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on Federal Services, Post Office, and
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DEFENSE FORCE MANAGEMENT

Challenges Facing DOD as It Continues to Downsize Its Civilian Work Force



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National Security and
International Affairs Division

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The Honorable David Pryor
Chairman, Subcommittee on Federal
Services, Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Senator Pryor:

In our February 1992 testimony,¹ we highlighted important differences in the approaches the Department of Defense (DOD) employed to facilitate force reductions, minimize involuntary separations, and shape its civilian and military work forces. We stated that whereas DOD provided significant transition assistance and financial separation incentives to military personnel, the Department provided much less assistance to facilitate civilian downsizing efforts. In our March 1992 testimony before the House Armed Services Committee's Subcommittee on Readiness,² we outlined difficulties DOD was having in making accurate work load and work force reduction projections for a large segment of its civilian force employed in industrial and commercial type activities. We stated that some Defense managers were concerned that DOD's reliance on hiring freezes to reduce its civilian work force was making it difficult to respond to fluctuations in work load and creating the potential for imbalances in worker skills.

This report builds on our statements in these testimonies by (1) reporting on the status of DOD's civilian work force reductions, (2) contrasting DOD's strategy for reducing the military work force with the strategy for reducing the civilian work force, and (3) providing information on DOD's implementation of the new authorizations for separation incentive programs.

Background

DOD has a multiyear downsizing effort underway that by the end of fiscal year 1997 should result in nearly a 28-percent reduction in the size of DOD's active duty military over fiscal year 1987 end strength.³ This percentage translates into an approximately 604,000 position reduction in authorized

¹Defense Force Management: DOD Management of Civilian Force Reductions (GAO/T-NSIAD-92-10, Feb. 20, 1992).

²Defense Force Management: Expanded Focus in Monitoring Civilian Force Reductions Is Needed (GAO/T-NSIAD-92-19, Mar. 18, 1992).

³Based on future force level projections provided by DOD as of January 1993.

end strength. DOD's civilian end strength is expected to be reduced during the same period by 22 percent, or approximately 249,000 positions.

While these reductions are significant, the actual number of individuals who may either be voluntarily or involuntarily separated to meet these reduction goals will depend on the following factors: DOD policy objectives, normal attrition, financial incentives to induce separations, other efforts directed toward inducing reductions and shaping the force for the future, controls placed on accessions, any intervening budgetary constraints, and the economy.

Results in Brief

As of the end of fiscal year 1992, DOD had made half of its targeted reductions in the civilian work force. Sizeable reductions are still required to meet existing reduction goals; most of those planned for fiscal year 1993 will affect the Army and the Navy. Several factors indicate that the civilian work force targets are interim numbers and will probably increase. At the same time, various data and information from Defense officials suggest that civilian reductions are now more difficult for individual components to achieve than before.

The approaches of the military and civilian personnel management systems to facilitate force reductions differ significantly. First, military downsizing is governed by congressionally mandated end strengths and DOD's base force plan, which gives some parameters to the future military force structure and the unit reductions that will occur—factors that indirectly affect DOD civilian personnel management. The less precise basis on which civilian reductions are determined sometimes makes it unclear where reductions are needed. Some field activities told us that because of efforts to meet broad reduction goals, they were facing mandatory civilian reductions that ran counter to perceived work load requirements. Second, the military system reduces its forces by balancing accessions and service continuation offers with losses to better ensure a balanced force for the future. The civilian system, on the other hand, has relied predominantly on restricted hiring and voluntary attrition to meet reduction targets. This practice stagnates the personnel pipelines, creates imbalances in work force demographics and skills, and leads to or increases the need for involuntary separations.

The fiscal year 1993 Defense Authorization legislation authorized financial separation incentives and other transition assistance for civilians to facilitate and reduce the adverse effects of Defense downsizing and to

induce voluntary separations. Only a few requests and approvals have occurred to date and there are indications that such approvals may be limited. DOD and service officials have increasingly recognized the need to shape their civilian work force for the future. Just as in military force reductions, a combination of tools will be required to effectively downsize and shape the force and minimize skill imbalances. Some service officials have cited the need for authority to use a range of tools, including separation incentives and greater reliance on temporary workers to better manage downsizing and the peaks and valleys in work load that occur even during downsizing. Ultimately, how extensively separation incentives are offered and how many persons accept the offers could impact the need for additional measures.

