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The United States Customs Service is organized on four levels, or tiers--headquarters, 9 regions, 45 districts, and 303 ports. The four-tier structure stems from the Stover report, the result of a Department of the Treasury management study, which gave the impetus for the 1965-66 reorganization.

Findings/Conclusions: While the four-tier structure has contributed to management efficiency, the Stover report and later studies recommended a reduction in the number of regions and districts. Customs has been unwilling to make the reductions because of external opposition to consolidation. Fewer regions and districts would allow Customs to reduce overhead and reassign personnel to day-to-day operations. This could be achieved without eliminating a Customs presence at affected communities, and it would improve services. Recommendations: The Secretary of the Treasury should direct the Commissioner of Customs to: reduce the number of regions and districts in keeping with workload requirements and sound organizational principles, clarify the responsibilities of organizational levels and units, realign responsibilities for functions among and within organizational levels, and establish definitive criteria for reviewing port status and use these criteria to identify unneeded ports. (Author/HTW)

5853

REPORT BY THE

Comptroller General

OF THE UNITED STATES

Achieving Needed Organizational Change: A Customs Service Dilemma

At the request of the Chairman, Committee on Ways and Means, GAO reviewed the organization of the U.S. Customs Service.

While regional offices provide essential services, Customs could improve its efficiency by reducing the number of regional as well as district offices. This has been known for at least 10 years; numerous studies have all supported this.

Reducing the number of regions and districts would allow Customs to reduce overhead and redirect personnel savings to day-to-day operations.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114898

The Honorable Al Ullman
Chairman, Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

As requested in your October 3, 1977, letter, we reviewed the organization of the U.S. Customs Service.

The report discusses the need for Customs to reduce the number of regional and district offices and take other steps which would improve organizational efficiency and the delivery of services. Reducing the number of Customs regional and district offices would not eliminate a Customs presence in these cities.

As requested by your office we will make copies of this report available to interested parties upon request, beginning 3 days after the report date. At that time we will also send copies to the Acting Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Appropriations; the Secretary, Department of the Treasury; and the Commissioner, Customs Service.

Sincerely yours

A handwritten signature in black ink, appearing to read "Luther B. Hunt".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE COMMITTEE ON
WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ACHIEVING NEEDED ORGANIZATIONAL
CHANGE: A CUSTOMS
SERVICE DILEMMA

D I G E S T

The U.S. Customs Service is a four-tier organization--headquarters, 9 regions, 45 districts, and 303 ports. Internal studies since 1964 and GAO's review support the conclusions that:

- Regions perform essential functions and are a viable part of the organization. (See p. 7.)
- The number of regions can be reduced. (See p. 13.)
- The number of districts also can be reduced. (See p. 18.)
- Responsibilities need to be clarified and realigned. (See ch. 3.)
- Criteria to review port status need to be developed and applied. (See ch. 4.)

The four-tier organizational structure stems from the Stover report, the impetus for the 1965-66 reorganization. That report recommended realigning Customs field activities into 6 regions and 25 districts. Later studies have continued to support the lesser number of regions and districts. Yet, there still are 9 regions and 45 districts.

The unwillingness of Customs to reduce the number of regions and districts comes from perceived congressional concern over the impact on affected communities. Ironically, the negative effects of retaining the existing structure are felt by all those served by Customs because fewer resources are available to meet day-to-day operating requirements.

Having fewer regions and districts would allow Customs to reduce overhead and reassign personnel to day-to-day operations. Reductions

could be achieved without eliminating a Customs presence at those locations and could improve the level of services provided. However, Customs officials advised GAO that external opposition to consolidation continues and will remain a strong factor.

Regardless of the decision on consolidation, Customs needs to define more clearly the responsibilities of all organizational levels and units and to realign responsibilities for functions among and within organizational levels to minimize fragmentation and unify field management.

Customs also needs to establish and apply definitive criteria for reviewing port status.

RECOMMENDATIONS

GAO recommends that the Secretary of the Treasury direct the Commissioner of Customs to:

- Reduce the number of regions and districts in keeping with workload requirements and sound organizational principles.
- Clarify the responsibilities of organizational levels and units.
- Realign responsibilities for functions among and within organizational levels.
- Establish definitive criteria for reviewing port status and use these criteria to identify unneeded ports.

As requested by the Chairman's office, GAO did not solicit written comments from Customs on this report. However, GAO discussed these matters with top management officials and, in general, Customs agreed with the facts and conclusions presented.

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CHAPTER 1

INTRODUCTION

In response to the October 3, 1977, request of the Chairman, Committee on Ways and Means (see app. I), we reviewed the organization of the U.S. Customs Service. Emphasis was given to reviewing the role of regions and districts. (See ch. 2.) We also reviewed problems identified in earlier studies of the Customs organization and ascertained whether these problems continue. (See ch. 3.) The scope of our work is presented in chapter 6. A listing of recent studies is shown in appendix VII.

CUSTOMS MISSION AND RESPONSIBILITIES

The U.S. Customs Service was, in effect, created by the Congress on July 31, 1789 (1 Stat. 29). At the time its mission was relatively straightforward--to collect duties on imports. Over the years, it has been given additional responsibilities that include the control of--terrorism; international trafficking in controlled substances, arms, and currency; and threats to public health and environment.

Among the specific responsibilities assigned to Customs are:

- Assessing and collecting Customs duties, excise taxes, and penalties on imported merchandise.
- Controlling carriers, passengers, and articles entering or departing the United States.
- Interdicting and seizing contraband, including narcotics and illegal drugs, being imported into the United States.
- Detecting and apprehending persons engaged in fraudulent importing practices.
- Protecting American business and labor through enforcement of such laws as the Antidumping Act; countervailing duty laws; copyright, patent, and trademark provisions; quota restrictions; and marking requirements.

- Enforcing the Currency and Foreign Transactions Reporting Act, the Arms Export Control Act, numerous navigations laws, and export control laws and regulations.
- Enforcing over 400 laws and regulations administered by some 40 other Federal agencies, including automobile safety and emission standards, counterfeit monetary instruments prohibitions, electronic product radiation material standards, and food and drug hazardous substance prohibitions.

Not only has the scope of Customs' mission expanded, but the complexity has increased as well. Enforcing the laws and regulations requires both familiarity with them and the ability to apply them in a variety of situations. These situations range from the assessment and collection of duties to detection of the occasional smuggler, as well as increasingly sophisticated and well-financed smuggling operations.

Increased trade and travel have also affected Customs' mission requirements. The table below illustrates workload increases between fiscal year 1965 and fiscal year 1977.

<u>Workload category</u>	<u>Fiscal year 1965</u>	<u>Fiscal year 1977</u>	<u>Percent change</u>
Commercial cargo entries (note a)	1.9 million	3.7 million	+95
Vehicles processed	53.5 million	77.8 million	+46
Aircraft processed	220,100	372,600	+69
Vessels processed	197,500	154,500	-22
Persons processed	181 million	263 million	+45
Number of seizures	22,000	90,700	+313
Collections	\$2.1 billion	\$6.1 billion	+190

a/These are referred to by Customs as formal entries.

CUSTOMS ORGANIZATIONAL STRUCTURE

Customs present organizational arrangement was established in a major reorganization in 1965 and 1966. (See app. II for field office locations and app. III for jurisdictional boundaries.)

