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[Survey of the Military Command Structure in Europe and Its Relationship to the U.S. Readiness Posture]. LCD-77-431; B-183257. July 11, 1977. 2 pp. + enclosure (11 pp.).

Report to Secretary, Department of Defense; by Fred J. Shafer, Director, Logistics and Communications Div.

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A recent review of the U.S. Command Structure in Europe showed that a number of management headquarters functions in Europe were not being reported. Findings/Conclusions: Reasons that some of the functions were not reported included: (1) the Department of Defense's (DOD's) current practice of identifying organizations (the organizational approach) rather than personnel performing management functions (the functional approach) to identify management headquarters activities does not give an accurate picture of the number of personnel actually performing management headquarters functions; (2) the size of management headquarters in Europe has not been accurately reported under the existing organizational approach, primarily because of the omissions of certain support activities and some indirect hire civilian personnel; and (3) some activities which meet DOD's definition of management headquarters are not being counted. A GAO report in April 1976 concluded that accounting for management headquarters personnel under the organizational approach is inadequate and recommended that DOD gradually implement a system to account for headquarters personnel on the basis of type of work performed. DOD did not agree with this recommendation and stated that the current organizational approach is adequate. Recommendations: The Secretary of Defense should reconsider the DOD position and evaluate the potential for gradually implementing a system to account for headquarters personnel on the basis of type of work performed. (SC)



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

JUL 11 1977

B-183257

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

In 1972 the Committee on Appropriations, House of Representatives, expressed concern about getting more accurate and meaningful information on military headquarters activities. In response, in 1973 the Department of Defense (DOD) issued DOD Directive 5100.73 titled "Department of Defense Management Headquarters" to establish a system for the management and control of the number and size of headquarters activities. The directive was revised in 1975 to clarify the criteria for designating an activity as a management headquarters or a headquarters support activity. Data on the size and number of management headquarters are furnished to the Congress as part of DOD's budget submission.

During our recent review of the U.S. Command Structure in Europe we found a number of management headquarters functions in Europe that were not being reported because:

- DOD's current practice of identifying organizations (organizational approach) rather than personnel performing management functions (functional approach) to identify management headquarters activities does not give an accurate picture of the number of personnel actually performing management headquarters functions.
- The size of management headquarters in Europe has not been accurately reported, under the existing organizational approach, primarily because of the omissions of certain support activities and some indirect hire civilian personnel.
- Some activities which meet DOD's definition of management headquarters are not being counted.

These matters are discussed in more detail in the enclosure to this letter.

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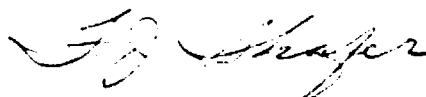
Our report to the Congress titled "Suggested Improvements in Staffing and Organization of Top Management Headquarters in the Department of Defense" (FPD-76-35, April 20, 1976), concluded that accounting for management headquarters personnel under the organizational approach is inadequate. We recommended that DOD gradually implement a system to account for headquarters personnel on the basis of type of work performed. DOD did not agree with this recommendation and stated that the current organization approach is adequate.

We realize that it is difficult to implement a system for functional accounting of personnel and that existing manpower systems, except for that of the Air Force, are not capable of handling the requirement of functional accounting. We also recognize functional accounting at all organizational levels may not be necessary since virtually all of the functions of lower level organizations are essentially operational in nature. We continue to believe, however, that functional accounting enhances the identification and accounting of management headquarters and support personnel. Accordingly, we recommend that you reconsider the DOD position and evaluate the potential for gradually implementing a system to account for headquarters personnel on the basis of type of work performed.

We want to invite your attention to the fact that section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of this report.

We would like to be advised of any actions resulting from this letter. We are sending copies to the House and Senate Committees on Appropriations and Armed Services, the House Committee on Government Operations, and the Senate Committee on Governmental Affairs.

Sincerely yours,



F. J. Shafer
Director

Enclosure

AN ANALYSIS OFMANAGEMENT HEADQUARTERS IN EUROPEDEFINITION OF A MANAGEMENT HEADQUARTERS

In its report of September 11, 1972, on the Department of Defense (DOD) Appropriation Bill for fiscal year 1973, the House Appropriations Committee instructed the Office of the Secretary of Defense (OSD) to establish (1) a DOD-wide definition of headquarters activities, (2) an OSD-approved list of DOD headquarters components, and (3) a common method of accounting for the manpower spaces authorized to perform management headquarters functions. Later, in July 1974, the Committee directed its Surveys and Investigations Staff to inquire concerning the compliance by the military services with the then new DOD Directive 5100.73, entitled "Department of Defense Management Headquarters," the purpose of which was to establish a system for the management and control of the number and size of headquarters activities.

