

October 1987

# MILITARY OFFICERS

## DOD's Implementation of Congressionally Mandated Reductions



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

National Security and  
International Affairs Division

B-226453

October 9, 1987

The Honorable Les Aspin  
Chairman, Committee on Armed Services  
House of Representatives

Dear Mr. Chairman:

In February 1987, your office requested that we examine the implementation of the congressionally mandated 6-percent reduction in Department of Defense (DOD) officer strength for fiscal years 1987 through 1989, along with the officer requirements study that the Office of the Secretary of Defense (OSD) prepared to justify officer growth. This report addresses your request. A companion report, entitled Military Personnel: Options to Implement Officer Reductions (GAO/NSIAD-87-162, Aug. 5, 1987), discusses policy alternatives that DOD should consider in reducing the number of officers.

Between fiscal years 1980 and 1985, the number of military officers on active duty increased by 11.3 percent, while the number of enlisted personnel increased by only 3.9 percent. Concerned about this increase in officers, the Congress, in Section 403 of the National Defense Authorization Act for Fiscal Year 1987 (P.L. 99-661), mandated a 6-percent reduction in the number of commissioned officers on active duty as of September 30, 1986 (which DOD estimates to be a reduction of about 18,500). This reduction was to be accomplished by the end of fiscal year 1989 according to the following schedule: 1 percent by September 30, 1987; an additional 2 percent by September 30, 1988; and the remaining 3 percent by September 30, 1989. The act requires the Secretary of Defense to allocate these reductions among the services and to report to the Congress by February 1 of each fiscal year in which reductions are required the actual or proposed allocations for that year, as well as the proposed allocation for the next fiscal year in which reductions are required.

DOD believes that the increase in officers is justified and is an outgrowth of changes made to improve national defense. Consequently, DOD officials have consistently maintained that such reductions are arbitrary and will harm their combat capability. In a letter to the Chairman of the Senate Armed Services Committee before the act was signed, the Chairman of the Joint Chiefs of Staff (JCS) said that the reductions would remove manpower necessary to meet the significant and expanding

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global threat and are unrelated to any change in service missions or combat capability.

To explain and justify officer growth, OSD conducted a study of officer requirements. The Secretary of Defense submitted the results of this study to the House and Senate Armed Services Committees on April 16, 1987.

We found that (1) OSD has not fully developed plans to allocate the reductions among the services; (2) only the Army has conducted a detailed analysis of its authorized officer positions to determine the positions that could be deleted with least impact on its combat capability; and (3) the officer requirements study does not fully explain and justify the increase in the number of officers.

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## OSD Has Made Little Progress in Allocating Reductions

OSD did not decide how to allocate the 1-percent reduction among the services until shortly before it reported to the Congress on February 2, 1987, and it did not report on its proposed reduction for fiscal year 1988. As of August 1987, OSD had not determined how it would allocate either the 2- or 3-percent reductions, required for fiscal years 1988 and 1989. According to the services, the lack of an allocation plan has hindered their abilities to plan for and implement the reductions.

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## The 1-Percent Reduction

The officer reductions were signed into law on November 14, 1986. Between October 1986 (when it became apparent that a 6-percent reduction in the officer corps would be included in the legislation) and February 1987, OSD officials considered numerous alternatives for allocating the 1-percent reduction of about 3,090 officers. Among these were (1) reducing the end strength of each service by 1 percent; (2) reducing the end strength of each service by the same percentage relative to average levels planned for fiscal years 1987, 1988, and 1989; and (3) distributing officer reductions by weighing differences in the enlisted-to-officer ratios among the services. Table 1 shows how each of these alternatives would have affected each of the services.

**Table 1: Comparison of Reductions Resulting From Selected OSD Alternatives**

	Army	Air Force	Navy	Marine Corps
1-percent reduction for each service	1,081	1,092	721	198
Reductions against planned levels for fiscal years 1987, 1988, and 1989	1,372	1,157	308	255
Reductions based on enlisted-to-officer ratios	854	1,728	492	18

In December 1986, the Secretary of Defense met with the service secretaries and chiefs of staff to discuss the various alternatives and to decide how to allocate the reductions. According to OSD officials, the services were sharply divided on how best to implement the 1-percent reduction. Consequently, the Secretary decided to defer his decision until the services could produce data to justify their existing officer strengths. However, in January 1987 the Secretary decided to allocate the 1-percent reduction across the services as shown in table 2.