To accomplish its mission and responsibilities, Customs has approximately 13,900 employees assigned to over 300 offices in the United States and others at various overseas locations. These offices are linked together through four organizational levels, or tiers--a headquarters office located in Washington, D.C.; 9 regional offices located in designated U.S. cities; 45 district offices; 1/ and 303 ports of entry. The general functions of these tiers are:

- Headquarters is the top tier of the organization and is responsible for setting policy, providing general guidelines and procedures, making management evaluations and audits, and generally overseeing the entire field operation.
- Regions are the first of two intermediate organizational tiers and are responsible for overall supervision and management of districts and ports. They also provide centralized administrative support for the districts and ports and perform certain operational functions consolidated to achieve economies of scale.
- Districts are the second of two intermediate tiers and principally carry out Customs operations at the district city port. They are, in essence, a large port. In addition, districts supervise operations of other ports, collect revenues, and provide general day-to-day operational direction to the entire district area.
- Ports are the basic tier where Customs work is accomplished and service is provided to the public. Ports are responsible for processing commercial cargo, passengers, vessels, and aircraft.

1/ Includes the New York region's three area offices which are organizationally structured like districts.

Lines of authority

Legislation authorizes the Secretary of the Treasury to enforce the tariff laws and regulate their administration. The Secretary has delegated to the Commissioner of Customs his rights, powers, and duties for implementing all Presidential directives and congressional legislation relating to Customs activities.

As shown on the overall organizational chart (see app. IV), authority flows to the field in four separate lines. The result is that field operations in each region are directed by four principal field officials: a regional commissioner, a regional director of investigations, a regional director of internal affairs, and a regional counsel. (See p. 26 for a discussion of this matter.)

For the most part, operational line authority flows from the Commissioner to the regional commissioners to the district directors and, from them, to the port directors. Not all line authority, however, flows in this manner. For example, authority for investigations flows to the Assistant Commissioner for Investigations who directs field operations. Thus, the Office of the Regional Director of Investigations and the Special Agent-in-Charge Districts do not report through the regional commissioners or district directors. (See app. IV.)

Customs staffing

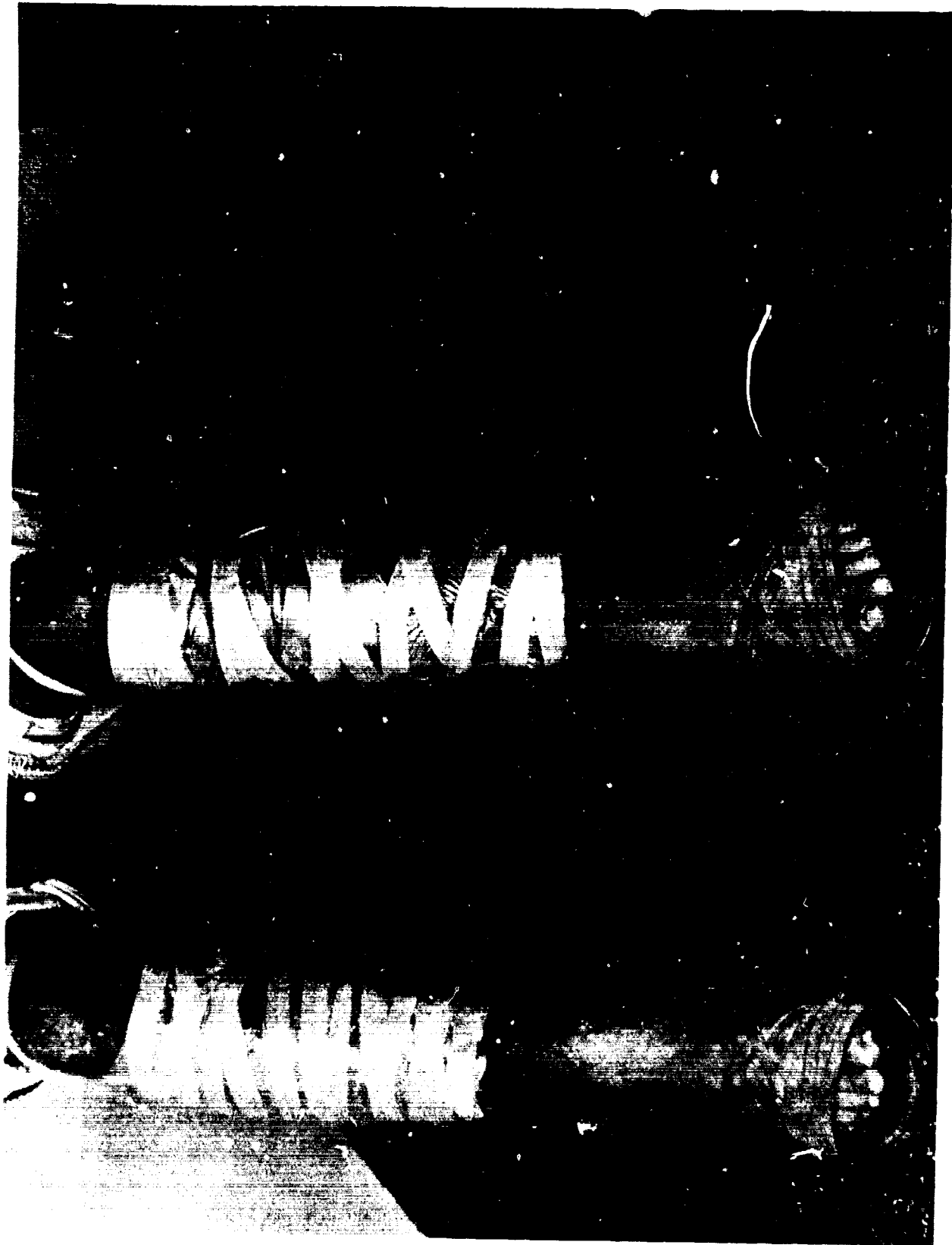
The following chart shows the staffing levels for the four organizational tiers as of September 24, 1977. (See app. V for staffing levels for selected years since the 1965-66 reorganization.)

<u>Organizational tier</u>	<u>Number of employees</u>	<u>Percent of total</u>
Headquarters office	1,313	10
Regional offices	2,104	15
District offices (note a)	8,606	62
Port offices	<u>1,855</u>	<u>13</u>
TOTAL	<u>13,878</u>	<u>100</u>

a/Most district office personnel are involved in port operations.



MARIJUANA SEIZURE ON SHRIMP BOAT - SAVANNAH, GA.



HEROIN SEIZURE-SAN YSIDRO, CA.

CHAPTER 2

FEWER REGIONS AND DISTRICTS CAN FREE RESOURCES FOR DAY-TO-DAY OPERATIONS

With certain changes discussed in chapter 3, the four-tier structure is a viable organizational approach, but Customs' mission can be accomplished with fewer regions and districts. Reduced numbers of regions and districts would allow Customs to reduce overhead and redistribute personnel savings to district and port operating levels. This could be achieved without eliminating a Customs presence from these locations.

As recently as August 1977, the Commissioner advised the Under Secretary of the Treasury that, while the four-tier structure was appropriate, the numbers of regions and districts could be reduced. Such a reduction, according to the Commissioner, would improve organization and management of Customs and promote efficiency and economy of operations.