In March 1975 the Surveys and Investigations Staff issued its report and criticized the DOD on its progress toward complying with the Committee instructions. Data was presented on headquarters throughout DOD and visits were made to several Navy headquarters in the United States and Hawaii. The staff did not visit any European headquarters.

On April 11, 1975, shortly after the investigation results were released, OSD revised DOD Directive 5100.73 to clarify criteria for designating an activity as a management headquarters or a headquarters support activity.

The DOD criteria required that organizations be designated as management headquarters activities when, as their primary mission, they perform the following functions for lower echelon organizations.

- Policy development and guidance.
- Long-range planning, programing, and budgeting.
- Management and distribution of resources.
- Program performance review and evaluation.

Organizations whose primary mission was to provide direct support to a designated management headquarters were to be designated as management headquarters support activities. This included staff extensions, agencies, activities,

centers, and other types of organizations which may have been organizationally separate from the management headquarters, yet provide it with support integral to its effective operation. Generally, direct support may take the form of providing analysis for or assisting in the formulation of policies and procedures, or in otherwise providing professional, technical, administrative, or logistical support essential to the execution of the management headquarters mission.

LACK OF VISIBILITY OF ALL
MANAGEMENT HEADQUARTERS PERSONNEL

DOD's definition of a management headquarters is based on an organizational approach rather than a functional approach. Under an organizational approach, an organization is designated and counted as a management headquarters activity if its primary mission is to perform management functions for lower levels. On the other hand, under a functional approach management functions are identified and defined; then departmental components and authorized personnel performing these functions are determined. These personnel are then reported on the basis of the type of work they perform, regardless of their organization and primary mission.

As a result of using the organizational approach, many personnel performing management functions in organizations not classified as management headquarters are not being made visible to the Congress. For example, the 17 U.S. Air Force wing and group organizations in Europe are considered as operational or support units, not classified as management headquarters. However, our analysis of the manning document for a typical fighter wing--the 36th Tactical Fighter Wing--disclosed that about 300 of the approximate 3,900 personnel of the wing appeared to be involved in "headquarters" functions.

The General Accounting Office, in a report dated April 20, 1976, entitled, "Suggested Improvements in Staffing and Organization of Top Management Headquarters in the Department of Defense," concluded that accounting for management headquarters personnel under the organizational approach is inadequate. So long as DOD follows this approach, the apparent size of DOD management headquarters activities will be distorted.

Considering the special interest expressed by Congress and the recent push to cut back on the size of headquarters activities, we believe it is important that the number of personnel performing management functions be reported as accurately as possible.

SIZE OF HEADQUARTERS STAFFS
LARGER THAN REPORTED

In its fiscal year 1976 budget submission, DOD reported that 11 U.S. management headquarters staffs with 5,024 personnel authorized were in Europe. We found, however, that these headquarters are actually authorized about 5,705 personnel, a difference of 681, or 14 percent over that reported. Further, we noted four other Army headquarters, authorized about 3,000 personnel, which appear to meet the criteria for management headquarters but were not classified or reported as such by DOD. A comparison of the staffing levels reported by DOD and the staffing levels found by GAO is shown below.

<u>STAFFING OF U.S. MANAGEMENT HEADQUARTERS IN EUROPE</u>			
<u>Headquarters reported by DOD</u>	<u>Staffing level reported by DOD</u>	<u>Staffing level found by GAO</u>	<u>Difference</u>
U.S. European Command	<u>660</u>	<u>743</u>	<u>83</u>
<u>Army</u>			
U.S. Army, Europe	1,438	1,593	155
Southern European Task Force	236	236	-
5th Signal Command	<u>182</u>	<u>555</u>	<u>373</u>
Total Army	<u>1,856</u>	<u>2,384</u>	<u>528</u>
<u>Navy and Marine Corps</u>			
U.S. Naval Forces, Europe	143	344	201
Sixth Fleet	<u>144</u>	<u>142</u>	<u>(2)</u>
Total Navy and Marine Corps	<u>287</u>	<u>486</u>	<u>199</u>
<u>Air Force</u>			
U.S. Air Forces in Europe	1,657	1,591	(66)
3rd Air Force	52	51	(1)
16th Air Force	48	47	(1)
17th Air Force	41	43	2
European Communications Area	<u>23</u>	<u>360</u>	<u>(63)</u>
Total Air Force	<u>2,221</u>	<u>2,092</u>	<u>(129)</u>
TOTAL	<u>5,024</u>	<u>5,705</u>	<u>681</u>
<u>Headquarters not reported by DOD</u>			
<u>Army</u>			
V Corps	0	825	825
VII Corps	0	1,189	1,189
21st Support Command	0	662	662
4th Transportation Brigade	<u>0</u>	<u>487</u>	<u>487</u>
TOTAL	<u>0</u>	<u>3,163</u>	<u>3,163</u>
TOTAL	<u>5,024</u>	<u>8,868</u>	<u>3,844</u>