**Table 2: OSD's Allocation of Fiscal Year 1987 1-Percent Reduction**

	Commissioned-officer end strength		Share of reduction
	Fiscal year 1986	After reduction	
Army	107,962	106,387	1,575
Air Force	109,048	107,748	1,300
Navy	72,051	72,051	0
Marine Corps	19,735	19,522	213
<b>Total</b>	<b>308,796</b>	<b>305,708</b>	<b>3,088</b>

The Secretary of Defense's February 2, 1987, submission to the House and Senate Armed Services Committees reported a total reduction of 5,259 commissioned officers. This total is based on the services' commissioned-officer end strength as reported in the President's fiscal year 1987 DOD budget submission. It includes the 3,088 reduction in active-duty end strength that the act required, as well as the elimination of 2,171 officer positions that the services had planned to add in fiscal year 1987.

According to OSD officials, the Secretary of Defense's decision about how to allocate the fiscal year 1987 officer reductions was based on three criteria: (1) no service's fiscal year 1987 end strength would be greater than its fiscal year 1986 end strength, (2) the Navy's fiscal year 1987

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end strength would equal its fiscal year 1986 end strength (which meant that it would lose 1,576 in programmed growth), and (3) the remaining reduction would be prorated to the other services based on the size of their commissioned-officer corps. According to OSD and service officials, this reduction was different from any alternative previously considered and was not provided to the services for comment.

Service officials said that, because the decision on how to allocate the 1-percent reduction was not made until February 1987, the services were limited in their use of management options for implementing the reduction for fiscal year 1987. For example, an Army official said that the short notice did not allow the Army sufficient time to convene selective early retirement boards, a method they could have used to reduce higher-grade officers. Consequently, the Army had to reduce more officers in the ranks of O-1 through O-3 than it would have preferred. Also, by the time the Secretary made his decision, the Navy had already increased the number of officers it had by about 400. As a result, the Navy was forced to delay commissioning officers and to release reservists from active duty to meet the necessary reductions.

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## The 2- and 3-Percent Reductions

Although the Secretary was also required to report to the Congress on how he intended to allocate the 2-percent reduction, his February 1987 report did not include this information. In his report, the Secretary stated that he intended to delay addressing this reduction until he had an opportunity to review the results of the then-ongoing study of officer requirements.

As of September 1987, OSD had still not decided how to allocate the remaining 2- and 3-percent reductions. Service officials said that failure to address the reductions in a timely manner could make implementation difficult because of the large numbers of officers (about 15,500) that would have to be reduced.

In commenting on a draft of this report, DOD cited two reasons for not yet allocating the 2- and 3-percent reductions. First, no reasonable means exists to make such an allocation without affecting combat capability. Second, House and Senate conferees had not yet taken action on a provision of the House version of the Fiscal Year 1988 Defense Authorization Bill that would defer the 2-percent reduction for at least a year. DOD officials believed that it would be inappropriate for them to make the remaining allocations until the Congress reaches a decision on future reductions.

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## Only Army Has Developed Detailed Reduction Plan

Although service leaders have made statements about the likely impact of a 6-percent officer reduction on capability, only one service, the Army, has conducted a detailed analysis of its authorized officer positions to identify those positions that have the least priority and impact on readiness and that could be eliminated to achieve the full 6-percent reduction.

Assuming a proportionate allocation of the 6-percent reduction among the services, the Army estimates that approximately 7,000 commissioned and warrant officer positions would have to be reduced. To meet this target, the Army identified categories of officers—including liaison officers, secretaries to general staff, deputies, and executive officers in combat and support units—that could be reduced. Although the Army does not believe that any positions should be deleted, it has concluded that eliminating most of these selected positions would have the least impact on readiness, primarily because only a short training period would be required to reinstate these positions during wartime. The Army plans to convert many of the eliminated positions to either enlisted or civilian positions.

The other services have not assessed their authorized officer positions to identify those which could be eliminated to implement the 6-percent reduction. In addition, although the Marine Corps has identified specific positions that will be cut for the 1-percent reduction, the Navy and Air Force have not.

Officials from OSD, the Air Force, Navy, and Marine Corps stated that a detailed analysis of their authorized officer positions will be necessary if the Congress does not repeal the remaining 2- and 3-percent reductions. However, these officials said that if DOD can justify its officer growth and the Congress repeals the remaining reductions, such an analysis will be unnecessary.

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## Officer Requirements Study Does Not Adequately Explain Growth

On December 5, 1986, the Assistant Secretary of Defense for Force Management and Personnel established an Officer Requirements Working Group, consisting of representatives from the Office of the Assistant Secretary of Defense for Force Management and Personnel, each service, and the JCS. This group was to conduct a study (1) justifying and explaining increases in the number of officers and (2) providing the Secretary of Defense with recommendations for allocating the remaining reductions if the legislation is not repealed. DOD officials stated that the

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study's primary purpose was to convince the Congress to repeal the remaining 2- and 3-percent reductions.