REGIONS PROVIDE ESSENTIAL SERVICES

The regional level of Customs four-tier organizational structure provides essential services. Various studies support this; Customs officials at all levels agree that regions are needed. Their rationale and our conclusions are presented below.

Basis for regionalization

In response to many changes in tariff legislation, development of new trade patterns and relationships, and the growth of and changes in international commerce and travel, Treasury undertook a major management study of Customs in 1963. The resulting report, referred to as the Stover report, basically was the impetus behind the regionalization of certain Customs management and operational functions.

The Stover report noted that the growing emphasis on international trade and travel increased Customs' challenges and problems. These problems, the report contended, could not be adequately addressed with the existing structure, staffing, and procedures. Among the problems were:

- Too many field activities were reporting directly to Customs headquarters to permit consistent and effective direction.
- From three to five independent field activities were operating in a given location without unity of command.
- Uniformity among field offices was lacking.
- There was a need for better distribution of workload and responsibilities. Maintaining small independent field offices caused looseness in field management and substantial unnecessary costs.

To address these problems, the Stover report recommended a major reorganization of Customs. The essential elements of the proposed reorganization included creating a four-tier structure by adding a regional level to the existing structure; providing for unity of command and close supervision at all levels; increasing the responsibility of field offices; and consolidating or abolishing small, uneconomical offices.

The anticipated benefits of the reorganization were reflected in a number of administrative objectives--such as clarification of roles and responsibilities, reduction of the span of control, greater uniformity in applying Customs laws and regulations, and improvement of services to the importing public.

Responding to the Stover report, Customs added the regional level to its organizational structure during 1965-66.

Rationale for retaining regions

Concern with the four-tier structure centers principally on the need for the regional tier. For example, a congressional task force of the Committee on Ways and Means held hearings in 1977 to obtain the importing public's views on the proposed Customs Modernization Act. Among the repeatedly expressed concerns were the shortage of operational personnel and the need for regions. To illustrate:

In the Houston hearings, an import broker cited a need for more Customs officers at the operational level. Then, in reference to what regions do, he stated "* * * frankly I've been wondering since 1966, my apologies to the Region, just what they do * * * all I can see is the District level and their operation and know they are understaffed."

Thus, the justification for four organizational tiers is to a large degree related to justifying the regional tier. Numerous internal assessments of the four-tier structure since its establishment have provided favorable support for the regional tier. A 1970 Customs study, for example, noted that the regional concept was sound and should be retained. The study concluded that the regional concept had proven to be more effective in providing supervision over districts and ports. The benefits attributed to the 1965-66 reorganization included consolidation of field offices into unified districts, better field supervision, improved administrative support to operating units, and significant financial savings.

The most recent internal study, completed in 1977, also concluded that the basic structure of the organization was sound. The four-tier--port, district, region, headquarters--structure, according to this study, remains appropriate for accomplishing the Customs mission. Although the study noted that no valid reason had been found to seriously challenge this structure, the study team again considered the issue of structural realignment through elimination of the regional level but concluded that it was needed for span of control and administrative efficiency.

According to the 1977 study, the basic problem with the existing structure concerns the roles, responsibilities, and number of units (regions and districts) rather than number of tiers. This assessment was similar to that of an external group, the National Academy of Public Administration, which in its 1971 report recognized the appropriateness of the four-tier structure and the need for realigning authority and responsibility among the structural entities of Customs:

"Field structure and powers are central to every major issue which the Bureau must eventually resolve. These issues include

the efficacy of nine regions and 42 districts, the division of labor and authority among the Bureau's four tiers, and manpower requirements to discharge its changing role * * *.

"The most significant finding to emerge * * * is that no one would suggest a reversion to the former system. Were it still in effect, most would anticipate a total collapse under current workloads."

Our discussions with Customs officials at all organizational levels showed that many support the regional structure as an appropriate place for providing certain services for span of control and economies of scale.

An example is personnel management; under the existing structure, personnel services--for district and port hiring, promotions, equal employment opportunity, upward mobility, training, etc.--are provided at the regional level. From a span of control perspective, headquarters can more effectively control personnel staffs at 9 regions than at 45 districts; in so doing, headquarters can set policy and assess its implementation while regions can tailor and administer these policies by recognizing the specific concerns and needs of defined geographic areas. From an economy of scale perspective, the 9 regions have 219 employees assigned to the personnel function; having this function assigned to the districts, we were told, would require approximately 324 employees. Thus, from this perspective, providing personnel administration through the 9 regions is more economical than having personnel staffs at each district or port office.

Thus, support and justification for the role of the regions can be demonstrated. The issues then are not so much whether regions are needed, but how many are needed and what functions they should perform. Our review indicated that:

- The numbers of regions and districts should be reduced. (See pp. 13 to 21.)
- Realignment and clarification of responsibilities are needed. (See ch. 3.)

Personnel increases

Customs has historically experienced a continually increasing workload prompted by increased trade and travel, as well as increased legislative responsibilities. Details of these workload increases are shown in appendix VI. In testimony before the 1977 Ways and Means Committee task force, the importing public expressed concern that the inspection force at many Customs ports was understaffed and overworked. The often-repeated charge was that the number of inspectors assigned to ports were inadequate. A Civil Service Commission analysis released in 1970 also expressed alarm over persistent insufficiency of manpower. The Commission reported that inspectors in Anchorage, for example, were:

"* * * so groggy from overwork they didn't know whether a plane was landing or taking off. [Staff] in this condition can not be alert in protecting the revenue, either on overtime or on regular time."

There have been increases in staffing levels. (See app. V.) As shown in the following table, however, a large share of these increases have been used to staff regions and headquarters. The table below illustrates these staffing level changes and shows the organizational level in which they occurred.

Organizational level	Number of personnel for fiscal year ended		Number change	Percent change
	1966	1977		
Headquarters	388	1,313	+925	+238
Regions	811	2,104	+1,293	+159
Districts and ports	<u>7,253</u>	<u>10,461</u>	<u>+3,208</u>	<u>+44</u>
Total	<u>8,452</u>	<u>13,878</u>	<u>+5,426</u>	<u>+64</u>

While there have been numerous internal studies, only one specifically addressed regional personnel increases; none of these studies addressed headquarters personnel increases.

A 1976 study dealing with regional increases was undertaken in response to a growing concern within Customs over

the apparent disproportionate increases in regional office staffing levels. The study, which analyzed staffing increases in the Houston, Boston, Chicago, and San Francisco offices found no basis for concluding that these regions had inappropriately allocated positions intended for line operations; neither was there any basis for concluding that the growth was inappropriate.

Regional personnel increases, the study showed, were directed by headquarters or dictated by added responsibilities imposed on the regions. These added responsibilities included several new enforcement programs; patrol components of a drug interdiction program; audits of importer accounts; and a broad range of special-emphasis programs (many directed by law), such as the Equal Opportunity Program, Upward Mobility Program, Federal Women's Program, and the Labor-Management Relations Program. In concluding, the study recognized the possibility of reducing regional staffing levels by reassessing and reapportioning regional responsibilities and reducing the number of regions rather than eliminating the regional tier.

