

GAO

Report to the Chairman, Subcommittee
on Readiness, Committee on Armed
Services, House of Representatives

February 1990

ARMY RESERVISTS

Peacetime Screening to Identify Key Civilian Employees Is Inadequate



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547697

National Security and
International Affairs Division

B-236144

February 12, 1990

The Honorable Earl Hutto
Chairman, Subcommittee on Readiness
Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

In September 1988, the former Subcommittee Chairman asked us to determine whether the Army's peacetime screening process identifies Ready Reservists who have civilian occupations that would be critical to the war effort or private sector operations. Mobilization of such individuals could adversely affect the civilian sector's preparedness. We reviewed the Army's screening process to determine whether it effectively identifies such individuals and complies with legal requirements.

Title 10, section 271, of the U.S. Code requires the military services to conduct continuous occupational screening for Ready Reservists, and Department of Defense (DOD) Directive 1200.7 implements this statute to provide for the screening of all Ready Reservists, including those who work for nonfederal employers. Peacetime screening is designed, in part, to identify reservists whose mobilization would seriously impair the operations of their employers. The objective of screening is to enable government and business to plan for the loss of these reservists so that their operations can continue to function effectively.

Our objectives, scope, and methodology are presented in appendix I.

Results in Brief

The Army's peacetime screening policy does not ensure that Ready Reservists who have critical civilian occupations are properly screened prior to mobilization. Though federally employed reservists are routinely screened for key employment, they make up only about 9 percent of Army Reservists, and those who are otherwise employed are not screened.

We found that many civilian employers lack an awareness of their screening opportunity or even the military status of their employees. For example, all six contractors we interviewed were unaware of the screening process and their opportunity to plan for the loss of mobilized employees. At our request, five of these contractors were able to screen their reservist employees by identifying those who had taken military

leave. Of those they identified as reservists, these contractors considered 13 percent to be key to their operations.

At present, the Army has no such information on its nonfederally employed reservists. In fact, it has no way of knowing whether reservists have told employers of their military status because it lacks a process to obtain feedback from reservists regarding their communication with employers. Thus, the Army has no way of determining whether or to what extent conflict between civilian and military needs will arise in a national emergency.

Background

During a general mobilization, the Army will depend heavily upon its reservists, who make up more than half of its combat forces and a greater portion of its support forces. At the end of fiscal year 1988, Army reservists who could be mobilized numbered more than 1.3 million, most of whom were from the Ready Reserve (the National Guard, the Army Reserve, and the Individual Ready Reserve). Many of these reservists will deploy within 30 days of a general mobilization, leaving their employers little time to adjust to their departure. Mobilization of the reserves thus presents a manpower dilemma—how to attain a maximum military force yet maintain effective functioning of government and private sectors. Some reservists hold jobs of key importance to the civilian work force, and their mobilization could mean serious hardship to the organizations for which they work. If they hold vital positions in defense industries, mobilization could affect military supplies and services as well.

To mitigate the effect of a general mobilization on essential operations of government, commerce, and the war effort, the Congress has directed the military to set up a system to continuously screen its Ready Reserve (10 U.S.C. 271). This provision was enacted as part of the Reserve Forces Act of 1955 because (1) at the time of the Korean call-up there was no adequate screening of the reservists who were ordered to active duty and (2) there was no screening program in operation during the years prior to the Korean call-up. According to the statute's legislative history, there were many mistakes that could have been prevented by a continuous screening program carried on before the call-up.

The screening process includes reviewing reservists to identify those who hold civilian jobs that will be critical to employers during mobilization. Responsibility for managing and controlling the overall Ready Reserve screening program rests with the Assistant Secretary of

Defense for Reserve Affairs. To carry out that responsibility, DOD has issued Directive 1200.7, which prescribes uniform policies and procedures governing the peacetime management of and preparation for mobilization. This Directive is also published in the Code of Federal Regulations, 32 C.F.R. part 44. Procedures that provide nonfederal employers the opportunity to identify key employees and, when applicable, request their transfer from the Ready Reserve are contained in both 32 C.F.R. part 44 and in 44 C.F.R. part 333, which is published by the Federal Emergency Management Agency.

DOD has also delegated screening responsibilities to the Secretaries of the military services, each of whom must design and administer screening programs for Ready Reservists. Army Regulation 135-133 assigns the Commanding General of Forces Command and the Commander of the Army Reserve Personnel Center (ARPERCEN) responsibility for implementing and administering screening procedures for the Army Reserve. Similar responsibilities for the Army National Guard are assigned to the Chief of the National Guard Bureau.