Note: The DOD staffing level was based on estimated fiscal year 1975 authorized positions, and the staffing level used by GAO was based on actual 1975 authorized positions as much as possible.

Reasons for differences between
actual and reported staffing

The differences between actual and reported staffing of the management headquarters in Europe were caused primarily by (1) omissions of certain support activities and some indirect hire civilian employees in headquarters staffing and (2) simply understating the size of headquarters. The following examples illustrate this.

Headquarters, United States
European Command

In its fiscal year 1976 budget submission, DOD reported the size of Headquarters, United States European Command (USEUCOM), as 660 authorized positions. We could not determine DOD's basis for the 660 figure. We found, however, that the actual size of Headquarters, USEUCOM--including its direct support elements--is about 743 authorized positions, a difference of 83, or about 13 percent.

For management headquarters reporting purposes, Headquarters, USEUCOM, considers its size to be 630 positions consisting of 550 for the headquarters itself and 80 positions authorized for the data services center. Based on an analysis of the missions of other USEUCOM staff elements, we believe the following should also be included because their missions are primarily in direct support of the headquarters.

--SILK PURSE (55 positions). This unit's mission is to operate and maintain the United States Commander-in-Chief, Europe (USCINCEUR) airborne command post. The airborne command post flies out of Mildenhall, England, and provides USCINCEUR an alternate means of communicating with higher authority and certain subordinate units. It also provides an alternate command center from which USCINCEUR can accomplish certain of his operational responsibilities.

--USEUCOM Special Activities, Intelligence Security Support (34 positions). This unit provides special security communications for Headquarters, USEUCOM.

--Headquarters, Support Operations Task Force (24 positions). This unit plans for the conduct of unconventional and psychological warfare in military conflict. According to the Deputy Director of the Headquarters, USEUCOM Operations Directorate, this unit is the unconventional warfare staff element

for Headquarters, USEUCOM, in peacetime. In wartime, it becomes a subordinate command reporting to Headquarters, USEUCOM.

Headquarters, United States Army Europe

In its fiscal year 1976 budget submission, DOD reported the size of Headquarters, U.S. Army, Europe (USAREUR), as 1,438 authorized positions. This reported staffing level was understated by 155 positions primarily because--under Department of Army guidance--USAREUR did not include indirect hire civilians in its management headquarters reports. In Germany, where Headquarters, USAREUR, is located, foreign national employees are classified as indirect hire. The foreign national employees at Headquarters, Southern European Task Force, however, are classified as direct hire and included in management headquarters reports. We believe that civilian employees performing headquarters functions should be included in the appropriate manpower reports regardless of whether they are direct or indirect hires. The following table shows the effect of excluding indirect hire civilians from the management headquarters reported staffing of Headquarters, USAREUR.

<u>Staff element</u>	<u>HEADQUARTERS, USAREUR</u>			<u>Total</u>
	<u>Military personnel</u>	<u>Direct hire civilians</u>	<u>Indirect hire civilians</u>	
<u>Reported by DOD</u>				
Headquarters, USAREUR	681	393	0	1,074
Staff Support Activities	<u>263</u>	<u>101</u>	<u>0</u>	<u>364</u>
Total	<u>944</u>	<u>494</u>	<u>0</u>	<u>1,438</u>
<u>Actual staffing</u>				
Headquarters, USAREUR	605	380	80	1,065
Staff Support Activities	<u>280</u>	<u>147</u>	<u>101</u>	<u>528</u>
Total	<u>885</u>	<u>527</u>	<u>181</u>	<u>1,593</u>

The 5th Signal Command

In its fiscal year 1976 budget submission, DOD reported the size of the 5th Signal Command (then called Army Communications Command-Europe) as 182 authorized positions. We found that there were in fact 555 authorized positions for the headquarters and its direct support elements. These 555 positions were made up of 248 positions carried on the headquarters authorization documents and an additional 307 positions carried on a service company authorization. The 5th Signal Command could not explain the difference between the 182 reported positions and the 248 positions we found.