Although the study presents data on increases in the number of officers between fiscal years 1980 and 1986 by combat- and noncombat-related categories, it does not sufficiently explain the reasons for this growth. DOD officials said that because OSD did not initially require a standard reporting format, each of the military departments categorized, justified, and reported its officer growth differently. As a result of these differences, OSD could not easily integrate the services' inputs into the report. Subsequently, after attempts to develop a standard framework, OSD verbally directed the services to report officer growth, using the Defense Planning and Programming Categories (DPPC) used to develop the Five Year Defense Program.<sup>1</sup> OSD then categorized this data into combat- and noncombat-related growth.

OSD officials also said that their major reason for not producing a more comprehensive study was that the milestone for completing the study was moved from June 1987 to April 1987. According to these officials, this change was made because of the concerns of the House and Senate Armed Services Committees that the study would not be available in time for a review of DOD's fiscal year 1988 budget request.

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## Results of the Officer Requirements Study

The officer requirements study is divided into two sections. The first section summarizes the changes that occurred between fiscal years 1980 and 1986 in the officer corps by DPPC. As table 3 shows, OSD classified 76 percent of the growth as combat-related and the remaining 24 percent as noncombat-related.

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<sup>1</sup>Defense Planning and Programming Categories are defined in Appendix C of the Department of Defense Manpower Requirements Report, Fiscal Year 1988.

**Table 3: Officer Growth by Manpower Categories Between Fiscal Years 1980 and 1986**

Manpower categories	Fiscal year		Growth
	1980	1986	
<b>Combat-related</b>			
Combat			
Strategic	15,075	15,322	247
Tactical/mobility	80,987	94,694	13,707
Combat support			
Communications/intelligence	7,810	9,699	1,889
Combat installations	13,684	15,081	1,397
Force support training	8,261	10,293	2,032
Medical	29,175	32,773	3,598
Joint activities	9,556	11,925	2,369
<b>Total</b>			<b>25,239 (76%)</b>
<b>Noncombat-related</b>			
Centralized logistics	5,779	7,006	1,227
Service management headquarters	18,955	19,361	406
Research and development	10,567	12,345	1,778
Training and personnel account	56,920	60,339	3,419
Support activities	21,099	22,243	1,144
<b>Total</b>			<b>7,974 (24%)</b>
<b>Total</b>			<b>33,213</b>

Note: Our review of the officer requirements study revealed minor calculation errors. The numbers shown above are corrected and therefore are slightly different from those shown in the report.

The study's second section discusses the potential impact of a 2-percent reduction on each service, using what the study calls a "notional force structure"—the hypothetical number of ships, squadrons, or combat land units that would be deleted if the officer reductions were implemented only in combat-related units. Among the force reductions cited were

- 1 special forces group, 2 attack helicopter battalions, and 50 companies in the Army;
- 3 aircraft carriers, 2 carrier air wings, and 51 attack submarines in the Navy;
- 4 airlift squadrons, 5 strategic offensive squadrons, and 10 tactical forces squadrons in the Air Force; and
- 5 tactical air squadrons and 4 combat/combat support battalions in the Marine Corps.



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DOD officials acknowledged that the impact statements portrayed in the study are “worst case” scenarios and do not constitute the official position of how the services would implement a 2-percent officer reduction.

The Secretary concluded in the officer requirements study that implementing the 2- and 3-percent reductions would require a reduction of 15,000 officers in combat-related manpower and that such a reduction would adversely affect the combat capability of the services. Consequently, he recommended in the study that the Congress rescind the 2- and 3-percent reductions but suggested that he would freeze officer end strength at the fiscal year 1987 level through fiscal year 1989. If such a freeze were implemented, it would result in a net reduction of 2,174 officer positions in addition to the 5,259 positions reduced as a result of the 1-percent reduction in fiscal year 1987.

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### Study Does Not Fully Explain and Justify Officer Growth

The officer requirements study does not provide sufficient information to fully explain and justify the increases in officers since fiscal year 1980. For example, it does not analyze the reasons for officer growth, nor does it assess changes in the officer corps by skill or grade level.

The plan set forth by the working group in charge of the study called for an in-depth analysis of officer growth from fiscal year 1980 to fiscal year 1989 that would identify why the growth occurred. According to the plan, increases were to be explained according to one or more of the following categories:

- increased force structure (e.g., introduction of new weapon systems and increase in inventory of ships and aircraft);
- structural and doctrinal changes (e.g., increased battlefield mobility for armor and mechanized infantry divisions);
- correcting for wartime shortfalls (e.g., medical and air base ground defense);
- emerging technologies (e.g., space and data automation);
- changing functional requirements (e.g., chaplains in Army combat units);
- increasing joint, international, and non-DOD needs; and
- training and transients (e.g., students, medical patients, and prisoners).

In addition, the services were to provide

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- impact statements for the 2- and 3-percent reductions from a mission and requirements perspective and from a personnel management perspective (e.g., reductions in force, involuntary retirements, early outs, and changes to the Defense Officer Personnel Management Act);
  - profiles of the services' grade inventories since fiscal year 1980; and
  - a description of how manpower requirements were used to support the increases in the number of officers.