The five regions we reviewed devoted about 69 percent of their time to operational and administrative activities. Customs personnel at all levels believe regional involvement in these activities was appropriate. It was their view that the efficiencies gained from economies of scale warrant placement of these activities at the regional level. With the exception of certain activities noted in chapter 3, we have no basis for disagreement.

Appendixes VIII and IX show staffing increases at the regional level from June 30, 1973, to September 24, 1977. As shown in appendix VIII, regional staffing increased by 837; most of this increase (698 of the 837) was used in staffing the offices of the regional commissioners.

Appendix IX provides data for analyzing staffing changes by region and by function. This appendix shows, for example, that 560 (or 80 percent) of the 698 additional personnel assigned to the regional commissioners were assigned to patrol, regulatory audit, air support, and personnel management. The patrol function accounted for an increase of 260, and 230 of these were assigned to the New York region where patrol is a regional function rather than a district one. Assignment of patrol to the region is preferred, we were told, because New York is a geographically compact area, where increased control and flexibility can be realized through assignment at the regional level. Regulatory audit, air support, and personnel management is better placed at

the regions, we were told, to realize economies of scale and provide more efficient use of resources. (See p. 10 for example.)

The importing public, however, continues to express concern with the ever-increasing workload and the apparent lack of Customs responsiveness to match these increases with additional district and port operating personnel. Although Customs has increased its personnel, a large share of the increase has been used to staff headquarters and regional levels. The response has not yet fully met the needs of the importing public.

Although we did not evaluate the basis for staff increases at headquarters, our discussions with Customs officials disclosed their plans to evaluate current headquarters functions (see p. 23) and to assess the need to realign responsibilities to other organizational levels.

Conclusion

There appears to be a general concensus that Customs reorganization into four levels did improve its management span of control, produce economies of scale through consolidating certain functions, and provide a means for meeting increased workloads--in effect, the added regional level does perform essential services. This level and the four-tier structure continues to receive favorable support from all levels of Customs management.

The principal issue, then, is whether Customs can, within its four-tier organizational structure, better handle its increasing workload and be more responsive to its customers and to its mission. We believe it can by

- reducing the numbers of regions,
- reducing the number of districts, and
- better defining and realigning the roles, responsibilities, and relationships of each organizational level.

REDUCTION IN THE NUMBER OF REGIONS

Since the 1965-66 reorganization, there have been numerous internal studies of the nine-region organizational structure. Each concluded that there were too many regions; each recommended reducing the number of regions. To date, no changes have been made--there are still nine regions.

Basis for recommending
a six-region configuration

The Stover report recommends establishing the regional tier to obtain uniformity and unity of command, to permit increased delegation of authority, to permit centralization of certain functions, and to improve field administrative programs. The study concluded that the number of regions should be "as small as possible to gain the maximum benefits of centralization and keep down unnecessary overhead expense." The report recommended that six regions be established using the following criteria:

- Grouping geographical areas having similar Customs activities and problems.
- Achieving a balance of workload among regions.
- Maintaining a reasonable number of ports to be supervised.

We discussed the appropriateness of these criteria with Customs officials at all tiers of the organization; most believed that they were as appropriate today as before the 1965-66 reorganization. Furthermore, most agreed that fewer regions are needed.

Within 3 years after the 1965-66 reorganization, the Office of Management and Budget requested a review to determine the feasibility of reducing the number of regions from nine to six. A subsequent Customs study concluded that the number of regions could be reduced. Many other internal assessments have universally supported the need to reduce the number of regions. These studies examined workload indicators and personnel distributions and recommended such reductions to remedy the imbalances created by the nine-region configuration. Action has never been taken.

The most recent study (1977) recommends six regions with a single region to manage the activities on the Mexican border. Customs believes this offers the greatest potential for economies and efficiencies.

The charts on pages 16 and 17 show the current imbalances in workload and personnel among regions.

Reasons for establishing
a nine-region structure

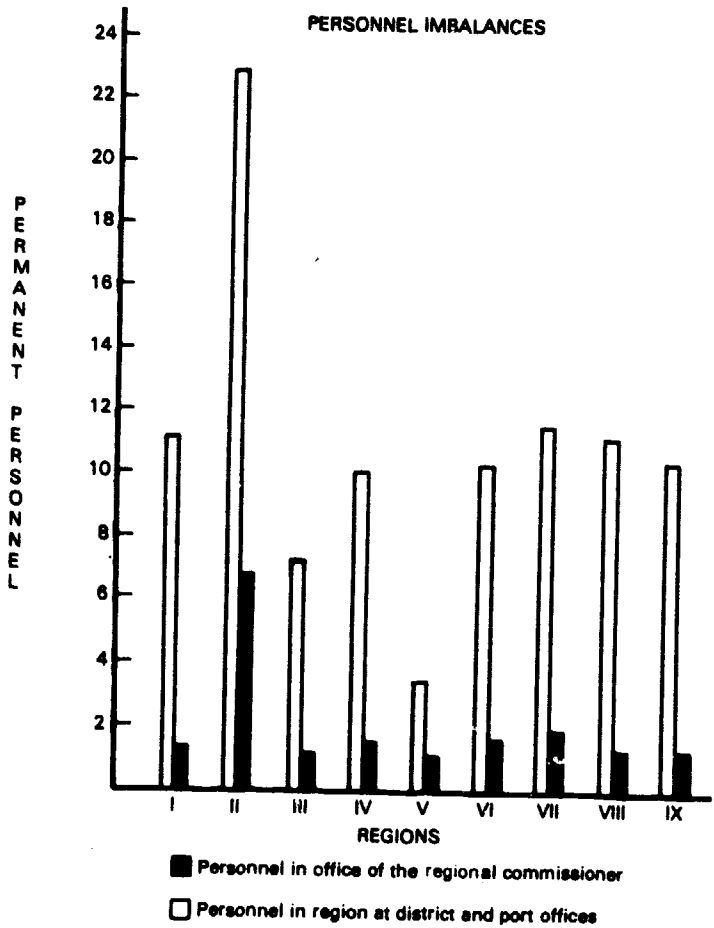
Numerous internal Customs studies have concluded that congressional concern was the basis for establishing nine, rather than six, regions. According to these studies, this was prompted by constituent concern over

- economic and competitive advantage believed to accrue to communities having higher level offices, for example, region as compared to district or port;
- convenience perceived to accrue to importers and consumers by having local access to the full range of Customs services; and
- status symbol perceived by communities able to claim a higher Customs office.

