



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-278683

December 2, 1997

159618

The Honorable John McCain
Chairman, Committee on Commerce,
Science, and Transportation
United States Senate

The Honorable Olympia J. Snowe
Chairwoman, Subcommittee on Oceans
and Fisheries
Committee on Commerce, Science,
and Transportation
United States Senate

Subject: Issues on the National Oceanographic and Atmospheric
Administration's (NOAA) Commissioned Corps

On October 29, 1997, we testified before the Subcommittee on Oceans and Fisheries, Senate Committee on Commerce, Science, and Transportation, on issues pertaining to NOAA's Commissioned Corps. The Commissioned Corps is a uniformed service whose officers are covered by a military-like compensation system. NOAA Corps officers carry out a variety of navigational and scientific functions, such as charting and oceanographic research. On October 31, 1996, we issued a report¹ to Congressmen Lamar Smith and John R. Kasich on the results of our limited review of (1) issues concerning the NOAA Corps as a uniformed service with military-like pay, allowances, and benefits and (2) what would be the comparative cost of using civilian employees, rather than uniformed officers, to carry out the NOAA Corps' functions.

Following the October 1997 hearing, you asked us for further information regarding the NOAA Corps and NOAA's plans to civilianize its officers. This letter responds to your questions. It should be noted that since we completed our audit work on the NOAA Corps assignment in 1996, we have done no further work involving the NOAA Corps. Your questions and our responses follow.

¹Federal Personnel: Issues on the Need for NOAA's Commissioned Corps
(GAO/GGD-97-10, Oct. 31, 1996).

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INFORMATION ON NOAA'S
COMMISSIONED CORPS

Question 1. The GAO noted in its report in 1996 that the Department of Defense (DOD) war mobilization plans did not call for usage of the NOAA Corps and fleet. Do you know if any updated DOD war mobilization plans envision a role for the NOAA Corps? Do you know if DOD war mobilization plans prior to World Wars I or II had envisioned usage of the Coast and Geodetic Survey vessels and personnel?

GAO Response: Because we did no further work after our 1996 report, Federal Personnel: Issues on the Need for NOAA's Commissioned Corps (GAO/GGD-97-10, Oct. 31, 1996) was issued, we do not know whether any updated DOD mobilization plans envision a role for the NOAA Corps. We can say, however, that when we did our original work the answer to the question whether any future plan updates would envisage a role for the Corps was "no." DOD officials characterized the probability of the NOAA Corps being called upon in the event of an emergency as only "hardly or slightly" possible. One official said that in the event of "total war," the NOAA Corps would be used, as would all of us then in the room.

When we did our work, we did not discuss whether DOD had war mobilization plans prior to World Wars I or II. We did find, however, that the Corps' participation in World War I did not occur without congressional action. In 1917, it was necessary for Congress to pass a law, temporarily authorizing the emergency transfer of ships and men from the Coast and Geodetic Survey to the Navy and War Departments. The transfer to the military during World War II did not involve the entire Commissioned Corps. We found that 94, or about 55 percent, of the Coast and Geodetic Survey officers were transferred to the military.

Question 2. If the Corps were called up during a war mobilization effort, would the presence of a uniformed Corps make the transfer significantly more efficient than would otherwise be the case if the operation were completely run by civilians?

GAO Response: As we responded to question 1, it is highly unlikely that the NOAA Corps would be called upon during a war. However, if that were to occur, it is worth noting that civilians have been used in wartime to carry out military duties. For example, when doing the work that led to our October 1996 report, we found that the Navy used civilian hydrographers for Navy missions. DOD officials said that these hydrographers can be sent into combat and that civilian hydrographers were sent to the Persian Gulf and to Vietnam during wartime. Four were on the U.S.S. Pueblo when it was captured and were held in captivity along with the rest of the crew.

Question 3. Have you had an opportunity to look at the Hay/Huggins cost analysis done for NOAA? What are your thoughts on this analysis? Do you consider it sound? Do you have any disagreements or find any weaknesses with it?

GAO Response: The analysis was a methodologically sound comparison of the costs of the NOAA Corps retirement benefits and the Federal Employees' Retirement System (FERS) benefits that would apply under civilianization. The full cost of a retirement system is best expressed as the present value of the future benefits provided to the current active and retired members of the system. This cost is paid for from current assets, the present value of future member contributions, the present value of future employer normal cost contributions, and the amortization of the plan's remaining unfunded liabilities. As would be expected, Hay/Huggins used this approach to prepare a present value analysis of retirement costs under two scenarios: (1) a scenario that continued NOAA Corps at its Corps strength as of December 31, 1996, and (2) a scenario that terminated the NOAA Corps with retirement rights as specified by the NOAA Corps transition plan at the same staff strength.