The responsibility for initial screening resides with ARPERCEN for members of the Individual Ready Reserve (IRR) and with unit commanders for soldiers in reserve units. ARPERCEN is required to question IRR members through the mail to determine their availability for mobilization; unit commanders, during annual briefings, are required to ask individual reservists whether they know of any obligations that could affect their availability during mobilization. Unit commanders also are to instruct reservists to inform employers of their mobilization status.

One purpose of DOD Directive 1200.7 is to facilitate the identification of reservists whose mobilization could impair essential operations, so that employers can plan in peacetime how to keep operating smoothly during mobilization despite the loss of these people. According to title 10, section 271, of the U.S. Code, reservists who have critical civilian skills should not be retained in the Ready Reserve beyond the numbers the Army needs for those skills. Employers may request that the Army transfer their reserve employees from the Ready Reserves to the Standby¹ or Retired Reserves or discharge them if two conditions are met: (1) the reservists are key to operations, and (2) alternatives such as replacement or cross-training are not practical. Requests must be made

¹Standby Reserves may be mobilized in time of war or national emergency declared by the Congress but only if the military service Secretary concerned determines that there are not enough qualified soldiers in the Ready Reserves or inactive National Guard in the required category who are readily available.

in peacetime, since, according to federal regulation, no transfer due to occupational screening will be granted once mobilization occurs.

According to Army officials, requests by employers for the transfer of key reservists are to be sent through the Army's chain of command for review. If the final approving authority denies a request, it can be adjudicated by the Federal Emergency Management Agency on appeal by the employer.

DOD Does Not Prescribe a Process for the Military Services to Screen for Nonfederal Key Employment

DOD Directive 1200.7 provides that the Secretaries of the military services shall screen, at least annually, all Ready Reservists to ensure their immediate availability for active duty. To implement this Directive, each year DOD screens reservists who work for the federal government. Using data from the Office of Personnel Management, DOD annually informs federal agencies that they must report the number of reservist employees who fill "key" positions and that they can request that these employees be transferred to the Standby or Retired Reserve or discharged. In 1987, about 9 percent (145,000) of all the military services' 1.6 million Ready Reservists were federally employed; of these, about 2,700 were reported as "key" to agency operations.

In contrast to this process for federal employees, DOD provides no specific process or guidance for the services to screen reservists for nonfederal key employment. DOD Directive 1200.7 does encourage nonfederal employers—particularly those in the fields of public health, safety, and defense support industries—to screen their reservist employees and, when necessary, to request their transfer from the Ready Reserve.

Defense Contractors Are Unaware of Screening Opportunities

The process for screening Ready Reservists does not surface potential conflicts that would arise from the mobilization of reservists holding key positions in nonfederal occupations. At the time of our fieldwork, the only reference to nonfederal employers' opportunity to request transfers of key employees from the Army's Ready Reserve was contained in DOD Directive 1200.7 and the Code of Federal Regulations. Therefore, nonfederal employers we visited were not aware of the screening process.

We interviewed headquarters officials at two of the five Continental Armies—the 1st and the 2nd. They told us that, in the last 15 years,

they had received no request for the transfer of key nonfederal employees from the Ready Reserve. Likewise, an official of the command responsible for the Individual Ready Reserve could not recall receiving any transfer requests in the last 3 years. Yet we found that some employers who could be critical to a war effort and who employ reservists they believe are key to their operations knew nothing of a screening program or the opportunity to request transfers.

We interviewed 6 of the top 100 defense contractors (for fiscal year 1987) concerning screening. All six contractors were unaware of screening and the opportunity to plan for the loss of mobilized employees. None had received information from any Army source regarding the screening process. Nor did most of these contractors readily know how many reservists were in their employ.² Consequently, they did not know what effect mobilization would have on their production of war materials, such as Harpoon missiles, F-15 and F/A-18 aircraft, communication systems, guided-missile vertical launch systems, and cargo tankers. Several employers said that it is in the best interests of their operations and of national preparedness to plan in peacetime for the mobilization of their key employees.

At our request, five defense contractors were able to identify reservist employees by using military leave as an index. One contractor found 29 reservists in his employ whom he considers key to his operations. These 29 reservists represented all the military services and included several high ranking officers (among them a general) whose loss could have adverse effects on their employer. In all, the contractors identified 655 reservists on their payrolls and considered 87, or 13 percent, key employees whose mobilization could adversely affect their production of war materials.³ One contractor, for example, said that many of his employees must have security clearances to work with classified data. He has found that it takes at least 6 months to obtain security clearances, so unplanned replacement of these employees could seriously slow down his operations.

²According to a recent study, Joint Telecommunication Industry Mobilization (TIM), by the Joint Industry-Government TIM Group (NCS 522/3, Nov. 6, 1987), employers are reluctant to maintain records on their workers' military status for fear of litigation or of appearing to discriminate.