OSD and service officials said that a study meeting the above criteria would, in their opinion, be a comprehensive assessment of officer growth and provide adequate justification for that growth.

Although all services followed the general plan, they categorized, justified, and reported their increases differently. Furthermore, in some cases, they did not address all factors. Table 4 illustrates the disparate presentations that each service used in developing its data and reporting its increases; "yes" indicates that the issue was addressed, and "no," that it was not.

**Table 4: Comparison of DOD and Individual Services' Studies on Officer Increases**

	Officer requirements working group plan	Individual services' studies				DOD officer requirements study
		Army	Air Force	Navy	Marine Corps	
Period of growth covered by fiscal year						
Past	1980-1986	1981-1986	1980-1986	1980-1986	1980-1986	1980-1986
Planned	1987-1989	No	1987-1989	1987-1989	1987-1989	1987-1989
Categorization approach	DOD working group categories	Individual position changes within units	DOD working group categories	DPPC program elements and, within DPPC, by DOD working group categories	DPPC program elements	DPPC program elements
Impact statements						
Mission and requirements perspective	Yes	Yes	Yes	Yes	Yes	Used "notional force" concept
Personnel management perspective	Yes	No	Yes	Yes	Yes	No
Profile of grade inventory by fiscal year	Yes	1980-1985, by occupation specialty	Only for majors (O-4) through colonels (O-6), not by occupation specialty	No	1980-1986, by all ranks	No
Description of how manpower requirements were used to support officer growth	Yes	Yes	No	No	No	No

OSD officials said that they were aware in late February 1987 that the services were not preparing their assessments similarly, but took no action because each service wanted to present its data in its own format. OSD officials said that they later directed the services to provide them with information on manpower classified by DPPC. OSD then categorized this data as either combat- or noncombat-related and presented it in the April 16, 1987, report.

The study OSD submitted to the Congress did not address many issues called for in the original plan. Specifically, it did not

- explain and justify officer growth by service or in any of the categories listed in the plan;
- address the impact that the 2- and 3-percent reductions would have upon personnel management, including such items as reductions-in-force, involuntary retirements, early outs, increased costs, or changes to

the Defense Officer Personnel Management Act that would be needed to effectively manage and implement these reductions;

- examine officer inventory changes since fiscal year 1980 by skill and grade level; or
- provide a detailed explanation of how manpower requirements were used to justify the increases in the number of officers.

OSD believes that, since its categorization of the 1980-1986 growth in the officer corps showed that 76 percent of the new positions could be classified as combat-related, its study is adequate to justify the growth. Even if the categorization were entirely accurate, a comprehensive explanation or justification would include additional analytic evidence, such as linkages between officer growth and specific mission changes or personnel impacts like those contemplated in the original study plan.

## Conclusions and Recommendations

DOD was slow to decide how to allocate the 1-percent reduction for fiscal year 1987 and has decided not to plan for the additional officer reductions scheduled to occur by the end of fiscal year 1989. The lack of a detailed plan to allocate the full reduction across the services and the inadequate analysis and planning within most of the services to implement the reductions make it difficult for DOD to manage these reductions with minimal impact on combat capability.

The officer requirements study did not meet most of the criteria OSD officials determined would provide a complete and comprehensive justification of officer growth. While the study reported that the bulk of the growth was in combat-related forces, it did not explain what led to those increases or how the amount of increases were determined, nor did it provide a realistic assessment of what the impact of the cuts would be. Consequently, we believe that it does not provide an adequate assessment of the officer increases that have occurred since fiscal year 1980.

In commenting on our report, Military Personnel: Options to Implement Officer Reductions (GAO/NSIAD 87-162, Aug. 5, 1987), DOD said that its strategy is to have the Congress repeal the remaining officer reductions in fiscal years 1988 and 1989. In the event DOD is not successful, both OSD and the services will have to develop a plan for allocating and implementing these reductions to minimize the impact on combat capability.

We believe that it is unwise to defer planning for the legislatively mandated reductions because delay makes effective implementation increasingly difficult. We recognize that House and Senate conferees are

currently working on a provision in the House version of the 1988 defense authorization bill that would postpone the 2-percent cut scheduled for 1988 until 1989, and that a decision which could affect the reductions is imminent. However, even if the House provision is adopted, it would only be a postponement, not a rescission. Also, in the event that some cut is required in 1988, planning time for the services will again be limited. Accordingly, we recommend that the Secretary of Defense

- provide preliminary allocations of the 1988 and 1989 reductions to the services as soon as possible following action by the conference committee to allow as much time as possible for the services to program the reductions so that the impact on operations and readiness can be minimized; and
- require the services to identify their share of allocated reductions in officer positions by rank, skill, and location; and identify those positions that will be converted to either enlisted or civilian positions.