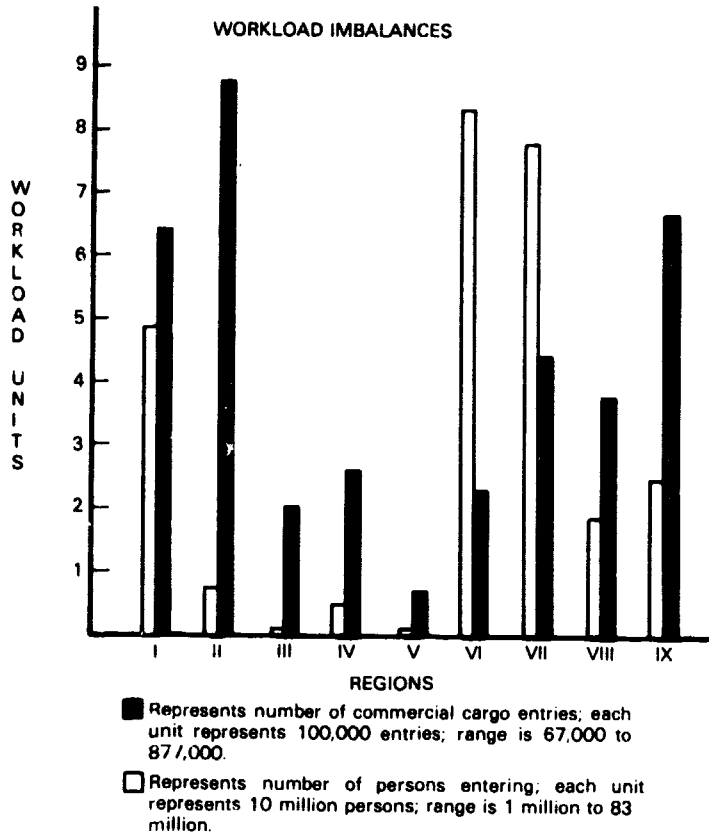
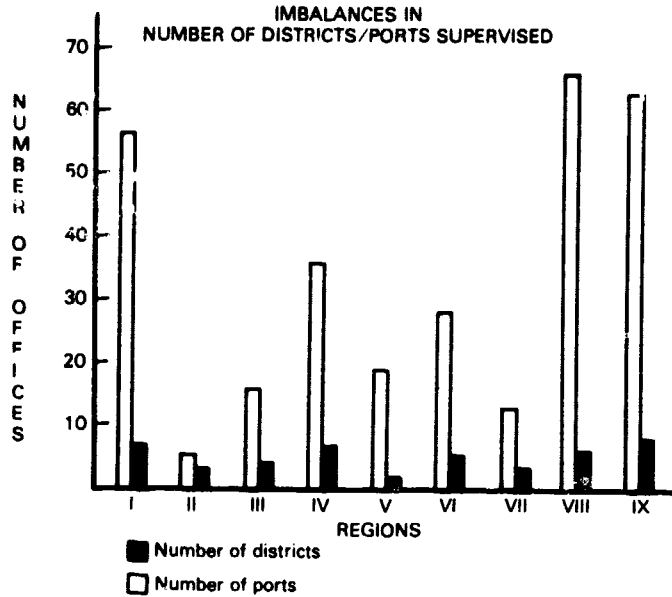
Customs officials believe that external opposition to and congressional concern over consolidations still exist. Ironically, the negative effects of retaining nine regions is felt by those served by Customs--nine rather than six regions require personnel that could be used to handle district and port workloads.

Many external and internal Customs groups have viewed the existing number of regions as a problem. An example of one such group is the National Academy of Public Administration. In its report on the 1965-66 reorganization, the group identified this problem and the reason for it:

"Proponents [of the six-region concept] also exhibited a willingness to reconsider decisions when hesitancy appeared in order. Such ambivalence as to details, especially over the issue of location and number of regional and district sites, helped them to deflect criticism [in responding to congressional critics of the concept]. Yet the resulting compromise on regional and district consolidation, however practical in 1965, are presenting difficulties today."



NOTE: Each unit represents 100 personnel. The above data is based on personnel assigned to the Regional Commissioner's offices as of September 24, 1977. The chart excludes personnel assigned to the other principal field offices.



NOTE: Data is for the fiscal year ended September 30, 1977.

Conclusion

The issue of reducing the number of regions has been repeatedly examined and the same conclusion reached--reduce the number of regions. Such a reduction appears feasible, even necessary, in view of the increasing workload at districts and ports and the potential for providing better service.

REDUCTION IN THE NUMBER OF DISTRICTS

Since the 1965-66 reorganization, the many internal studies have also addressed the 45-district structure. Nearly all of these studies concluded that there are too many districts. Some also concluded that reducing the number would be cost effective. As of September 24, 1977, no changes had been made--there were still 45 districts.

Basis for recommending a smaller number of districts

One of the Stover report recommendations was to reduce the number of districts to 25 to ensure uniformity and better distribution of workload and functions previously performed by 113 principal field offices. The Stover recommendation was aimed at consolidating certain operating functions at 25 district offices and redesignating smaller district offices (having approximately 60 employees) to port status. The overriding objective was to achieve more efficient operations. The report stressed that the redesignations would not result in any curtailment of services to local areas--all essential Customs services would continue to be provided. Despite these assurances a number of small districts were retained.

Reducing the number of districts has also been recommended in various studies since the 1965-66 reorganization. Some of these studies addressed the issue that fewer districts would be economically desirable. A 1977 internal study, for example, concluded that reducing the number of districts to 33 would eliminate administrative positions.

The number was arrived at by applying a set of standards to the existing 45 districts to determine where consolidation would produce economies and efficiencies. Quoting from this study,

"* * * in order to promote effective management at the district level and allow for more balanced operational programs each district ideally should contain:

- "a. A diverse workload which requires the performance of multiple functions (inspection and control, classification and value, patrol, investigations).
- "b. A sufficient number of personnel to justify a district management structure as well as to justify administrative support personnel.
- "c. A relatively small geographic territory with a large concentrated workload, or a homogenous workload within a large geographic area.
- "d. All large workload centers relatively close to the district headquarters (within 200 miles) to promote easy communication and better control.
- "e. Enough cargo work concentrated within the district to justify truly specialized import specialist teams.
- "f. Allowances for the growth or decline of trade in each area.

"In addition to these standards, certain logical constraints present themselves for consideration before any realignments may be suggested. The current structure was arrived at through an evolutionary process which derived from the necessity to get the work done * * *."

The 45 district organization, according to a 1970 Customs study, was described as causing:

"* * * great differences in the size, staffing, workload, and characteristics of the * * * districts. These are of such vast magnitude that they destroy all but the grossest sort of comparability among the districts and negate their utility as

fundamental structural units in the Customs field organization. Moreover, retention of the districts which do not have a meaningful size and workload imposes excess costs * * *."

These differences in workload and staffing levels among districts continue to exist. (See chart on p. 21 for staffing differences.)