³One contractor has a succession plan for potential employee losses, but this plan does not consider attrition due to mobilization. As a result of our visit, this contractor decided to expand his succession plan to incorporate screening objectives.

Screening in the Nonfederal Sector Is Hampered by Several Problems

For fiscal year 1987, more than 90 percent of the Army's Ready Reservists were employed in the nonfederal sector. However, as previously indicated, many employers may be unaware of their screening opportunity. This may be because until recently Army Regulation 135-133 did not directly address the occupational screening of reservists who are nonfederal employees. Also, the screening process is dependent upon reservists, who may not be motivated to implement it.

Army Regulation Only Recently Addressed Screening for Nonfederal Key Employment

Until July 1989, Army Regulation 135-133 did not mention the screening opportunity for nonfederal employers to request that their employees be transferred from the Ready Reserve. Consequently, Ready Reserve commands we visited had not notified nonfederal employers of their screening opportunity or received transfer requests for nonfederal key employment. Some of these commands regarded such activity as unauthorized.

ARPERCEN, for example, is responsible for screening 300,000 IRR members, but it had not notified nonfederal employers of their screening opportunity. In fact, according to the Chief of its Transfer Branch, ARPERCEN would not have accepted key employment as justification for transferring any IRR member who worked for a nonfederal employer. Since, in ARPERCEN's view, the regulation provided no authority to do otherwise, it would have denied any transfer request from any employer other than a federal agency. According to the Chief, ARPERCEN does not maintain records of transfer requests made by nonfederal employers.

The Army's July 1989 revision to its screening regulation does address nonfederal employers' opportunity to conduct screening and provides transfer authority. The regulation encourages nonfederal employers to adopt screening procedures and suggests that employers use federal guidelines to determine "key position designations" and request transfers on such grounds.

Until recently, Army regulations specifically exempted the screening process from the Army's internal control system. Officials could not tell us why the screening process had been so exempted. In 1988, the Army made the screening process subject to its internal control system and announced plans to begin using internal control checklists during fiscal years 1990 or 1991.

Army Lacks an Effective Procedure to Notify Nonfederal Employers

Before it was revised, the Army's screening regulation asked reservists only to inform nonfederal employers of their military status; there was no requirement for reservists to inform employers about screening. The July 1989 revision to the screening regulation encourages reservists to inform employers about their screening opportunity. However, reservists may not be the best choice to provide notification.

Some reservists may not want to convey information to their employers that may result in their removal from the reserves. According to Army officials, most civilians are in the Ready Reserves because they want to be there, for any of a variety of reasons—out of patriotism or a desire for adventure or financial and retirement benefits. In addition, Army officials told us that some civilians keep their employers unaware of their reservist status, fearing that their military membership could adversely affect their careers. For example, officials indicated that some reservists use annual leave instead of military leave for their yearly 2-week reserve exercises so as not to alert employers of their military status. Moreover, the Army lacks a means to tell whether reservists actually provide employers with information on their reserve status and employers' screening opportunity.

Conclusions

The Army's screening process does not ensure that Ready Reservists who hold critical positions with nonfederal employers are properly screened prior to mobilization. Though federally employed reservists are routinely screened for key employment, those who are otherwise employed are not. DOD has not provided guidance to the military services on how to screen reservists for nonfederal key employment, and the Army's reliance on reservists to inform their employers of their screening opportunity does not in itself constitute a consistent, reliable screening process for at least two reasons. First, some reservists may not convey information to an employer that may result in their removal from the reserves. Second, the Army lacks a procedure to obtain feedback from reservists on their communications with employers and, therefore, has no assurance that the screening process is working. Consequently, some of the Army's Ready Reservists may have occupations that if vacated during mobilization, could adversely affect their employers' operations.

The Army's recent inclusion of the screening process in its internal control system should enable management to better assess its implementation. However, in the absence of any explicit requirement upon the Army itself to ensure that nonfederal employers of Ready Reservists are

notified of their screening opportunity, potential for conflict between employment and mobilization requirements remains.

Recommendations

We recommend that the Secretary of Defense provide guidance to the military services on how to fulfill their screening responsibility for Ready Reservists employed in the nonfederal sector. In this regard, the Secretary should examine the feasibility of implementing a system to directly notify nonfederal employers of Ready Reservists of their screening opportunity. Such a system should at a minimum notify employers in the fields of public health, safety, and defense support industries.

If the Secretary of Defense determines that direct notification is not feasible, we recommend that the Secretary of the Army require Army commands to establish procedures to obtain feedback from reservists on whether nonfederal employers have been informed of their screening opportunity.