## Agency Comments and Our Evaluation

DOD does not believe that growth in the officer structure is a problem since it is the result of programmatic changes made to enhance national defense. DOD further noted that the actual cuts in officer strength would be greater than 6 percent because the reduction would also eliminate programmed future growth in the officer corps necessary to support DOD's new force structure, which was supported by the Congress.

DOD does not believe that it took too long to allocate the 1-percent reduction, stating that it took several months to allocate the reductions for each service to minimize damage to combat capability. OSD did not coordinate the final allocation decision with the services because the Secretary of Defense was charged with the responsibility for making the allocation.

DOD agreed that it has not taken any action on allocating the 2- and 3-percent reductions. DOD stated that the reasons it has not taken action are that (1) no reasonable means exist to make the reductions without causing significant impact on combat capability and (2) the Congress is continuing to debate the fiscal year 1988 defense authorization bill and therefore has yet to determine its position on further reductions.

DOD stated that the services have continued to review their officer structures, and each has developed a plan for dealing with the fiscal year

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1987 reduction. DOD expressed the view that no purpose would be served in preparing plans for reductions that may be rescinded.

DOD believes that its officer requirements study is a satisfactory response to the authorization committees' concerns. OSD decided to focus its study efforts on demonstrating that the majority of the officer growth occurred in areas that contributed directly to combat capability. OSD believes that it has addressed the Congress' major concerns by (1) showing that 76 percent of the growth was combat-related and (2) proposing to freeze officer end strength at the fiscal year 1987 level and to redistribute officer authorizations to ensure that 100 percent of the net growth from fiscal year 1980 to fiscal year 1989 would be in combat areas. However, DOD officials informed us that the proposed redistribution of officer growth would not occur unless the Congress adopts OSD's plan in lieu of other reductions.

We continue to believe, for the reasons stated above, that the officer requirements study did not provide the Congress with sufficient information to fully explain and justify the reasons for growth in the officer corps. A full justification should include an analytic framework which shows the relationship between specific changes in military activities or missions and officer growth, and should identify direct impacts of reductions on the management of military resources.

DOD did not agree with either of the recommendations in our draft report which called for immediate allocation of the 2- and 3-percent reductions. DOD stated that, since it believes that the reductions should be rescinded because they would be detrimental to national defense, allocation of the remaining reductions is inappropriate until the Congress passes the fiscal year 1988 defense authorization. At that time, if a further reduction is required, DOD stated that it would allocate the reduction to the services, which would then determine how and where the reductions would be taken.

OSD's decision to delay even a preliminary allocation of the 2- and 3-percent reductions increases the risk that additional officer reductions will be unnecessarily detrimental to combat capability. If the Congress does not defer or modify the 2- and 3-percent reductions, they will automatically take effect. Delay in allocating the reductions has reduced the planning time for the services and is likely to force them to take more disruptive actions to implement the reductions if they are required.

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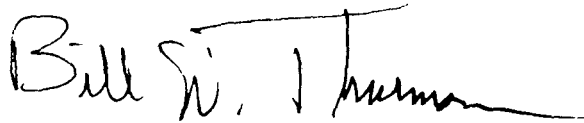
We have modified our recommendations to recognize that a decision is imminent on the nature and timing of further reductions, and that it is reasonable now to defer allocations until after the conference committee completes its action, which is scheduled in the next few weeks. However, we believe that planning should begin promptly thereafter for the then-identified reductions. Planning should begin even if the results of additional studies, by us or the services, could possibly support further modifications to the reductions in future years. Such planning would permit the impact of near-term reductions on combat readiness to be minimized and contribute to improved determination of officer requirements in the future.

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Appendix I describes our objectives, scope, and methodology. Appendix II contains DOD's comments.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days from the date of its issue. At that time, we will send copies to the Chairman, Senate Armed Services Committee; the Chairmen, House and Senate Committees on Appropriations, House Committee on Government Operations, Senate Committee on Governmental Affairs; the Director of the Office of Management and Budget; and the Secretaries of Defense and the Military Departments. We will also make copies available to other interested parties upon request.

Sincerely yours,



Frank C. Conahan  
Assistant Comptroller General





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# Objectives, Scope, and Methodology

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In February 1987, we were asked by the House Armed Services Committee to (1) examine DOD's planning for and implementation of officer reductions as mandated in Section 403 of the National Defense Authorization Act for Fiscal Year 1987 and (2) evaluate the officer requirements study that DOD was in the process of preparing to justify officer growth.

We conducted our review at the Office of the Assistant Secretary of Defense (Force Management and Personnel), Washington, D.C.; and the headquarters of the Army, Air Force, Navy, and Marine Corps.