Not only was the approach that Hay/Huggins used the most appropriate approach for assessing retirement system costs, the analysis used the same assumptions, information and methodologies that are currently used to measure these costs in the NOAA Corps and FERS programs. The retirement cost information that Hay/Huggins used came from the most recent reports that NOAA and OPM had prepared at that time to meet actuarial reporting requirements under P.L. 95-595. As such, it was the best information that Hay/Huggins could have used. Hay/Huggins also used a Thrift Savings Plan (TSP) contribution cost estimate that reflected the prevailing rate of agency TSP contributions, which helped to ensure that FERS costs would not be understated. Regarding the calculation and amortization of unfunded liabilities, the analysis: (1) included the present value of the NOAA Corps program's unfunded liability as reported for the NOAA Corps retirement system, projected forward to September 30, 1997, net of the cost of future benefits for Officers with less than 15 years of service who would not be vested at the time the plan was terminated; (2) applied the economic and demographic assumptions of the FERS Board of Actuaries to estimate the liabilities and present value of contributions to FERS for the NOAA Corps officers; and (3) counted the unfunded liability that would be created because Officer contributions to purchase equivalent years of military service under FERS would not fully offset the costs of these FERS benefits. Incorporating these factors into the amortization cost estimates helped to ensure that the NOAA Corps retirement system unfunded liabilities and associated amortization costs would not be overstated and those of FERS would not be understated.

Question 4. How does the NOAA Corps disestablishment plan compare to the transition plans accompanying downsizing efforts in other departments of the federal government? Is it reasonable by any standard? Is it more or less generous to employees than other such plans?

GAO Response: The plans of other federal agencies are not comparable with the Department of Commerce's plan for the NOAA Corps. Among the nine agency streamlining plans we examined in our recent work, representing most of the federal downsizing to date, none transferred employees from one personnel system to another. The Department of Commerce's plan contemplates NOAA Corps officers' current military-like personnel system being eliminated and Corps officers becoming federal civilian employees, who would be placed in FERS. Since we are aware of no other plans upon which to base a comparison, we have no basis to gauge the comparative reasonableness of the NOAA Corps disestablishment plan.

Question 5. Do you believe that NOAA could have a difficult time finding qualified and interested civilian replacements for the NOAA Corps officers? If not, why not?

GAO Response: Civilians already carry out similar work for other military services and federal agencies. When we gathered information for our October 1996 report, Corps officials said the essential functions of the uniformed Corps are to serve as deck officers aboard NOAA ships and to be a mobile cadre of professionals who can be assigned with little notice to any location and function where their services are necessary, often in hazardous or harsh conditions. As we said in that report, although we found that some Corps assignments were of this nature, civilian employees in other agencies were often assigned to duties similar to those of the Corps. For example, the Environmental Protection Agency and the Navy used ships operated by civilian employees or contractors in conducting their oceanic research. One retired Navy official said NOAA has only noncombatant ships that by agency choice are commanded by officers, while the Navy's noncombatant ships contain no officers. He said that all contracted crews are holders of Master Mariner's and Chief licenses, and that the Navy considers these individuals to be officers. He also said that the Navy can send its civilian contractors' crews into "harm's way." The Navy's hydrography ships mapped amphibious land areas in the Gulf War, and Navy oilers, which also function in combat situations, have civilian crews.

Further, as we also said in our report, the National Transportation Safety Board and the Federal Emergency Management Agency used civilian employees to respond quickly to disasters and other emergency situations. These employees were deployed to any location with little notice and often under hazardous or harsh conditions.

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Question 6. The GAO's report indicated that the Navy uses civilians to operate its research vessels. Is this true for all vessels? Are there any substantive differences between the Navy's research operations and those of the NOAA Corps?

GAO Response: During our work reviewing the activities of the NOAA Corps, we found that the Office of Naval Research managed research with a military goal, primarily using civilian-operated commercial vessels or ships operated by universities. NOAA's research was found to be nonmilitary and was primarily carried out using NOAA ships.

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As agreed with your office, we will make copies of this correspondence available to others upon request. Please contact me at (202) 512-8676 if you or your staff have any questions.



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