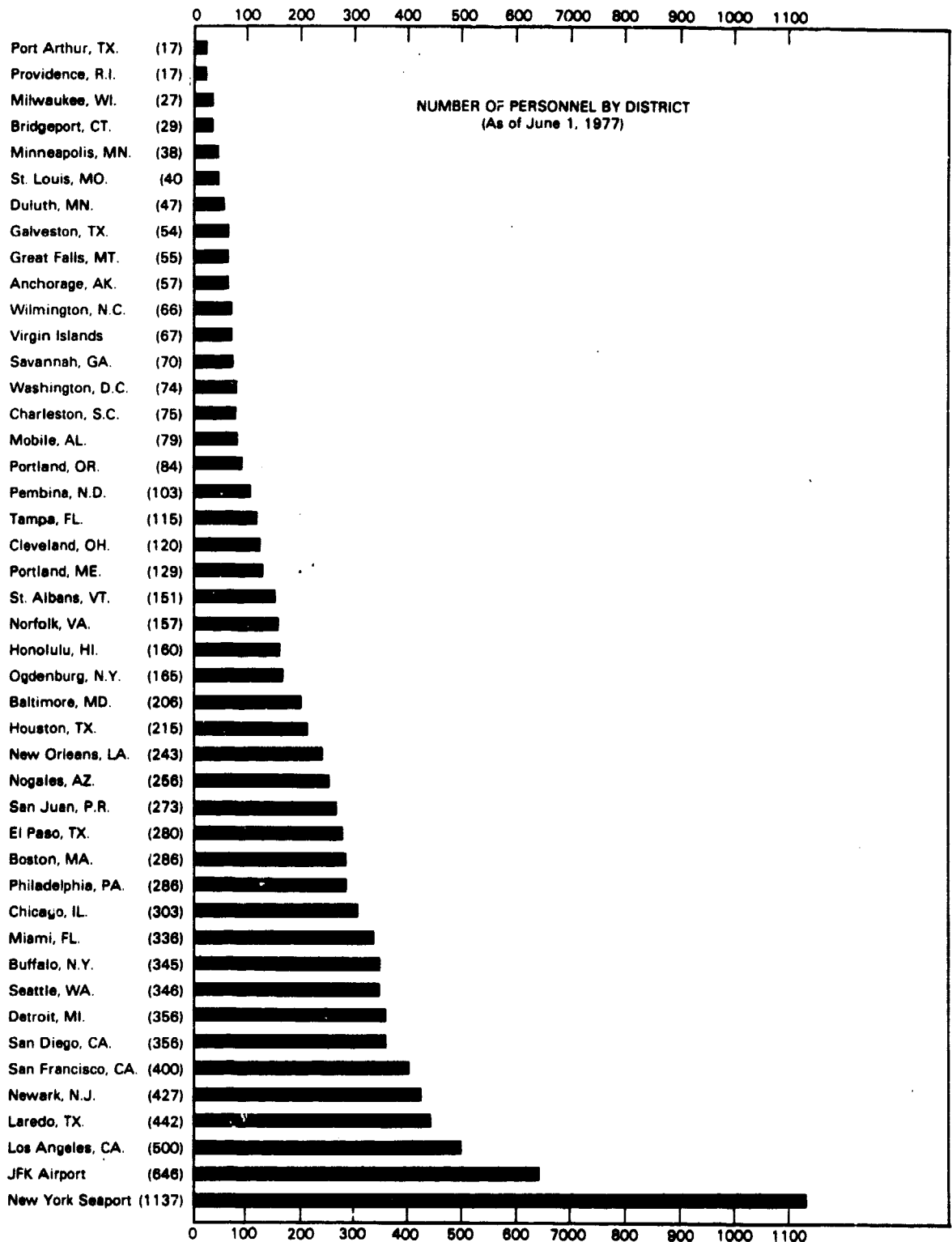
Customs officials generally agree that the number of districts should be reduced. Many also agree that workload and personnel comparability standards are valid measures for evaluating whether specific locations should be designated as districts.

Reasons for 45 districts

Public and congressional concern, similar to that previously discussed, also contributed to a greater number of districts. (See p. 15.)

Conclusion

Studies have concluded that the number of districts should be reduced. Such a reduction appears feasible. Reducing the number of districts would reduce overhead; the resulting personnel savings could be used to meet day-to-day operating personnel needs.



CHAPTER 3

NEED TO CLARIFY AND REALIGN RESPONSIBILITIES

Although Customs has been reorganized into four tiers, many of the problems that the 1965-66 reorganization attempted to resolve remain. Customs has not adequately defined the responsibilities of the various organizational levels and units. This has contributed to fragmentation of responsibility and has created the potential for duplication of effort and inappropriate location of responsibilities.

NEED TO CLARIFY RESPONSIBILITIES

The need to clarify responsibilities has long been recognized, and Customs officials agree that it still exists. In our view, it is time to do something about it. We believe that clarification of responsibilities should be a priority consideration for Customs. Many of the problems discussed in the following segments cannot be adequately resolved until this has been done.

Policies and procedures manuals and handbooks provide broad, general descriptions of responsibilities of various Customs groups. Contrary to a goal of the reorganization, however, Customs has not yet identified specific responsibilities of each tier or of groups within tiers. As a result, it is difficult to identify the specific limit or scope of responsibility for particular functions of a group or tier. For example, we were told that to determine the scope of responsibilities for groups in one region would require a review of personnel files of each individual in each group.

Customs officials at all levels express concern that organizational responsibilities have not been adequately defined. One official believes this has contributed to the problems facing Customs today. Another says the effectiveness of management at all levels could be improved by more clearly defining responsibilities. A 1976 study noted that:

"Roles and relationships for each functional area should be clarified. Likewise, the role of the region vis-a-vis the district in directing field operations should be clarified."

The 1976 study recommended that clearer definition be given full consideration in a thorough study of the organization.

A 1977 study also recognized this need but again postponed dealing with the issue until other intra- and inter-agency reorganization matters were resolved. Subsequently, Customs proposed a study of the responsibilities and functions of the headquarters office. The plan is to evaluate the headquarters offices to determine whether proper functions are being performed; consider if functions should be performed at lower organizational tiers; and determine the appropriate number, kind, and size of organizational units at headquarters. There are presently no plans to expand this effort to the other organizational tiers.

NEED TO REALIGN RESPONSIBILITIES

Clarification of responsibilities will provide the basis for needed realignment of responsibilities among and within organizational tiers. Realignment is necessary to minimize fragmentation of responsibilities and to unify field management.

Need to minimize fragmentation of responsibilities

Fragmentation has been cited as a Customs organizational problem since before the 1965-66 reorganization. The Stover report noted:

"There should be specific assignment of authority and responsibility for completion of a single function. Yet the field service * * * of Customs is so fragmented that no single office has authority or responsibility * * *."

Improvements have been made, but responsibilities still are fragmented. This continuing problem produces the potential for duplication of effort and inappropriate location of responsibilities.

Discussions with Customs officials at various organizational levels revealed an awareness of and concern for fragmentation. Several functions having fragmented responsibilities are discussed below.

Evaluations

At the regional level, responsibility for evaluations of district and port operations is shared by the Office of

Operations and the Office of Internal Affairs. This fragmentation of responsibility has resulted in apparent duplication of efforts and inefficient use of staff resources.

Officials interviewed were concerned with the similar nature of the evaluations performed by regional operations officers and internal affairs personnel. They questioned the need for two groups to perform evaluations and pointed to cases of apparent duplication. For example, in one region both groups conducted, within several months of each other, similar evaluations of control procedures over confiscated drugs at various ports. In another region, both groups evaluated, within a 9-month period, a three-man port operation; again the evaluations were similar.

While improved coordination between the two groups might have avoided these apparently duplicated efforts, consolidation of responsibilities within one group would seem to be more appropriate and to offer the potential to redirect resources to meeting personnel needs in other areas.

Technical advice

Another function with fragmented responsibility is technical advice. Responsibility for providing technical advice is vested in three tiers--headquarters, regions, and districts. Fragmentation of this function, we were told, results in lack of responsiveness from one level due to inadequate knowledge or expertise and lack of timely response from another level causing unnecessary delays.

Regions have responsibility for providing technical advice to district and port operating personnel. In the organizational structure, regions are an intermediate tier located between headquarters where policy is formulated and districts and ports where day-to-day policy is implemented.