Agency Comments and Our Evaluation

In its official comments on a draft of this report, which we include as appendix II, DOD generally agreed with our audit findings. It did not agree, however, with our recommendations. DOD stated that, while there is no statutory requirement to notify or provide employers the opportunity to designate key positions, DOD's and the Federal Emergency Management Agency's publication of policies and procedures in the Federal Register and the Code of Federal Regulations is an appropriate and cost-effective means of such notification. DOD cited 44 U.S.C. 1507, chapter 15, which states that publication of a document in the Federal Register is sufficient notice of the document's contents to persons subject to or affected by the document.⁴

As our report shows, defense contractors we visited were not aware of the screening process and their role in it. We believe that, from a practical standpoint, notification through the Code of Federal Regulations and the Federal Register was not sufficient notice to these employers.

DOD stated that a system to directly notify nonfederal employers of Ready Reservists about the screening process was neither feasible nor necessary. It referred to a number of studies conducted by DOD and

⁴If a published document is an agency rule or regulation it is normally codified in the Code of Federal Regulations.

others that indicated that mobilization would have a limited impact on the capacity of employers to perform. On the basis of these studies, DOD concluded that the relatively small percentage of the nation's work force having reserve obligations and the existing screening process have together helped to limit the potential impact of mobilization.

We believe that qualitative screening is necessary because the loss of even a small number of key or special-occupation employees could create critical shortages. For example, DOD's study of the impact of mobilization on police departments indicated that the concentration of but a few reservists in special occupations, such as bomb disposal, could create critical shortages, even though the occupations represented small percentages.

The studies cited by DOD to support its position are based largely on outdated information, some of it going back to 1975. Our work used more current data (for 1987 through 1989), which indicates that reserve and work force demographics have changed greatly since the time of DOD's reports. For example, 1987 DOD statistics indicated an increase of over 500 percent in the number of federally employed reservists who had been designated as key employees compared to the number so identified in a 1980 DOD study.⁵ Similar demographic changes might have occurred in the nonfederal employment sector. According to DOD, its 1982 study of three major aerospace defense contractors indicated that all reservists could be mobilized without impairing operations.⁶ Our work, conducted during 1989, included one of these three contractors—McDonnell Douglas, McDonnell Aircraft Company, St. Louis, Missouri. According to company representatives, 52 reservists among its nearly 500 reservist employees could be key to operations; their mobilization could impair the company's defense work.

The telecommunications study to which DOD referred in its comments concluded that

⁵Screening Ready Reservists Employed by the Federal Government, 1980 Report to the House Appropriations Committee, Office of the Deputy Assistant Secretary of Defense (Reserve Affairs), November 1980.

⁶Screening Ready Reservists Employed by the Federal Government, 1982 Report to the House Appropriations Committee, Office of the Deputy Assistant Secretary of Defense (Reserve Affairs), December 1982.

"... a military mobilization call-up would not significantly affect the telecommunications work force in the Short and Mid-term from either a qualitative or quantitative perspective."⁷

This conclusion was based on estimates that only 2 percent of the industry's work force would be affected by the mobilization of reservists. However, the study indicated that among the small number of facilities surveyed (1) demographic differences within the work force could affect operations of each facility differently and (2) some facilities could incur losses of 10 percent or more of their personnel by the mobilization of their reservist employees. In addition, our work with six defense contractors showed that employers did not maintain records on their employees' reserve obligation status and, therefore, did not know how they might be affected by a mobilization.

DOD credited its screening program with helping to limit the potential impact of mobilization on the nonfederal work force. We disagree with DOD's assessment of the efficacy of the existing screening program. In our view, the program has not identified or resolved a number of problems concerning nonfederally employed reservists who hold jobs of key importance to the civilian work force. The following examples demonstrate the program's shortcomings:

- DOD has acknowledged in its 1980 and 1982 reports to the House Committee on Appropriations that nonfederally employed reservists had not been screened for employment.
- Our work at five defense contractors showed that they were unaware of the screening process. However, when informed of the process, the contractors identified 87, or 13 percent, of 655 reservists as key employees whose mobilization could impair their production of wartime materials.
- Two Army Audit Agency reports, which covered 14 reserve units, found no evidence that these units had either screened their members for critical civilian occupations or counseled them about conflict between occupations and mobilization status.⁸ According to the reports, the mobilization of some of these reservists could adversely affect the health, safety, or welfare of their communities.

⁷M. L. Cohen and D. E. Jones, Telecommunications Industry Mobilization: Personnel Issues, MTR-87W00243 (The MITRE Corporation: McLean, Virginia, 1988).

⁸Report of Audit, 220th Military Police Brigade, Gaithersburg, Maryland, EC 88-3, December 16, 1989; Report of Audit, Virginia Army National Guard, Richmond, Virginia, EC 86-9, September 30, 1986.