DOD Has Made Many of the Targeted Reductions, but Reduction Goals Are Likely to Increase

At the end of fiscal year 1992, DOD had reduced civilian end-strength levels by 127,000 positions over the fiscal year 1987 baseline. This figure represents 51 percent of the 249,000 reductions. During fiscal year 1992, DOD civilian personnel end strengths were reduced by 39,000 positions, leaving 42,000 more reductions required in fiscal year 1993 to meet current reduction goals. The largest reductions during fiscal year 1993 are scheduled to occur in the Army and the Navy. Table 1 summarizes changes in planned end-strength levels for DOD components.

Table 1: DOD Civilian End-Strength Levels for Selected Fiscal Years

| | 1987 ^a | 1992 ^a | 1993 ^b | 1997 ^b |
|--------------------|-------------------|-------------------|----------------------------|-------------------|
| Army | 418,000 | 334,000 | 308,000 | 283,000 |
| Navy/Marines | 353,000 | 309,000 | 282,000 | 255,000 |
| Air Force | 264,000 | 214,000 | 206,000 | 194,000 |
| Other DOD agencies | 98,000 | 149,000 | 167,000 | 152,000 |
| Total | 1,133,000 | 1,006,000 | 964,000^c | 884,000 |

^aFigures for fiscal years 1987 and 1992 are actual.

^bFigures for fiscal years 1993 and 1997 are projected as of January 1993.

^cNumbers do not add due to rounding.

Note: End-strength numbers for other DOD agencies are rising during this period of downsizing because of the consolidations of some activities and the shifting of personnel from individual services to DOD agencies.

Source: DOD comptroller and individual military services.

These civilian end-strength targets are probably interim numbers since several factors suggest they are likely to increase. For example, additional

base closing decisions are expected to result from new Base Closing and Realignment Commission studies planned for release in fiscal years 1993 and 1995. Employment reductions that would occur as an outcome of commission recommendations could be additive to previously announced civilian force reduction numbers. Further, our recent report found that the Navy may be overestimating future shipyard requirements and suggested that a reduction in the number of such Navy-operated yards might be needed.⁴ Information provided by various DOD and service officials suggests that similar consolidations of activities may be required in other services. Finally, expected additional administration and congressionally sponsored reductions in defense spending will also likely translate into additional personnel reductions.

Unlike the Military Personnel System, the Civilian System Has Not Placed Primary Focus on Shaping Its Work Force

Reduction targets for military and civilian work forces can be traced somewhat to planned reductions in Army divisions, Navy carrier battle groups, Air Force wings, and in a collective military force known as the base force requirement. Further, Defense Authorization legislation for fiscal year 1991 authorized strength levels totaling 1.6 million for active component military personnel as of September 30, 1995, a reduction of 561,000 positions from the end of the fiscal year 1987 level of 2.2 million positions.

DOD's civilian force reductions are indirectly tied to military force reductions; however, except in the cases of base closures, functional consolidations and transfers, and troop reductions overseas, it is often unclear where and how extensive the reductions should be. While DOD civilians largely fill supporting roles to military functions, there are no clear guides to realistically project a viable ratio of civilian to military personnel; such ratios vary by location. The issue is further clouded by the existence of many civilian contractor personnel who support DOD and who can be substituted for DOD civilians.

The National Defense Authorization Act for Fiscal Year 1991 (P.L. 101-510) required DOD to submit a 5-year master plan for industrial and commercial workers, projecting work load, employment levels by worker category, employee furloughs, and involuntary separations. DOD submitted an initial report in April 1991 and an updated one in June 1992. Our review of the April 1991 report found the report's data to be

⁴Navy Maintenance: Fewer Shipyards May Be Needed as Ship Repair Requirements Decline (GAO/NSIAD-93-23, Nov. 18, 1992).

incomplete and not a good indicator of likely reductions.⁵ Our review of the June 1992 update showed that its data suffers from similar problems. The update indicates that the Army's Materiel Command plans a force reduction of about 1,300 in fiscal year 1993, including 752 involuntary reductions. The Army, however, recently announced plans to reduce employment levels by some 12,000 positions at its Materiel Command in fiscal year 1993; a sizeable number of employees could be subject to an involuntary reduction in force (RIF).

Military Personnel System

DOD's military personnel system seeks to maintain a balance between the Department's accessions and losses to control work force composition. According to DOD, by hiring new personnel while making net reductions, the military system helps the services to maintain a desirable work force composition. The services can more easily avoid skill imbalances, promotion and career stagnation, and an overly high percentage of senior personnel who cost the military more and perform lower level work.