Because of their location in the organization, regions, according to various officials, do not have the expertise necessary to respond to day-to-day operations problems at districts and ports. Region and district personnel were critical of region capabilities in providing this service. Some districts, as a result, resolve technical issues themselves because they have day-to-day operational expertise, or they may direct their inquiries to Customs groups outside the region. Regions, however, devote personnel resources to this function; if responsibility for this

function is realigned, these resources could be redirected to meeting personnel needs in other areas.

Another technical advice source available to districts is the Customs "national experts" at a New York area (district) office. Because lines of responsibility are not clearly defined, however, districts can also request similar advice from the headquarters Office of Regulations and Rulings. The headquarters office, we were told, often re-directs district questions to the "national experts" for data to formulate the headquarters response. This process could cause unnecessary delays and encourage unnecessary headquarters involvement.

Air surveillance

Responsibility for air surveillance of border areas is, in at least one region, split between two groups--the district patrol group and the regional air support group.

Pilots are assigned to both groups. Because of a shortage of aircraft, however, all aircraft are assigned to the regional air support group. As a result, pilots for the district patrol group do not always have aircraft available for patrolling. When aircraft are unavailable, the pilots are assigned routine land patrol functions that are usually performed by lower grade personnel.

Thus, in addition to illustrating apparent duplication between two groups, the above example also illustrates how fragmentation could contribute to misassignment of personnel. Customs officials said they were planning to reassign the district patrol pilots to the regional air support branches.

Investigations and enforcement

Another area of fragmentation is the responsibility for investigative and enforcement functions. Responsibility for these functions is horizontally fragmented at each of three organization tiers--headquarters, regions, and districts. At both the headquarters and regional levels, the investigative and enforcement functions are the responsibility of the Office of Investigations, the Office of Internal Affairs, the Patrol Division, the Regulatory Audit Division, and the Office of Enforcement Support. At the district level, the investigative and enforcement functions are fragmented between the Office of Investigations and the district patrol group. Because these responsibilities are so widely fragmented, the potential exists for inefficient utilization of resources and uncoordinated and overlapping efforts.

For example, two groups conduct smuggling investigations--the district patrol group and the Office of Investigations. Currently, patrol is responsible for interdicting smuggled merchandise and contraband. The Office of Investigations is responsible for general investigations, including smuggling conspiracies and other smuggling (excluding drugs). Upon interdicting smuggled merchandise, the patrol group should refer smuggling cases to the Office of Investigations. There is, however, a "gray area" between the responsibilities of the two groups which, according to various officials, has resulted in patrol's involvement in investigative matters causing duplication and overlap. Officials also stated that lack of clear responsibility definition has caused confusion in determining which Customs group is actually conducting a specific investigation.

Comments from officials at various organizational levels indicate that some functions, such as smuggling investigations, could be more effectively and efficiently carried out if responsibilities were consolidated. Regardless, the above again illustrates the need for clear and specific responsibility definitions to minimize fragmentation and eliminate duplication.

- - - -

A principal goal of the 1965-66 reorganization was the reduction or elimination of fragmentation; this was to be achieved through clearly defining responsibilities and assigning responsibilities for individual functions to single offices. As shown in the preceding discussion, neither of these objectives has been fully achieved. In fact, as will be shown in the following segment, the issue of fragmentation has been exacerbated with the establishment of the principal field officer concept.

Need to unify field management

The issue of unifying field command is of concern to Customs managers. The lack of clearly defined responsibilities and the number of independent officers responsible for field operations have contributed to disunity as well as fragmentation. Field activities at an individual location are, as a result, the responsibility of more than one officer. Customs has unified some activities; however, additional improvements can be made.

The disunified field structure was one of the principal problems addressed in the 1965-66 reorganization. The Stover report stated that in 1964 as many as five separate Customs offices might be located in one city--each had independent authority, but all were concerned with a part of the overall Customs mission. A major Stover report recommendation, as a result, was that activities at an individual location be assigned to a single field manager.

Contrary to the Stover report recommendation, a fully unified field structure was never established; in fact, the structure has been further disunified in recent years. The result is there are four, rather than one, principal officers responsible for managing activities at each region. (See p. 4 for their titles.) This structure is also partly duplicated at districts where district directors and special investigative agents manage activities. The region and district structures are then duplicated at some ports. For example, at one port there are five managers responsible for Customs activities.

In September 1972, in response to a growing concern of field managers over the lack of communication and coordination between the several field activities, Customs management initiated the "One Customs Service Concept." This concept designated the four principal field officers as co-equal managers of activities within a region.

To further enhance unity of field activities, the "One Customs Service Concept" required the collocation of the principal field officers in the same building. This requirement was extended to the district level by collocating district directors and special agents whenever stationed in the same city. These management efforts have promoted, in effect, a sharing of field command and responsibility rather than a unity of command.

Disunity of field commands contributes to some of the fragmentation problems previously discussed. Thus, without resolving the unity-of-command issue, many of the problems previously discussed in this chapter will be difficult to correct. Notwithstanding this need, the internal audit function should properly remain separate from the field office structure and report to the highest level of the Customs organization.

CONCLUSIONS

To adequately address the concern over whether one organizational group or tier is assuming functions which can be better performed by another, clear and specific delineation of responsibilities and functions are essential. Although considered of immediate importance 13 years ago, this delineation has not yet been clearly and specifically developed.

Lacking these organizational design elements, however, Customs implemented its 1965-66 reorganization. While the reorganization did consolidate responsibility assignments for some functions, it and later organizational changes created other areas of fragmentation. Fragmentation of responsibility creates the potential for duplication of effort and inappropriate location of assignment of responsibility which, in turn, promote inefficient use of personnel. Recognizing the importance of minimizing organizational fragmentation, Customs should make needed realignments; however, these changes should be preceded by a detailed assessment and clarification of essential responsibilities at all organizational levels.

CHAPTER 4

NEED TO REVIEW PORT STATUS

Customs has identified potential ports for closure; to date no closures have been made. The inaction has been due in part to congressional concern and community opposition to the proposed closures. Such opposition may be reduced by developing specific criteria for reviewing port status.

There is wide variance in the workload among the 303 Customs ports. At one extreme, there are unmanned ports which have processed no people or merchandise for several years; at the other extreme, there are ports that process millions of passengers and thousands of commercial cargo entries in a single year. (See photos on following pages.)

A 1977 internal study identified 29 ports, having little or no activity, which could be abolished without adversely affecting performance of the Customs mission. Following are descriptions of some ports that the study recommended closing.

- One port with a director, three inspectors, and one entry aide processed 297 commercial cargo (formal) entries and 8,567 persons in fiscal year 1977.
- One port with a director and one entry aide processed 192 commercial cargo entries and 194 persons in fiscal year 1977.
- At one port that had no personnel, Customs processed 4,715 persons but no commercial cargo entries in fiscal year 1977.

There are no guidelines or specific criteria for determining whether a port should be deactivated or abolished. Guidelines are available, however, to determine whether a port should be established. Applying available guidelines shows that the 29 ports above would not meet the minimum workload requirements for port status.