In examining DOD's planning and implementation of the officer reductions, we interviewed OSD officials responsible for allocating the reductions among the services and reviewed files and other documents pertaining to this process. We discussed the allocations with service manpower and personnel officials responsible for implementing the reductions and reviewed service plans and documents relating to implementing the mandated reductions.

We interviewed service and OSD officials responsible for developing information for the officer requirements study and preparing it; reviewed the guidelines OSD issued for use in preparing the study; and briefly reviewed the services' inputs to the study. We also verified the calculations used to develop the totals in the final report. We did not conduct (1) an in-depth assessment of the individual services' methodologies, data sources, or categorization of growth or (2) a computer reliability assessment of the data systems used to generate the statistics contained in the study. We also did not assess the appropriateness of OSD's classification of manpower categories into combat and noncombat-related activities.

Our review was conducted between February and September 1987, in accordance with generally accepted government auditing standards.

# Comments From the Department of Defense



FORCE MANAGEMENT  
AND PERSONNEL

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-4000

September 30, 1987

Mr. Frank C. Conahan  
Director, National Security and  
International Affairs Division  
U.S. General Accounting Office  
Washington, D.C. 20584

Dear Mr. Conahan:

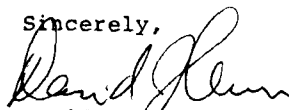
This is the Department of Defense (DoD) response to the General Accounting Office Draft Report, "MILITARY OFFICERS: DoD's Implementation of Congressionally Mandated Reductions," dated July 27, 1987 (GAO Code 391057, OSD Case 7363). (Enclosure 1)

The DoD does not agree that little progress has been made in allocating reductions or that our officer requirements study fails to explain officer growth. In particular, our requirements study showed that 80 percent of officer growth between 1980 and 1989 was in combat or combat-related forces. The Secretary of Defense noted that further reductions in the officer corps will seriously degrade our combat capability. Instead, he proposed freezing DoD officer levels at the already-reduced 1987 strength, foregoing 1987-1989 programmed growth, and reducing all support officers to 1980 levels. This would produce a net reduction of 7,300 officers from 1989 officer strength levels.

DoD did allocate the 1 percent cut for 1987, but we strongly disagree that the proposed 2 and 3 percent cuts should be allocated to the Services prior to final Congressional action on our proposal. Such a premature allocation of these debilitating reductions would serve no clear purpose and would have adverse affects on the morale and retention of our outstanding officer corps.

If the House of Representatives moratorium proposal is enacted, DoD will provide total cooperation in order to put this divisive and dangerous action behind us. The national security of the United States will be significantly harmed if DoD is forced to absorb the loss of over 22,000 commissioned officers.

Sincerely,

  
David J. Armor  
Principal Deputy

Enclosure:  
As Stated

GAO DRAFT REPORT - DATED JULY 27, 1987

(GAO CODE 391057) OSD CASE 7363

"MILITARY OFFICERS: DOD'S IMPLEMENTATION OF CONGRESSIONALLY -  
MANDATED REDUCTIONS"

DOD RESPONSE TO THE GAO DRAFT REPORT  
FINDINGS AND RECOMMENDATIONS

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FINDINGS

FINDING A: Congressionally-Mandated Reduction In Officer Strength. The GAO reported that between FY 1980 and FY 1985, the number of military officers on active duty increased by 11.3 percent, while the number of enlisted personnel increased by 3.9 percent. The GAO observed that the Congress, in Section 403 of the National Defense Authorization Act for FY 1987 (P.L. 99-661), mandated a 6 percent reduction in active-duty commissioned officers by the end of FY 1989, according to the following schedule:

- 1 percent by September 30, 1987;
- an additional 2 percent by September 30, 1988; and
- the remaining 3 percent by September 30, 1989.

The GAO further reported that the Act requires the Secretary of Defense to allocate these reductions among the Services, and to report to the Congress by February 1 of each fiscal year in which reductions are required, the actual or proposed allocations for that year, as well as the proposed allocation for the next fiscal year in which reductions are required. The GAO observed that DoD officials have consistently maintained that such reductions are arbitrary and will harm its combat capability. The GAO concluded that because of concern about the growth rates of officers versus enlisted, the Congress mandated a 6 percent reduction in officer strength. (pp. 1-2/GAO Draft Report)

COMMENT: Partially concur. While GAO has factually reported the problem as seen by Congress, DoD does not concur that a problem exists in the officer structure. The DoD officer structure is impacted by many factors, but the officer-to-enlisted ratio is not one. The officer-to-enlisted ratio is an outgrowth of the programmatic changes taken by DoD to enhance national defense. Although Congress directed a net reduction of 6 percent, the actual cut will be greater as the officer reduction eliminates programmed growth (4,044 officers from FY 1986-1989) necessary to man new ships and aircraft. Since this programmed structure growth was also approved by Congress, DoD is faced with the

ENCLOSURE 1

Appendix II  
Comments From the Department of Defense

necessity to comply with conflicting congressional decisions. The total loss of officers from the FY 1986 end year position (18,528) will cause officer strength to be below the FY 1983 position by FY 1989, thereby eliminating the officers required for the new force structure and other high priority areas (i.e., Medical, Intelligence and Joint functions) supported by Congress during that six-year period.