Shaping the work force to avoid these problems requires that larger numbers of employees leave than would be the case if the focus was primarily on a hiring freeze to limit the intake of personnel to achieve end-strength reduction goals. In fiscal years 1992-93, DOD plans a net reduction in its force by just over 218,000 military personnel. During that 2-year period, it plans to hire nearly 500,000 military personnel and expects over 700,000 employees to leave—most voluntarily or induced through controls over service continuation, and some involuntarily.⁶

Military personnel systems are more centrally managed and have greater flexibility to maintain or reduce employee levels. Unlike the civilian personnel system, the military can define periods of obligatory service for full-time personnel, control service continuation, and predetermine how long an employee may remain in the service without receiving an additional promotion. Also, unlike the civilian system, DOD's military personnel system permits special retirement boards to select certain numbers of personnel for retirement from among a population of service members who have completed the minimum number of years of service required for retirement eligibility. Finally, DOD's military system does not

⁵Defense Force Management: Limited Baseline for Monitoring Civilian Force Reductions (GAO/NSIAD-92-42, Feb. 5, 1992).

⁶Figures represent data provided by DOD and the individual services as of March 1992.

operate under Office of Personnel Management RIF requirements, which give civilian personnel "bumping rights."⁷

Civilian Personnel System

Under DOD's more decentralized civilian personnel system, responsibility for personnel actions is delegated to the local activity level. In recent years, however, hiring freezes and downsizing efforts have often been mandated at higher organization levels within the services and DOD. This has restricted much of the flexibility, such as hiring authority, that would normally exist at lower organizational levels.

For example, while DOD has an active program to foster competition between the services and private industry for service maintenance and repair work loads, we were told by some management officials at the field activity level that this is discouraged in some instances at higher headquarters because it can result in the need for more staff which could conflict with end-strength reduction targets. A senior service official confirmed this guidance at one major command. In another instance, officials at an Army major subordinate command told us that they are being required to manage to an authorized end strength regardless of the budget, and that their work load reductions had not been commensurate with required work force reductions. Further, we were told that because of personnel constraints, the command has had to contract out numerous functions. In such instances, while Defense Authorization legislation mandates that civilian personnel levels be managed to budget, it appears that civilian force reductions at the activity level are sometimes being managed more to targeted end-strength goals than to budget.

Higher headquarters personnel also suggested that field activities had not recognized declining work loads about to occur or the need to constrain hiring because of anticipated future reductions. We found that in some instances, involving industrial type activities which operate with multiyear funding and revolving fund accounts, the true budgetary situation was difficult to discern because of the services' abilities to reprogram and shift funding to overcome operating deficits as they occurred. Combined, these situations made it very difficult to obtain a uniform picture on the status of needed reductions. Yet, it is fairly clear that civilian force reduction goals often appeared more related to broad reduction goals than to specific

⁷"Bumping rights" generally authorize senior civilian personnel to replace junior ones who hold positions the senior personnel are qualified for.

program reductions or termination of functions and accompanying civilian support positions.⁸

To reduce civilian forces to desired levels, DOD has relied primarily on “restricted hiring” (a general freeze, with exceptions permitted) and attrition.⁹ This practice allows the personnel pipeline to become stagnant and, therefore, does not consider the makeup of DOD’s civilian work force. DOD and military service data indicate that during the current period of downsizing, the civilian work force increasingly comprises older (more costly) personnel with many years of service. The same data indicate that attrition rates are declining.

Skill Imbalance

When hiring constraints are placed on DOD organizations that need personnel with diverse and highly technical skills, skill imbalances begin to build up. Defense management officials at various locations told us about instances in which their mission requirements or funded work loads had increased, but hiring constraints and force reduction goals limited or prevented them from hiring needed personnel. A common concern often cited by Defense managers is that work force constraints are driving work load rather than work load requirements being used to define work force levels.

At one large Air Force maintenance and overhaul facility, a senior management official told us that although the facility had a surplus of over 1,200 occupied positions, a similar number of positions were unfilled because they required skills that available personnel did not have. In some instances, DOD’s Priority Placement Program might provide a good source of candidates to meet these skill needs. We found, however, that some managers were reluctant to fill such positions because they wanted to avoid adding to the number of persons they ultimately would have to lay off to meet externally imposed reduction requirements.

It appears that during fiscal year 1992, the Air Force and Army sought to delay RIF actions. To the extent this is the case, the services will face added pressure to lay off more employees in fiscal year 1993. Many persons targeted for a RIF may be reassigned to jobs elsewhere within the Department, but Defense officials recognize that these reassignments will become increasingly difficult as the downsizing continues.