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- A 1987 report by the Army Inspector General, which covered 37 reserve units, concluded that "...procedures for identification and disposition of key personnel are generally misunderstood or ignored."⁹

DOD stated that it did not agree that Army commands should obtain feedback from reservists on whether they had informed their employers about screening. DOD commented that it did not regard such notification as an appropriate responsibility for reservists. However, this position contradicts the Army's July 1989 revision to its screening regulation, which encourages reservists to inform their employers of screening opportunities.

DOD did agree that reservists may be reluctant to inform employers of their military service obligations. Consequently, DOD said that it will revise its regulations to ensure that the military services' procedures require feedback from reservists that they have notified employers of their service obligations.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 15 days from the date of its issue. At that time, we will send copies to the Chairmen, Senate Committee on Armed Services, House and Senate Committees on Appropriations, House Committee on Government Operations, and Senate Committee on Governmental Affairs; the Office of Management and Budget; and the Secretaries of Defense and the Army. We will also make copies available to other parties upon request.

Please call me at (202) 275-4141 if you or your staff have any questions. Major contributors to this report are listed in appendix III.

Sincerely yours,



Richard Davis
Director, Army Issues

⁹Special Inspection of Total Army Mobilization, Army Inspector General Agency Report, April 1987.

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Abbreviations

ARPERCEN	Army Reserve Personnel Center
DOD	Department of Defense
GAO	General Accounting Office
IRR	Individual Ready Reserve

Objectives, Scope, and Methodology

At the request of the former Chairman of the Subcommittee on Readiness of the House Committee on Armed Services, we reviewed the Army's screening process to determine whether it identifies Ready Reservists who have civilian occupations that would be critical to the war effort or private sector operations. To make this determination, we examined the compliance of the Army's screening policy with relevant laws and regulations and assessed the effectiveness of both the screening process itself and the controls over that process.

We limited our review to Army Ready Reservists who work for employers other than the federal government for two reasons: these reservists represent the vast majority of Ready Reservists, and DOD is conducting a review to determine the effectiveness of the screening process for DOD employees.

We performed the review from September 1988 to June 1989 in accordance with generally accepted government auditing standards. In the course of our review, we obtained documents and interviewed numerous officials representing the following private industries, federal agencies, the Office of the Secretary of Defense, and several Army commands. DOD's official comments on a draft of this report appear as appendix II.

Civilian Industries

Allied-Signal Aerospace Company, Baltimore, Maryland
Contel Corporation, Atlanta, Georgia, and its Federal Systems Sector, Fairfax, Virginia
E-Systems Corporation, Falls Church, Virginia
Lockheed-Georgia Company, Marietta, Georgia
McDonnell Douglas, McDonnell Aircraft Company, St. Louis, Missouri
Martin Marietta Corporation, Baltimore, Maryland

**Federal Civilian
Departments and
Agencies
(Washington, D.C.)**

Department of Commerce
Department of Labor
Federal Emergency Management Agency
Selective Service System

**Department of
Defense
(Washington, D.C.)**

Office of the Secretary of Defense, Mobilization Planning and Requirements
Office of the Assistant Secretary of Defense, Reserve Affairs
Office of the Inspector General

**Department of the
Army
(Washington, D.C.)**

Office of the Assistant Secretary of the Army, Manpower and Reserve Affairs
Office of the Deputy Chief of Staff for Personnel
Office of the Chief of the Army Reserve

**Army Headquarters
and National Guard
Offices**

Army Reserve Personnel Center, St. Louis, Missouri
U.S. Forces Command, Atlanta, Georgia
Continental U.S. Army
• 1st Army Headquarters, Fort Meade, Maryland
• 2nd Army Headquarters, Fort Gillem, Georgia

Headquarters, 81st Army Reserve Command, East Point, Georgia
Headquarters, 96th Army Reserve Command, Salt Lake City, Utah
National Guard Bureau, Washington, D.C.
National Guard Personnel Center, Alexandria, Virginia
Office of the State Adjutant General
• Atlanta, Georgia
• Richmond, Virginia
• Salt Lake City, Utah

Army Reserve Units

395th Finance Section, Fort Douglas, Utah
449th Quartermaster Company, Fort Douglas, Utah
611th Supply Company, Baltimore, Maryland
818th Medical Unit, Fort Gillem, Georgia
Headquarters, 449th Support Group (Theater Army) (General Support),
Forest Park, Georgia
Headquarters Company, 510th Theater Army Support Group, Baltimore,
Maryland

National Guard Units

1st Battalion, 111th Field Artillery, Norfolk, Virginia
Headquarters Company, 141st Military Intelligence Linguistics
Battalion, Draper, Utah
Company C, 142nd Military Intelligence Battalion, Draper, Utah
Headquarters Company, 265th Engineering Group, Marietta, Georgia
124th Public Affairs Detachment, Atlanta, Georgia.
170th Military Police Battalion, Ft. Gillem, Georgia

Comments From the Department of Defense



ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

RESERVE AFFAIRS

7 DEC 1989

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and
International Affairs Division,
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Conahan:

This is the DoD response to the GAO Draft Report ARMY RESERVISTS: "Peacetime Screening to Identify Key Civilian Employees Is Inadequate," dated October 13, 1989, (GAO Code 393315/OSD Case 8148.)