The service company positions should have been classified as a part of the headquarters staffing since they are an integral part of the headquarters organization and are in fact listed on the headquarters organization chart as such. For example, the Command Control Center Division, a part of the Deputy Chief of Staff for Plans and Operations, is carried on the service company, not the headquarters, authorization. The same is true of the Military Personnel Division of the Deputy Chief of Staff for Personnel and Administration and the Financial Resources Division of the Deputy Chief of Staff for Resources. Carrying these headquarters functions on the service company authorization--and not including the service company as a part of the headquarters--understates the actual size of the headquarters.

Headquarters, United States Navy, Europe

In its fiscal year 1976 budget submission DOD reported the size of Headquarters, United States Navy, Europe (USNAVEUR), as 143 authorized positions. This should have included the staffing of the headquarters itself and a support unit called the Fleet Operations Control Center. We found that the staffing of the headquarters and Fleet Operations Control Center was 344 a/ authorized positions comprised of 228 and 116 positions, respectively.

USNAVEUR believes that the difference between actual and reported staffing is due to a misunderstanding on DOD's part. DOD apparently did not include the staffing of the Fleet Operations Control Center in the reported size of Headquarters, USNAVEUR, even though the Navy reported the staffing of both

a/USNAVEUR reported only 286 positions. This number was subsequently increased by 58 as a result of a change in the Navy's method of accounting for billets.

organizations to be 143 positions each. DOD apparently mistook this report to mean 143 combined positions.

USNAVEUR officials also told us that as a result of the 1975 report by the Surveys and Investigation staff of the House Appropriations Committee, it initiated a "clean-up" of accounting for billets in direct support of management headquarters. They stated that as a result of this "clean-up," the manpower reports on the staffing of management headquarters are now accurate and in conformance with DOD criteria.

SOME MANAGEMENT HEADQUARTERS
NOT CLASSIFIED AS SUCH

While we did not evaluate the functions of all the larger headquarters in Europe, we identified several headquarters which appear to be performing many management headquarters type functions, but were not reported as such by the DOD. This has apparently resulted from inconsistencies in applying the criteria established by DOD.

The transfer of management functions to lower headquarters through reorganizations or eliminations of management headquarters has in effect created more organizations performing management type functions. Yet, personnel in those organizations are not being counted despite the fact that they are performing management functions.

A major distinction between a management headquarters and a nonmanagement headquarters in Europe appears to be at the point where a headquarters assumes an operational or tactical mission.

All three services classify their theater component command headquarters as management headquarters. However, there is inconsistency in how the components classify subordinate commands.

The Army, for example, classifies the Southern European Task Force as a management headquarters but does not so classify its European corps headquarters or its major support organizations. The Air Force and the Navy classify their intermediate headquarters--the 3rd, 16th, and 17th Air Force and the Sixth Fleet--as management headquarters. USAREUR and USNAVEUR have appealed through service channels the classification of the Southern European Task Force and the Sixth Fleet as management headquarters, principally because of their operational mission responsibilities. We were subsequently informed that Sixth Fleet has been deleted from DOD's list of management headquarters as requested by the Navy.

There appears to be considerable latitude in applying DOD criteria in determining exactly what a management headquarters is. As will be shown by the following, the inconsistent application of this criteria has resulted in some headquarters performing the functions of management headquarters but not being classified as such.

Army management headquarters
in Europe

In addition to the three Army management headquarters in Europe (USAREUR, Southern European Task Force, and 5th Signal Command) identified to the Congress by DOD, we noted four other headquarters which are performing management type functions. Through various reorganizations over the years, which have resulted in the elimination of some management headquarters in Europe, the Army has in effect created other management headquarters by delegating management functions to existing headquarters which previously had not been classified as management headquarters.

The four Army headquarters in Europe which we identified as performing management headquarters functions are those of the two corps, the 21st Support Command, and the 4th Transportation Brigade. These headquarters are among the larger Army headquarters in Europe and perform the full range of management functions outlined in DOD Directive 5100.73. Not only have the responsibilities of these four headquarters increased, but their size as well. These increases occurred without the level of scrutiny and disclosure required for organizations classified as management headquarters. For example, changes of 5 percent in the size of management headquarters have to be approved by the Department of Defense whereas the changes in the size of these headquarters had only to be approved by the Department of the Army. The size of these headquarters for fiscal years 1974 and 1975 is shown below.

