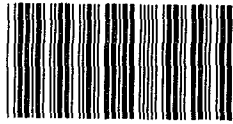


E-168700



110370

SEPTEMBER 14, 1979

The Honorable Richard S. Schweiker, United States Senate
 The Honorable H. John Heinz III, United States Senate
 The Honorable Lawrence Coughlin, House of Representatives
 The Honorable Robert W. Edgar, House of Representatives
 The Honorable James J. Florio, House of Representatives
 The Honorable Edwin B. Forsythe, House of Representatives
 The Honorable Peter H. Kostmayer, House of Representatives
 The Honorable Raymond F. Lederer, House of Representatives
 The Honorable Michael C. Myers, House of Representatives
 The Honorable Frank Thompson, Jr., House of Representatives

Subject: Naval Electronic Systems Engineering
 Center, Philadelphia, Pennsylvania,
 Closure (LCD-79-332)

This report is in response to your December 5, 1978, letter, concerning the disestablishment of the Naval Electronic Systems Engineering Center, Philadelphia, Pennsylvania. As agreed with your offices, we restricted the scope of our review to the economic justification of the decision. *DLG02758*

DLG02762 On December 5, 1978, the Chief of Naval Operations announced that the Center would be disestablished on January 13, 1979. The Center, under the command of the Naval Electronic Systems Command, was responsible for the Command's electronics material support functions in the 4th Naval District. Because of continuing reductions in the Command's civilian staff position authorization and high grade restrictions and increasing workload, the Command believed that closing the Philadelphia Center would provide the greatest benefit in achieving programed civilian staff reductions while still carrying out its mission. *AGC00445*

The Navy closed the Center as planned and reassigned its mission to the Naval Electronic Systems Engineering Centers in Vallejo, California, and in Portsmouth, Virginia, and the Naval Electronic Systems Engineering Activity in Saint Inigoes, Maryland. Center personnel who accepted job transfers have relocated. *DLG 22759*
DLG02760
DLG02761



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At the time of its closure, the Philadelphia Center was authorized 1 military and 91 civilian staff positions. Under the realignment action, the Navy transferred 2, 7, and 71 civilian positions to Vallejo, Portsmouth, and Saint Inigoes, respectively.

Of the 71 positions transferred to Saint Inigoes, however, 65 did not involve a change in duty station. Thus, the Naval Electronic Systems Engineering Activity Detachment, Philadelphia (formerly the Naval Intelligence Processing System Department under the Philadelphia Center), and the Naval Electronic Systems Command Detachment, Mechanicsburg, Pennsylvania, remained in place. The remaining 11 civilian and 1 military position were eliminated.

We estimate that the Philadelphia Center closure and transfer of its mission to other Navy shore activities could result in one-time implementation costs of about \$108,000. Included in our estimate are \$71,000 for personnel relocation, \$2,600 for severance payment, and \$32,000 for equipment relocation.

We estimate that the realignment of the Philadelphia Center's mission could save \$77,000 annually. Our estimate of savings includes reduced costs for supplies, travel, automated data processing, training, and equipment. Our estimate does not include savings from reduced civilian staffing requirements.

Although, under the realignment action, the Navy eliminated 11 civilian staff positions, incremental personnel savings to the Government from the position eliminations will not accrue. The Navy applied the position eliminations to meet a programed staff-level cut required by Public Law 95-454, which provides that the total number of civilian employees in the executive branch on September 30, 1979, September 30, 1980, and September 30, 1981, shall not exceed the number of such employees on September 30, 1977. The programed staff-level cut resulted in personnel savings to the Government. The Philadelphia Center closure did not result in personnel savings above that level which could be expected to occur even if the closure action had not been effected.

Based on the relationship of costs to savings, we believe the disestablishment to be cost effective.

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We did not obtain written comments on this report from the Navy, and the Navy had no oral comments on the report's contents.

We will be pleased to discuss our report with you or your staff.

R. W. Gutmann
R. W. Gutmann
Director