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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

APR 13 1971

B-16-9935



Dear Mr. Whitehurst:

Further reference is made to your letter dated October 6, 1970, and subsequent communications with our representatives, requesting that we determine whether the Government is getting the most for its money under the present mix of civil service and contract longshoremen and certain other workers, "shortshoremen", at the Naval Supply Center, Norfolk, Virginia.

We have concluded that the present civil service longshoreman force of 122 employees, working in six gangs of 17 men each, and the shortshoreman force recently increased from 50 to 80 employees has proven to be the most efficient number of in-house employees, when augmented by contract employees as necessary. In making this determination, we reviewed work load and work force statistical data, records, reports, and studies. We used the criteria provided in Bureau of the Budget Circular No. A-76 in evaluating the Navy's cost study. We also interviewed Supply Center and Naval Area Audit Office personnel and union officials representing the civil service workers.

The Supply Center supplements its civil service work force during periods of peak work loads by using contract longshoremen between ships and piers and contract shortshoremen between piers and warehouses. The contract for these services was competitively awarded in 1969 and was extended to cover 1970. The 1970 contract amount was about \$3 million.

Recently the Supply Center's work load and work force has declined as shown in the following table:

SUPPLY CENTER WORK LOAD

January 1969 through December 1970

<u>Period</u>	<u>Work load in measurement tons (note a)</u>	<u>Work force in man-days</u>	
		<u>Civil service</u>	<u>Contract workers</u>
Jan. through Mar. 1969	397,000	8,832	7,146
Apr. through June 1969	426,000	7,200	6,066

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<u>Period</u>	<u>Work load in measurement tons (note a)</u>	<u>Work force in man-days</u>	
		<u>Civil service</u>	<u>Contract wor</u>
July through Sept. 1969	393,000	5,792	9,126
Oct. through Dec. 1969	400,000	5,624	5,076
Jan. through Mar. 1970	214,000	5,968	3,240
Apr. through June 1970	237,000	5,848	2,646
July through Sept. 1970	212,000	5,832	3,186
Oct. through Dec. 1970	163,000	4,688	1,836

<sup>a</sup>A unit of volume for cargo freight--usually 40 cubic feet.

The following changes in the number of gangs have been made since November 1967.

<u>Date</u>	<u>Type of action</u>	<u>Number of gangs remaining</u>
November 1967	Eliminated one gang	10
October 1968	Eliminated three gangs	7
November 1969	One gang added	8
May 1970	Eliminated two gangs	6

The Supply Center has made cost studies at different times to determine the most economical mix of civil service and contract longshoremen and shortshoremen. The most recent study, completed in August 1970, showed that six civil service longshoremen gangs could be fully employed and would be the most economical work force when supplemented by contract labor to meet peak work load requirements. The study showed that, although the daily cost for a civil service longshoreman was only about 58 percent of the cost for a contract longshoreman, an all civil service or an all contract force would be more costly than a mixed work force because of work load fluctuations. The Navy study showed that the daily cost of civil service shortshoremen was about 83 percent of that of contract shortshoremen, and the force was increased from 50 to the optimum number--80.

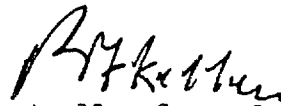
The Navy study understated the daily cost for a contract longshoreman because Supply Center overhead and the contractor's indirect labor and profit were omitted. As a result the optimum number of civil service longshoremen was understated by one or two gangs. Nevertheless, the present civil service force of six gangs proved to be the optimum number because the work load had declined since the Supply Center study. The Navy made the same omissions in developing the shortshoremen cost. Our evaluation showed that the 30 workers added to that force brought it to the optimum level.

The commanding officer said that the Supply Center would include the omitted cost elements in its future evaluations of requirements for longshoremen and shortshoremen, which will be made monthly because of constantly changing work loads.

Department of the Navy and Department of Defense officials have not been given an opportunity to comment on the matters discussed in this report. In accordance with discussions with your office, we are sending requested copies of this report to Senators Harry F. Byrd, Jr., and William B. Spong, Jr.

We trust that the results of our inquiries are responsive to your request.

Sincerely yours,



Assistant Comptroller General  
of the United States

The Honorable G. William Whitehurst  
House of Representatives