⁸In some cases, individual services are losing selected numbers of civilian positions due to DOD-wide consolidations and transfers of functions; however, as noted in table 1, these have often resulted in increased strength levels at the DOD level.

⁹DOD data show some levels of continued hiring.

When a RIF occurs, there is a multiplier effect on the numbers of persons adversely affected because senior employees bump junior employees out of their positions.¹⁰ The bumping can perpetuate the skill imbalances caused by attrition and the restricted hiring practices because, in their new positions, the senior employees may meet minimum qualifications but not necessarily meet current skill requirements of the positions they move into. We are currently conducting a separate, more in-depth review of skill imbalances as they affect DOD industrial type activities.

Aging Work Force

From fiscal years 1987 through 1992, the percentage of DOD's permanent civilian work force age 30 and younger dropped from 18 to 13 percent. Army data indicate that the average Army civilian is 44 years old, with an average of 15 years of service. The data suggest that by 1997 the average age will increase to 47 and the years of service to 18 to 19 years.

DOD's civilian work force has a growing population that is close to being eligible to retire. One way to avoid making involuntary reductions is to offer early retirement.¹¹ Table 2 shows the number of DOD civilians (excluding foreign nationals) who were eligible for early retirement at the outset of the current downsizing period and at the end of fiscal year 1992.

Table 2: Defense Civilians Eligible for Early Retirement in Selected Fiscal Years

| Fiscal year | Army | Navy/Marine Corps | Air Force | DOD agencies | Total |
|-------------|--------|-------------------|-----------|--------------|---------|
| 1988 | 30,000 | 37,000 | 26,000 | 10,000 | 103,000 |
| 1992 | 32,000 | 41,000 | 27,000 | 16,000 | 116,000 |

Note: Numbers were drawn from the universe of permanent DOD civilian employees who are U.S. citizens.

Source: Defense Manpower Data Center.

Despite this sizeable number of persons eligible for early retirement, DOD officials told us that the number of persons willing to accept early retirement in recent years has been small. In 1990, the Army Materiel Command executed a RIF that affected 11 percent of the early-retirement-eligible force. Only 14 percent of those eligible accepted

¹⁰Employee retention through the exercise of RIF bumping rights can add significantly to personnel costs because civil service procedures allow employees moving into lower graded jobs to retain the pay of their former higher graded positions. Army data show that the current annual costs associated with prior RIF actions in the Army now total \$49 million.

¹¹Early retirement for civilians generally means the ability to retire at age 50 with 20 years of service or at any age with 25 years of service, rather than waiting for regular retirement at age 55 with 30 years of service. However, with early retirement, one's pension annuity is reduced 2 percent per year for each year that person is under age 55.

early retirement.¹² Some frequently cited reasons for this low rate are (1) economic conditions that reduce alternative employment opportunities for supplemental income, (2) reduced annuities under early retirement, (3) suspension of the lump-sum pay option at retirement, and (4) speculation over the possibility of more favorable retirement benefits in the future.

From fiscal years 1985 through 1988, the percentage of DOD civilians opting to retire within 2 years of their regular retirement eligibility generally averaged around 49 percent. Since then, the percentages have been lower. For example, by the end of fiscal year 1992, just 31 percent had retired within 2 years of eligibility. Thus, a buildup of senior employees has occurred. Over 90,000 DOD civilians who became eligible for regular retirement between fiscal years 1980 and 1992 were still employed at the end of fiscal year 1992.

Defense data show that personnel turnovers occur most often among personnel with relatively few years of service. Thus, as more senior workers retire, restricted hiring disrupts efforts to maintain force balance, career progressions, and orderly future successions. RIF actions also negatively affect work force balance because of the civilian personnel system's provision for bumping rights. Because of these rights, the junior workers are ultimately the employees who are involuntarily separated. The result is a less representative and less diverse work force from an equal employment opportunity standpoint.

Temporary Workers

One tool used by the services in trying to manage fluctuations in work load, particularly in industrial and commercial type activities is that of temporary workers.¹³ Industrial and commercial type activities are supposed to operate in a business-like manner, fully accounting for costs and matching costs with reimbursements from customers in a buyer-seller relationship. With increased emphasis within DOD on expanding the types of operations included under this arrangement and the increased accounting for costs, many Defense managers told us that it is increasingly important that the services have greater flexibility in matching employment levels to funded work load requirements. Temporary workers provide this flexibility. DOD activities experience peaks and valleys in their work load even in the midst of extended downsizing actions accentuating

¹²Army Materiel Command: Factors Influencing Retirement Decisions During 1990 Reduction in Force (GAO/NSIAD-93-28BR, Dec. 31, 1992).