While the DoD generally concurs with the GAO findings, the Department does not agree with the GAO recommendations to establish a system for providing specific notice to nonfederal employers of their opportunity to designate key positions. The Department does not believe that such a program is either feasible or necessary.

There is no statutory requirement to notify employers that they may designate key positions or to allow employers the opportunity to designate key positions. Nevertheless, the DoD and the Federal Emergency Management Agency have provided a system to allow designation of key positions in nonfederal employment. This policy is published in the Federal Register and set out in the Code of Federal Regulations. The DoD believes that this system of providing general notice to nonfederal employers is reasonable and appropriate.

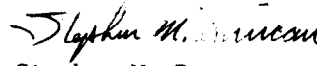
While the Department agrees that some employers in the private sector may be unaware of the screening opportunity which is now provided, numerous studies indicate that the impact on industry and state and local governments at mobilization would not adversely affect essential services or industry. This is in part because of the existing screening program, and in part because of the relatively small percentage of the nation's workforce with Reserve obligations. Studies of the impact of mobilization on employers have focused upon the aerospace industry, fire and police departments, other occupations and industries and, more recently, in 1988, the telecommunications industry. These studies generally indicate that (1) Reservists are only a small percentage of the total workforce and (2) there would be a limited impact on the capacity of employers to function during a mobilization. Nevertheless, the Department

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considers the screening of the Ready Reserve as a very important function and will improve its guidelines to the Military Services to help ensure that Reservists do inform their employers of their Reserve obligation.

The detailed Department comments on the report findings and recommendations are provided in the enclosure. The DoD appreciates the opportunity to comment on the GAO draft report.

Sincerely,


Stephen M. Duncan

Enclosure:
As Stated

GAO Draft Report - Dated October 13, 1989
(GAO Code 393315) OSD Case 8148

ARMY RESERVIST, "Peacetime Screening
to Identify Key Civilian Employees
Is Inadequate"

DEPARTMENT OF DEFENSE COMMENTS

* * * * *

FINDINGS

FINDING A: Background: Screening of Reservists: The GAO observed that, during a general mobilization, the Army will depend heavily upon its Reservists, who make up more than half of its combat forces and a greater portion of its support forces. The GAO noted that, at the end of FY 1988, Army Reservists, who could be mobilized, numbered more than 1.3 million--most of whom were from the Ready Reserve (the National Guard, the Army Reserve, and the Individual Ready Reserve). The GAO explained that many of these Reservists will deploy within 30 days of a general mobilization, leaving their employers little time to adjust to their departure. The GAO pointed out that mobilization of the Reserves thus presents a manpower dilemma--how to attain the maximum military force yet maintain effective functioning of government and private sectors. According to the GAO, some Reservists hold jobs of key importance to the civilian workforce and their mobilization could mean serious hardship to the organizations for which they work. The GAO observed that, if they hold vital positions in defense industries, mobilization could affect military supplies and services as well. The GAO reported that, to deal with the dilemma, the Congress directed the military to set up a system to continuously screen its Ready Reserve to mitigate the effect of a general mobilization on essential operations of Government, commerce, and the war effort (10 U.S.C. 271). According to the GAO, this provision was enacted as part of the Reserve Forces Act of 1955 because (1) at the time of the Korean call-up there was no adequate screening of the reservists who were ordered to active duty and (2) there was no screening program in operation during the years prior to the Korean call-up. The GAO explained that the legislative history of the statute noted there were many mistakes that could have been prevented by a continuous screening program carried on before the call-up. (pp. 2-5/GAO Draft Report)

DOD COMMENT: Concur.

FINDING B: The DoD Does Not Prescribe a Process for the Military Services to Screen for Nonfederal Key Employment: The GAO observed the DoD Directive 1200.7 provides that the Secretaries of the Military Services shall screen, at least annually, all Ready Reservists to ensure their immediate availability for

Now on pp. 2-4.

active duty. The GAO noted that, to implement this Directive, each year DoD screens Reservists who work for the Federal Government. The GAO explained that, using data from the Office of Personnel Management, the DoD annually informs Federal agencies that (1) they must report the number of Reservist employees who fill "key" positions and (2) they can request that these employees be transferred to the Standby or Retired Reserve or discharged. According to the GAO, in 1987, about 9 percent (145,000) of 1.6 million Ready Reservists were Federally employed--and, of these, about 2,700 were reported as "key" to agency operations.