<u>Headquarters</u>	<u>Authorized Personnel</u>			
	<u>Fiscal year</u> <u>1974</u>	<u>Fiscal year</u> <u>1975</u>	<u>Increase</u>	<u>Increase</u> <u>percent</u>
V Corps	341	825	484	142
VII Corps	572	1,189	617	108
21st Support Command	389	662	273	70
4th Transporta- tion Brigade	<u>293</u>	<u>487</u>	<u>194</u>	66
Total	<u>1,595</u>	<u>3,163</u>	<u>1,568</u>	98

Corps Headquarters

The two corps headquarters perform on a day-to-day basis the functions listed in DOD Directive 5100.73 but are not classified as management headquarters. Many of the management functions currently performed by the corps headquarters were shifted to them as a result of reorganizations within the Army in Europe, particularly Project CHASE (Consolidation of Headquarters and Area Support Elements) during 1974. Examples of the functions the corps are currently responsible for include (1) base logistics operations in the corps area, (2) management of community organizations in the corps area, (3) facilities engineering activities in the corps area, (4) personnel administration and manpower management within the corps, and (5) logistic support for tactical units within the corps. The latter responsibility resulted primarily from the change in Army doctrine to make corps more self-sufficient under the new "logistics echelons above division" concept.

Headquarters, 21st Support Command

The 21st Support Command headquarters grew in size and responsibilities as a result of Project CHASE. It currently is responsible for the maintenance and storage of the Army's prepositioned equipment stored in Europe and for the management of combat service support and community organizations outside the two corps areas.

This Command calls itself the largest brigade in the Army, has a budget of about \$248 million, commands 14 major subordinate units with 16 battalion equivalents and nearly 16,000 people, and serves a population of about 145,000 military and civilian employees and their dependents.

Plans are now underway to expand the responsibilities of the 21st Support Command. These plans include projects to support the BENELUX (Belgium, Netherlands, and Luxembourg) line of communication program and the assumption of management of supply depots through a reorganization of the Army's logistics structure in Europe.

The 21st Support Command headquarters functions as defined in DOD Directive 5100.73 for both itself and its subordinate units.

Headquarters, 4th Transportation Brigade

The 4th Transportation Brigade headquarters is responsible for managing and operating a theater-integrated

transportation service in support of the U.S. Forces in Central Europe. As such, it provides for:

- (1) Operation of a military highway transportation service.
- (2) Operation of military and/or contractually supervised water terminals.
- (3) Operation of the theater railway service, less maintenance.
- (4) Reception, processing, movement, and onward transportation of military units deploying to and from Europe.
- (5) Movement control of personnel and material (less pipeline operations).
- (6) Operation of a theater transportation data collection system.
- (7) Traffic management for U.S. Forces in Central Europe.
- (8) Preparation and distribution of the USAREUR Wartime Movement Program.
- (9) An intra-theater airlift service utilizing U.S. Air Force aircraft and employing U.S. Army rotary-wing aircraft.
- (10) Highway regulation services for U.S. Forces in Central Europe.

The 4th Transportation Brigade headquarters in performing the above duties also performs for itself and its subordinate units the functions meeting the criteria of DOD Directive 5100.73. Many of the current duties of the Brigade were consolidated into the headquarters by the absorption of several subordinate units through various reorganizations, including Project CHASE. With its special responsibilities and quasi-independent status as a theater-integrated transportation manager serving not just the Army but all three services, the 4th Transportation Brigade headquarters is performing many management headquarters functions.

Other headquarters in Europe
performing management functions

Although we did not verify the full scope of management functions in all the headquarters in Europe, we noted other

headquarters which also may perform management headquarters functions. Some of these headquarters supervise the activities of relatively large subordinate command structures and in many ways may be responsible for the functions listed in DOD Directive 5100.73. Some of the Army headquarters which may meet this criteria are listed below along with their fiscal year 1975 staffing levels.

ARMY HEADQUARTERS IN EUROPE WHICH
MAY BE PERFORMING AS MANAGEMENT HEADQUARTERS

<u>Headquarters</u>	<u>Personnel</u>
U.S. Army Medical Command, Europe	295
32nd Army Air Defense Command	391
59th Ordnance Group	388
U.S. Army Commander, Berlin	117

Similarly, the Air Force has a Military Airlift Command headquarters in Europe, the 435th Tactical Airlift Wing, which supervises the airlift operations in Europe. The responsibilities of the 435th Tactical Airlift Wing may qualify it as a management headquarters.

The Navy has a shore-based headquarters in Naples, Italy--Fleet Air Mediterranean--which has command and area coordination over some 38 shore installations and activities in the Mediterranean and Morocco, as well as the shore-based fleet of Navy patrol aircraft. The scope of its responsibilities may qualify the Fleet Air Mediterranean headquarters as a management headquarters.