¹³Depot maintenance (for ships, aircraft, combat vehicles, and other items) and transportation services (airlift, sealift, and traffic management) are examples of industrial type activities.

the need for temporary workers. DOD officials note, however, where significant force reductions and RIF actions are required, their activities normally terminate temporary employees before initiating a RIF action, even if these employees are still needed for their particular skills. How extensively separation incentives are offered and how many persons accept the offers could impact the services' abilities to shape their force, the ability to make more effective use of temporary personnel as required, or suggest the need for other measures to facilitate downsizing.

Separation Incentives to Facilitate Downsizing Are Available, but the Extent of Their Potential Use Is Uncertain

The fiscal year 1993 National Defense Authorization legislation authorized a number of transition assistance programs for civilian personnel, including financial separation incentives to induce the voluntary separation of civilian employees.¹⁴ Congress gave DOD discretionary authority in terms of what groups of employees would be offered this incentive. For those deemed eligible, the legislation authorizes a lump-sum payment equal to the lesser of the severance pay that a person would have been entitled to under an involuntary separation, or \$25,000.¹⁵ Its use with early retirement would be predicated on DOD activities receiving Office of Personnel Management authority for early retirement at selected locations based on a planned RIF.

DOD authorized use of these incentives on December 22 and issued preliminary implementing guidance on December 30, 1992; actual implementation has fallen to the new administration. The preliminary guidance addressed use of the financial incentives to induce either resignations, early retirements, or regular retirements. However, approval authority for all of these separation incentives is being retained at the Assistant Secretary of Defense level. DOD has indicated in the past that it intends to administer the use of the separation pay in a tightly controlled, targeted manner. The guidance stipulates that the Assistant Secretary of Defense (Force Management and Personnel) may authorize separation pay only when

- another employee would otherwise be separated;
- the employee who is offered separation pay is not in an occupation, grade, or location where there is an unfilled need; and

¹⁴The legislation also authorized a broad program of Defense conversion assistance to communities and industries affected by DOD downsizing.

¹⁵Those qualifying for the full \$25,000 are likely to be primarily senior personnel with many years of service nearing eligibility for regular or early retirement; persons with fewer years of service are likely to receive much less money.

- the aggregate cost of separation pay does not exceed the aggregate cost avoided of benefits that otherwise would have been paid to employees through involuntary separations.

The guidance further stipulates that the separation pay may not be offered in the final RIF at an installation that is being closed. Further, it stipulates that if any employee receives separation pay, he or she is ineligible for (1) DOD employment (permanent or temporary) for 1 year, (2) participation in the Priority Placement Program, (3) 18-month post-separation group health insurance, and (4) any other offers of separation pay.

Only a few requests for use of the incentives have been submitted to and approved by DOD to date. How narrowly or broadly DOD will apply the guidance in granting approvals is yet to be determined, pending decisions from the new administration. Initial DOD and service data suggest that the separation incentives should be a less costly alternative to various costs associated with involuntary reductions, particularly where separations do not require replacements. However, as already noted, DOD's approach to downsizing has resulted in some imbalances in the Department's work force that have sometimes required the hiring of replacement personnel to meet those skill requirements.

One issue facing DOD as it considered implementation plans for the separation incentives was the need to avoid giving the incentives to persons whose skills might still be needed. In discussions with Defense officials, we agreed with that concern because the manner in which DOD's civilian force reductions have been administered leaves unclear at some locations to what extent downsizing is occurring to meet reductions in funded and required work load for specific activities.

As previously indicated, our ongoing review of DOD civilian downsizing at industrial type activities is producing concerns among management officials at some of these activities that some force reductions are arbitrary, being mandated to meet what they perceive to be broad force reduction goals that do not adequately take into consideration ongoing and, in some cases, increasing work loads. Unless appropriate control measures are instituted, arbitrary reductions could result in persons being separated with incentive pay who would be needed at a later date. There have been reports of such problems being encountered by state governments that have used retirement incentives broadly to downsize their work forces. It is not clear to what extent this problem will be overcome by centralized decisionmaking at the Assistant Secretary of

Defense level for incentives to induce retirement separations. Rather, the problem of proper targeting would seem to reflect the need for improved planning for force reductions to better identify functions and positions no longer required and to reach agreement on future support requirements and related personnel positions and skill mixes needed.