The GAO pointed out that, in contrast to this process for Federal employees, the DoD provides no specific process or guidance for the Military Services to screen Reservists for nonfederal employment. According to the GAO, the DoD Directive 1200.7 does, however, encourage nonfederal employers--particularly those in the fields of public health, safety, and defense support industries--to screen their Reservist employees and, when necessary, to request their transfer from the Ready Reserve. (pp. 1-2, pp. 5-6/GAO Draft Report)

DOD COMMENT: Concur. It is true that the DoD does not prescribe a process for the Military Services to notify State and local government and private employers of their opportunity to designate key positions. DoD Directive 1200.7 implements the provisions of section 271 and several other related sections of title 10, United States Code, and Executive Order 11190. Under the DoD Directive, the Secretaries of the Military Departments have specific responsibilities for ensuring that Ready Reservists will be immediately available for active duty. All Ready Reservists are required to inform their employers of their military obligation and their military personnel records must be annotated to incorporate information on any factor which would limit their mobilization availability. These screening procedures are set out at part 44 (Screening of the Ready Reserve) of chapter 1, (Office of Secretary of Defense), title 32, Code of Federal Regulations. The above referenced authorities define what a key position is and provide procedures for determining which positions are key.

Procedures which provide employers the opportunity to identify key positions are set out at part 333 (Peacetime Screening) of chapter 1 (Federal Emergency Management Agency), title 44, Code of Federal Regulations. Just as provisions regarding key positions in Federal Departments and Agencies are established in title 32 of the Code of Federal Regulations, title 44 provides procedures for State and local governments and private industry to identify key employees. Where these employees are members of the Ready Reserve, procedures to assess the potential impact on their organization of a call-up of Reservists and to reduce or avoid such impacts are identified. Under part 333, the

Now on p. 4.

Department of Labor is identified as available to advise and assist with respect to essential civilian positions and, where conflicts continue to exist, the Federal Emergency Management Agency has authority to adjudicate differences between the DoD and the employers.

FINDING C: Defense Contractors Are Unaware of Screening Opportunities. The GAO found the process for screening Ready Reservists does not surface potential conflicts that would arise from the mobilization of Reservists holding key positions in nonfederal occupations. According to the GAO, at the time of its field work, the only reference to nonfederal employees from the Army Ready Reserve was contained in DoD Directive 1200.7 and the Code of Federal Regulations; therefore, nonfederal employers were not aware of the screening process.

The GAO interviewed headquarters officials at two of the five continental Armies--the 1st and the 2nd. According to the GAO, these headquarters officials stated that, in the last 15 years, they had received no request for the transfer of key nonfederal employees from the Ready Reserve. The GAO found, however, that some employers, who could be critical to a war effort and who employ Reservists they believe are key to their operations, knew nothing of a screening program or the opportunity to request transfers.

The GAO interviewed six of the top 100 defense contractors (for FY 1987) concerning screening and found that all six contractors were unaware of screening process and the opportunity to plan for the loss of mobilized employees. According to the GAO, none of the contractors had received information from any Army source regarding the screening process--nor did most of these contractors readily know how many Reservists were in their employ. The GAO concluded that the contractors did not know what effect mobilization would have on their production of war materials, such as guided-missiles, the F-15 and F/A-18 aircraft, communications systems, guided-missile vertical launch systems, and cargo tankers. The GAO pointed out several of the employers said that it is in the best interests of their operations and of the national preparedness to plan in peacetime for the mobilizations of their key employees.

At the request of the GAO, five defense contractors were able to identify Reservists employees by using military leave as an index. The GAO reported that one contractor identified 29 reservists in his employ who he considers key to his operations. According to the GAO, these 29 employees included several high ranking officers (among them a general) whose loss could have adverse effects on their employer. The GAO observed that, in all, the contractors identified 655 Reservists on their payrolls and considered 87 (or 13 percent) to be key employees, whose mobilization could adversely affect their production of war materials. (pp. 1-2, pp. 6-8/GAO Draft Report)

Now on pp. 1 and 4-5.