**FINDING B: OSD Has Made Little Progress In Allocating Reductions.**

The GAO found that the Office of the Secretary of Defense (OSD) did not decide how to allocate the 1 percent reduction among the Services until shortly before it reported to the Congress on February 2, 1987; and it did not report on the proposed reduction for FY 1988. According to the GAO, between October 1986 and February 2, 1987, OSD officials considered numerous alternatives for allocating the 1 percent reduction (about 3,090 officers). The GAO found, however, that by February 1987, the Secretary decided to allocate the 1 percent reduction across the Services based on three criteria:

- no Service FY 1987 end strength would be greater than its FY 1986 end strength
- the Navy FY 1987 end strength would equal its FY 1986 end strength.
- the remaining reduction would be prorated to the other three Services based on the size of their commissioned officer corps.

The GAO reported that, according to OSD and Service officials, this reduction was different from any alternative previously considered and was not provided to the Services for comment. The GAO further reported, again according to Service officials, that by delaying the decision on how to allocate the 1 percent reduction until February 1987, the Services were limited in their use of management options for implementing the reduction for FY 1987. The GAO also found that as of July 1987, the OSD had not determined how it would allocate either the 2 percent or 3 percent reductions required for FY 1988 and FY 1989. The GAO concluded that the DoD has been slow to decide how to allocate and plan for the officer reductions scheduled to occur by the end of FY 1989. The GAO further concluded that the lack of a detailed plan to allocate the full reduction across the Services hinders the Service abilities to plan for and implement the reductions. (pp. 3-6, p. 17/GAO Draft Report)

**COMMENT:** Nonconcur. OSD disagrees that it "delayed" allocation of the 1 percent reduction. The FY 87 Authorization Bill was not

Appendix II  
Comments From the Department of Defense

signed into law until November 14, and it took several months to work out an allocation of the reduction for each Service to minimize damage to combat capability. Moreover, SecDef did not find it necessary to coordinate the final allocation decision as OSD had coordinated other similar options previously. Further, Congress had charged SecDef with the responsibility for making the allocations.

DoD agrees that it has not reacted to the 2 percent and 3 percent allocations because (1) no reasonable means exist to do so without causing significant adverse impact on combat capability and (2) Congress has continued to debate the FY 1988/89 Defense Authorization Bill. In April 1987, the Secretary of Defense submitted a growth-based requirements study that showed nearly 80 percent of officer growth was in combat-related forces, thereby addressing Congress' major concern. He offered to freeze officer end strength at the FY 1987 position and redistribute officer authorizations to ensure that 100 percent of FY 1980-1989 growth would be in combat areas. This freeze proposal offers to reduce nearly 7300 officers from 1989 program levels.

The two Houses of Congress have failed to compromise on and thus have yet to determine a position on further reductions. In particular, the House of Representative's FY 1988 Defense Authorization Bill would defer the 2 percent reduction for one year and have the GAO conduct a study of officer requirements. An allocation of the additional reductions is inappropriate until the final FY 1988 action of Congress is decided.

FINDING C: The Army Has Developed Detailed Reduction Plan. The GAO observed that Service leaders have made statements about the likely impact of a 6 percent officer reduction on capability. The GAO found, however, that only one Service, the Army, has conducted a detailed analysis of its authorized officer positions to identify those positions having the least priority and impact on readiness, which could be eliminated to achieve the full 6 percent reduction. The GAO also found that the Marine Corps has identified specific positions that will be cut for the 1 percent reduction, the Navy and Air Force have not. The GAO reported that, according to the OSD and officials from the Air Force, Navy and Marine Corps, a detailed analysis of their authorized officer positions will be necessary if the Congress does not repeal the remaining 2 percent and 3 percent reductions. The GAO further reported that these officials stated that, if DoD can justify its officer growth and the Congress repeals the remaining reductions, such an analysis will be unnecessary. The GAO observed that the DoD strategy is to have the Congress repeal the remaining officer reductions in FY 1988 and FY 1989. The GAO concluded, however, that, in the event the DoD is not successful, both the OSD and the Services will have to develop a plan for allocating and implementing these reductions to minimize the impact on combat capability. (pp. 7-8, P. 17/GAO Draft Report)

Now on p. 5.