Another issue facing DOD as it considered plans to implement the financial separation incentive program was an inclination not to offer these incentives to persons already eligible for retirement. To do so, some DOD officials believed, would be to give extra money to persons for doing something they would have done anyway within a couple of years. However, the reduced retirement rate of recent years suggests that for many persons this has not been the case. DOD has recently approved some use of the incentives to induce retirement separations; however, how extensively such approvals will be granted is unclear at the present time.

Conceptually, financial incentives could be expected to speed up the exodus of some retirement-eligible personnel; how much is difficult to gauge. Our research shows that multiple factors enter into retirement decisions. Army officials indicate their early planning for use of the incentives has been on the conservative side because of uncertainties about how many employees will opt for them. For example, in planning for its reduction of 12,000 at the Army Materiel Command in fiscal year 1993, Army officials have been cautious in trying to project the number of retirement-eligible personnel who would take early retirement with or without financial incentives. At the same time, they are hopeful they will be able to obtain broad DOD authority to offer incentives to induce early and regular retirements and that a large number of eligible persons will respond. They believe that DOD will need to maximize the use of financial incentives to meet reduction goals, correct skill imbalances, and shape the force for the future if it is to minimize involuntary separations.

Scope and Methodology

Building on prior work in the area of Defense downsizing, we reviewed drawdown plans, guidance, and other documents pertaining to force reductions; visited a variety of the services' field activities; and examined statistical data related to changes in personnel end strengths and demographics.

We reviewed pertinent documents and interviewed appropriate officials at the following locations:

- the Office of the Assistant Secretary of Defense, Force Management and Personnel, Washington D.C.;
- the Office of the Comptroller, Office of the Secretary of Defense, Washington, D.C.;
- the Air Force's Office of the Deputy Chief of Staff for Logistics and Engineering, Washington, D.C.; the Air Force Materiel Command, Wright Patterson Air Force Base, Dayton, Ohio; Oklahoma Air Logistics Center, Tinker Air Force Base, Oklahoma City, Oklahoma; Headquarters, Air Training Command, Randolph Air Force Base, San Antonio, Texas; and San Antonio Air Logistics Center, Kelley Air Force Base, San Antonio, Texas;
- the Department of the Army's Office of the Deputy Chief of Staff for Personnel, Washington, D.C.; the Army Materiel Command, Alexandria, Virginia; the Army Depot Systems Command, Chambersburg, Pennsylvania; the Army Aviation Systems Command, St. Louis, Missouri; the Rock Island Arsenal, Rock Island, Illinois; Corpus Christi Army Depot, Corpus Christi, Texas; and Fort Sam Houston, San Antonio, Texas.
- The Office of the Deputy Chief of Naval Operations for Navy Program Planning, Washington, D.C.; Naval Air Systems Command, Arlington, Virginia; Naval Supply Systems Command, Arlington, Virginia; Mare Island Naval Shipyard, Vallejo, California; Charleston Naval Shipyard, Charleston, South Carolina; the Pensacola Naval Aviation Depot, Pensacola, Florida; Pensacola Naval Supply Center, Pensacola, Florida; Pensacola Public Works Center, Pensacola, Florida.

We obtained data on DOD civilian end-strength levels from DOD's Office of the Controller. Civilian end strength cited in this report includes personnel employed in military functions supporting active duty forces; this is the way such data is normally presented by the Secretary of Defense in support of his military budget. Data not included in such end-strength totals include nonappropriated fund personnel, civilian technicians of the National Guard, and non-military function personnel, such as those employed by the Army Corps of Engineers. We obtained civilian employment data on accessions, losses, retirement eligibility, age, and years of service for DOD civilians (excluding foreign nationals) from the Defense Manpower Data Center, Monterey, California. We conducted our review from January 1992 to January 1993 in accordance with generally accepted government auditing standards.

As you requested, we did not obtain formal agency comments on this report. However, we informally discussed its contents with knowledgeable agency officials who generally agreed with our findings.

Unless you announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to the Chairmen of the House and Senate Committees on Armed Services, the House and Senate Committees on Appropriations, and the House Committee on Government Operations; the Director of the Office of Management and Budget; and the Secretaries of Defense, the Air Force, the Army, and the Navy. We will also make copies available to other interested parties on request.

Please contact me at (202) 275-3990 if you or your staff have any questions concerning this report. Other major contributors to this report are included in appendix I.

Sincerely yours,



Paul L. Jones
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