, a Navy manpower official estimated, to complete all manpower standards for shore-based activities. Estimates on when a fully operable staffing standards system will be complete are not available.

While the Army and Navy are attempting to improve its method of determining manpower requirements, the obvious concern is the interim methods for determining requirements. Until the services precisely determine manpower requirements, they cannot develop the optimum mix of active and reserve military, civilian, and contractor manpower within the total force.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The importance of managing DOD manpower well cannot be overstated in view of rising manpower costs, increased competition for funds within DOD, and congressional interest in reducing military costs without sacrificing readiness. We believe that total force management resulting from a well-defined policy can provide cost-effective solutions to manpower problems. For example, it would allow DOD to achieve maximum force readiness at the least possible cost because it would integrate the planning, programing, and budgeting of all segments of the total force.

Total force management should specify the manpower (by number, types, and skills) needed to accomplish military missions. However, OSD has not issued a clearly defined total force policy. The 1973 document referred to as the total force policy addresses the integration of active, guard, and reserve forces, but excludes the civilian and contracted workforce. Its vagueness has resulted in various interpretations.

We believe, moreover, that OSD has not taken an active leadership role in guiding the services toward total force management.

The guidance that is available is vague and incomplete, does not realistically acknowledge constraints, and generally addresses only segments of the total force at any one time. Further, the guidance does not require trade-off analyses to justify the type of manpower requested in service programs nor does it provide complete direction for the integrated planning, programing, and budgeting for all manpower resources.

Consequently, each service is developing its own manpower systems with its own policies and sets of logic. However, the Air Force is the only service with a total force management system; the Army and Navy have only recently started to develop one. When the latter two have such a system, DOD will have made a major step toward achieving effective total force management.

OSD could better monitor and evaluate the total force if accurate and standard information were available. Although OSD is developing a centralized information system to improve its access to military and civilian information, it presently

depends on the services for such information. This information is inaccurate and incomplete and lacks sufficient commonality between the services' manpower data systems.

The lack of coordinated manpower management between the various offices in OSD, the externally imposed limitations on the number and use of manpower resources, and the decentralized control of the civilian work force also hamper OSD's ability to effectively monitor and evaluate the total force.

DOD officials generally agreed that the report accurately addressed the problem areas and offers viable solutions.

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

We recommend that the Secretary of Defense take the lead to develop with the services, a comprehensive total force policy which includes all manpower resources. The policy should define:

- The objectives of total force management in determining the most cost-effective force, consistent with military requirements and resource constraints.
- The manpower elements of the total force--that is, active and reserve military, civilian, and contractor--and its respective peacetime and wartime roles.
- Manpower systems that provide for integrated management and concurrent consideration of all manpower resources.
- The consideration of host nations' manpower in determining U.S. manpower requirements.

The Secretary should also prescribe guidance to help the services manage the total force and determine the DOD work force composition, while allowing the services needed flexibility. This guidance should at least cover the following areas:

- The services' need to provide a balance between determining manpower requirements and the ability to acquire the desired mix.
- Factors influencing short- and long-term manpower requirements, supplemented by recognition of external constraints which may preclude optimum total force solutions, in annual program planning guidance.

- Methodology to determine manpower requirements.
- Cost elements to be used in figuring manpower.
- The need for cost-benefit analyses in examining manpower mix alternatives.
- Measures of improved capability over the current force and methods of effecting that capability.
- Clarification of criteria used to decide between performing in-house or contracting out for products and services.
- The information OSD needs to evaluate service requests.

RECOMMENDATION TO
THE CONGRESS

When formulating DOD legislation and making DOD authorization and appropriation decisions, the Congress should consider the interrelationships between available manpower resources and the impact its decisions may have on DOD's ability to manage the total force in the most cost-effective manner.



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