DOD COMMENT: Partially concur. As discussed in the DoD response to Finding B, the notification of the opportunity to designate key positions is published in the Federal Register and set out in the Code of Federal Regulations. Section 1507, chapter 15, title 44, United States Code, states that a notice in the Federal Register is sufficient notice to persons subject to or affected by the notice. The Department agrees that some private sector employers may still be unaware of their opportunity to designate key positions, but a number of studies conducted by the DoD and others indicate that employers in such potentially critical industries and service occupations areas as aerospace, health and protective services are aware that they would lose employees to a mobilization and consider that the potential impact would be minimal. A study of employees in government and private employment in several occupations (summarized in the 1980 Report to the House Appropriations Committee, "Screening Ready Reservists Employed by the Federal Government") found no occupational areas where mobilization of Ready Reservists would have a severe impact. Airline pilots and mechanics, the medical profession, and municipal police and fire departments were among the occupational areas. The 1982 Report to the House Appropriations Committee summarized the results of a DoD study of the aerospace industry. Three of the largest 100 aerospace defense contractors were chosen for study: the Boeing Company, McDonnell Douglas Company, and General Dynamics Corporation. The study found no occupational areas where there would be a severe impact from the mobilization of Reservist employees of these aerospace defense contractors. The findings from studies conducted earlier in this decade are echoed by a MITRE Corporation study of the telecommunications industry released in July 1988. The study concluded "...that a military mobilization call-up would not significantly affect the telecommunications work force in the short and mid-term from either a qualitative or quantitative perspective."

The fact that the studies conducted have consistently found that a mobilization would not have a widespread or significant impact on defense industries, civilian protective services or other industries or occupations which would be critical in wartime does not mean that peacetime screening is not important. It does indicate, however, that the combination of the DoD "Screening the Ready Reserve" Program, under which Reservists must communicate their Reserve status to nonfederal employers and attest to their availability for mobilization, and the general notice provided to employers in the Federal Register is a cost-effective way to ensure (1) there would be no significant attrition from Reserve units and (2) there would be no significant impact on civilian occupations and industries.

FINDING D: Screening in the Nonfederal Sector is Hampered by Several Problems. The GAO found that, for FY 1987, more than 90 percent of the Army Ready Reservists were employed in the

nonfederal sector. The GAO concluded, however, that many employers may not be aware of their screening opportunity. The GAO attributed this to the fact that until recently, Army Regulation 135-133 did not directly address the occupational screening of Reservists who are nonfederal employees. The GAO also pointed out that the screening is dependent upon Reservists--who may not be motivated to implement the process.

The GAO observed that, until July 1989, Army Regulation 135-133 did not mention the screening opportunity for nonfederal employers to request that their employees be transferred from the Ready Reserve. The GAO also found that prior to its recent revision, the Army's screening regulation asked Reservists only to inform nonfederal employers of their military status--there was no requirement for Reservists to inform employers about screening. The GAO noted that the July 1989 revision to the screening regulation encourages Reservists to inform employers about their screening opportunity.

However, the GAO questioned the decision of making the Reservists be responsible for the notification. The GAO is concerned that some Reservists may not want to convey information to their employers that may result in their removal from the Reserves. The GAO indicated that according to Army officials, some Reservists keep their employers unaware of their Reservist status--fearing that their military membership could adversely affect their careers. The GAO also found that the Army lacks a means to tell whether Reservists actually provide employers with information on their Reserve status and available screening opportunity. (pp. 1-2, pp. 8-11/GAO Draft Report)

DOD COMMENT: Partially concur. Under DoD Directive 1200.7, all Ready Reservists shall inform their employer of the Reserve military obligation. While it is possible that some Reservists may not wish to inform their employers of their military status, this does not relieve them of the responsibility to do so. Moreover, as discussed in the DoD response to Finding B, the responsibility and opportunity for designation of "key positions" is clearly set out in the Federal Register notice and codified in title 44 of the Code of Federal Regulations.

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RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense provide guidance to the Military Services on how to fulfill their screening responsibility for Ready Reservists employed in the nonfederal sector. (p. 12/GAO Draft Report)

Now on pp. 1-2 and 6-8.

Now on p. 8.

Appendix II
Comments From the Department of Defense

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DOD COMMENT: Nonconcur. There is no statutory requirement to provide employers an opportunity to designate key positions. The opportunity has been established, however, and is set out in the Code of Federal Regulations. The DoD believes this is an appropriate and cost effective way to provide notice to nonfederal employers.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense should examine the feasibility of implementing a system to directly notify nonfederal employers of Ready Reservists of their screening opportunity. (p. 12/GAO Draft Report)

DOD COMMENT: Nonconcur. The DoD does not believe such a system is either feasible or necessary.

RECOMMENDATION 3: The GAO recommended that the Secretary of the Army require Army commands to establish procedures to obtain feedback from Reservists on whether nonfederal employers have been informed of their screening opportunity.

DOD COMMENT: Partially concur. The DOD will revise paragraph 5b of DoD Directive 1200.7 to ensure that Military Service procedures are in effect to require feedback from Reservists that they have notified employers of their military obligation. Notification to employers of their screening opportunity is not, however, an appropriate responsibility for individual Reservists.

Now on p. 8.

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