COMMENT: Concur. As a matter of course, the Services continually review their manpower. Since the completion of the GAO Audit, the Services have continued to review their officer structure with a view to eliminating problems that must be resolved in the near term--existing overstructure and the extrapolation of the FY 1987 cut into FY 1988 and beyond. Although varying in the amount of detail, each Service has developed a plan for dealing with the FY 1987 reduction. No purpose would be served in preparing plans for reductions when those reductions may be rescinded. When the decision is finally made as to whether further cuts must be taken, the Services will implement a plan that minimizes the impact on readiness.

FINDING D: Officer Requirements Study Does Not Adequately Explain Growth. The GAO reported that on December 5, 1986, the Assistant Secretary of Defense for Force Management and Personnel established an Officer Requirements Working Group, to conduct a study to (1) justify and explain increases in the number of officers, and (2) provide the Secretary of Defense with recommendations for allocating the remaining reductions, if the legislation were not repealed. The GAO found that, although the study presented data on increases in the number of officers between FY 1980 and FY 1986, it does not provide sufficient information to explain fully and justify the increases in officers since FY 1980. In addition, the GAO found that, while all the Services followed the general plan, they categorized, justified, and reported their increases differently and, in some cases, they did not address all required factors. The GAO reported that OSD officials stated that they were aware in late February 1987 that the Services were not preparing their assessments similarly, but took no action because each Service wanted to present its data in its own format. The GAO concluded that, because the individual assessments could not be easily summarized for analysis, many issues that the original plan called to be addressed, were not addressed in the study submitted to the Congress. Specifically, the GAO concluded that the OSD study did not:

- explain and justify officer growth by Service or in any of the categories listed in the plan;
- address the impact that the 2 percent and 3 percent reductions would have upon personnel management, including such items as reductions-in-force, involuntary retirements, early outs, increased costs, or changes to the Defense Officer Personnel Management Act that would be needed to effectively manage and implement these reductions;

- examine officer inventory changes since FY 1980 by skill and grade level; or
- provide a detailed explanation of how manpower requirements were used to justify the increases in the number of officers.

The GAO reported that DoD officials cited two reasons why the officer requirements study was not as complete and comprehensive as originally intended: (1) the OSD did not require the Services to analyze and report their officer growth results in a standard format and (2) the milestone for completing the study was moved up about 10 weeks. The GAO generally concluded that, overall, the officer requirements study did not meet most of the criteria the OSD officials determined would provide a complete and comprehensive justification of officer growth. The GAO further concluded, therefore, that the study does not provide an adequate assessment of the officer increases that have occurred since FY 1980. (pp. 8-17/GAO Draft Report)

COMMENT: Nonconcur. The OSD report submitted to Congress answered the key question raised by Congress: the reasons for officer growth between FY 1980 and FY 1986. The original categories of data requested by OSD did not correspond to any existing billet information system used by the Services. After attempting several different frameworks to standardize Service data, it was decided to use DPPC categories, in which force components are classified into a detailed and standardized set of functional categories (strategic forces, tactical forces, support installations, management HQ, etc.). Through a series of personal meetings with the Services, new data were requested, and new information was submitted.

Since members of Congress had stated concerns about adverse impact of cuts on combat capability, a decision was made to examine 1980-1986 growth in combat vs. support forces. The growth in the combat and combat-related categories was fully justified in detailed Service submissions, and it is further justified on prima facie grounds as direct enhancements to combat capability. OSD did not require further justification for support growth, because it proposed elimination of all support officer growth between 1980 and 1989.

The study found that 80 percent of officer growth between 1980 and 1989 was in combat and combat-related forces, and hence implementation of the full 6 percent cut would have devastating impact on combat force capability and readiness. Instead, OSD proposed to reduce all support officer growth to 1980 levels, a reduction of approximately 7300 officers from the 1989 level.

Appendix II  
Comments From the Department of Defense

Service specific growth was examined and justified by the OSD study but not included in the final summary report. There was no requirement to examine changes by grade or skill levels, nor to examine impact on personnel management.

RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense provide preliminary allocations of the 2 percent and 3 percent reductions to the Services to allow them sufficient time to program the reductions so that the impact on operations and readiness can be minimized. (p. 18/GAO Draft Report)

Now on p. 12.

COMMENT: Nonconcur. The DoD continues to disagree strongly with the mandated reductions, and the SecDef's position remains that these cuts will severely reduce combat capability and should be rescinded. The Services have presented compelling cases to OSD as to why further reductions would be detrimental to national defense. The continuing difference of views in the two congressional Houses causes DoD to believe that relief from the reductions is still a strong possibility, at least in FY 1988. Accordingly, the allocation of the remaining reductions is inappropriate.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense require the Services to identify their share of allocated reductions in officer positions by rank, skill, and location; and to identify those positions that will be converted to either enlisted or civilian positions. (p. 18/GAO Draft Report)

Now on p. 12.

COMMENT: Nonconcur. If further reductions become necessary in the future, OSD will allocate the reduction to the Services. At that point, the Services will determine how and where the reductions will be taken.