Our analysis identified other ports, in addition to the 29 previously identified, which may also be candidates for closing because of low workload. Customs officials, however, indicated that reasons other than workload justify retaining port status:

"* * * workload studies may indicate that there are only 30 crossings at a border point per day. However, if these 30 are workmen crossing for valid employment reasons, economic hardship could be wrought on both sides of the border if the port is closed. Another example could be a case where the only doctor within 100 miles is just across the border."

Customs should, in our opinion, seek an alternative to meet the needs of residents in low activity ports that otherwise do not require Customs presence.

CONCLUSIONS

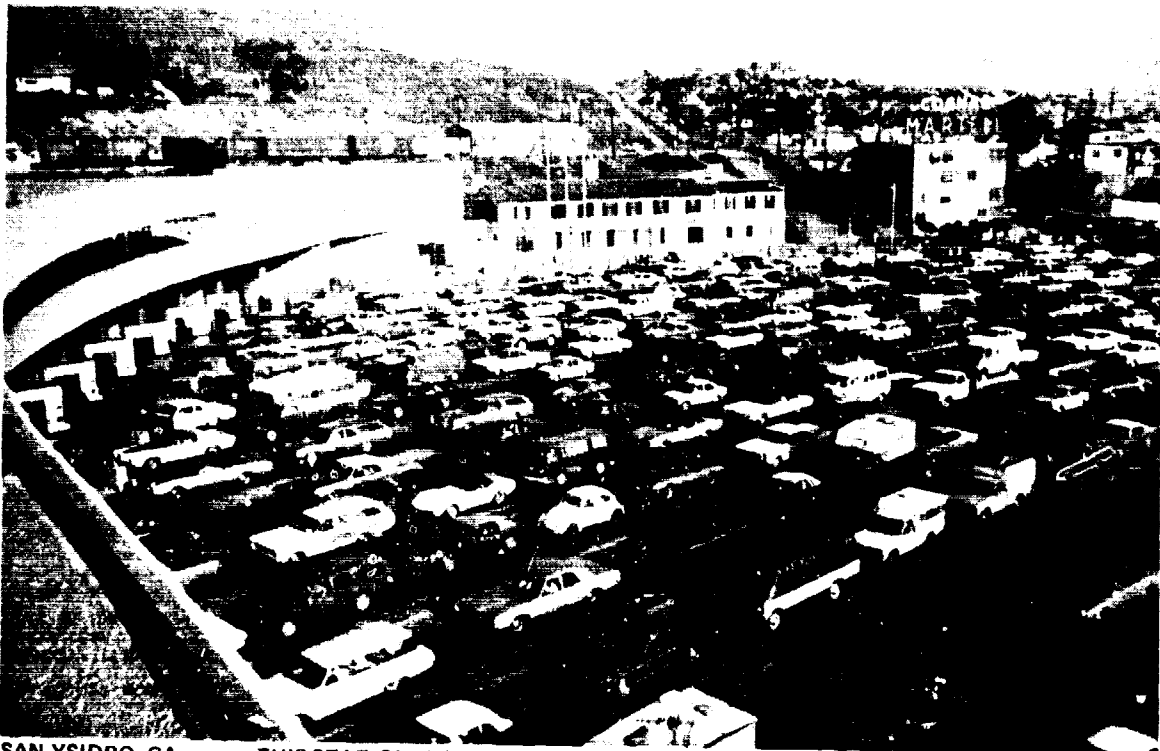
We believe that Customs needs to establish and apply clear and definitive criteria for reviewing port status. Using such criteria, Customs will be better able to identify and close unneeded ports.

PHOTOGRAPHS SHOWING THE VARIANCE IN CUSTOMS WORKLOAD



LOS EBANOS, TX.

THIS STATION IS UNDER THE SUPERVISION OF HIDALGO, TX. , AND IS OPEN 8 HOURS A DAY. DURING HOURS THE STATION IS CLOSED, VEHICLES REPORT TO HIDALGO OR RIO GRANDE CITY, TX.



SAN YSIDRO CA.

THIS STATION IS PART OF THE CUSTOMS PORT OF SAN DIEGO AND IS OPEN 24 HOURS A DAY.

PHOTOGRAPHS SHOWING THE VARIANCE IN CUSTOMS WORKLOAD



O'HARE AIRPORT, CHICAGO ILL. PASSENGER CLEARANCE



EASTON, ME.

THIS STATION IS UNDER THE SUPERVISION OF FORT FAIRFIELD, ME., AND IS OPENED EIGHT HOURS PER DAY. DURING THE HOURS THE STATION IS CLOSED, VEHICLES REPORT TO EITHER FORT FAIRFIELD OR PRIDGewater, MAINE.

CHAPTER 5

OVERALL CONCLUSIONS AND RECOMMENDATIONS

The question of the most appropriate organizational structure for Customs is not a simple one to address or resolve. Most likely, there is more than one organizational form that could effectively accomplish Customs' increasingly complex and demanding mission.

In recent years, however, the delegations of authority and responsibility and the relationship of the regional offices have been studied. These studies have identified organizational problems. They have made recommendations to modify Customs organization, including the role and number of regional offices, district offices, and ports, and have proposed organizational alternatives. Customs has not initiated action on most of these recommendations. This reluctance to act results essentially from actual or anticipated congressional concern over the impact of reductions on the affected communities.

Yet, from the studies, as well as from documents we reviewed and the numerous discussions we held with Customs officials at all levels, certain consistent facts and conclusions emerge. Within Customs existing organizational form, regional offices provide essential services. However, Customs can streamline its organization if it reduces the number of regions and districts; these reductions could be achieved without eliminating a Customs presence at those locations and could improve the level of services provided. Reducing the number of ports also appears feasible; these reductions would eliminate a Customs presence at locations where it is not justified on the basis of workload and mission requirements.

At the same time, regardless of any consolidations, Customs needs to clearly define the responsibilities of all organization levels and units; and realign responsibilities for functions among and within organizational levels to minimize fragmentation and unify field management. Customs also needs to establish and apply definitive criteria for reviewing port status.

**RECOMMENDATIONS TO THE SECRETARY
OF THE TREASURY**

Accordingly, we recommend that the Secretary direct the Commissioner of Customs to:

- Reduce the number of regions and districts in keeping with workload requirements and sound organizational principles.
- Clarify the responsibilities of organizational levels and units.
- Realign responsibilities for functions among and within organizational levels.
- Establish definitive criteria for reviewing port status and use these criteria to identify unneeded ports.

CHAPTER 6

SCOPE OF REVIEW

We reviewed, analyzed, and summarized reports pertaining to Customs organizational structure and overall management. While most were internal studies, some were performed by outside groups. (See app. VII.) To supplement the studies, we independently discussed the findings and recommendations with Customs officials at various organizational levels.

To a more limited extent, we reviewed the policies, procedures, and practices relating to various Customs functions and obtained flow charts identifying and analyzing pertinent functional decision points. We also reviewed congressional hearings which related concerns of the importing public regarding Customs organization.

The following table identifies the locations and organizational levels with which discussions were held or site visits made.

<u>Location</u>	<u>Organizational level</u>
Washington, D.C.	Headquarters
Boston, Mass.	Region, district, port
Houston, Texas	Region, district, port
Los Angeles, Calif.	Region
New Orleans, La.	Region, district
New York, N.Y.	Region, district (area)
San Diego, Calif.	District, port
Laredo, Texas	District, port
El Paso, Texas	District, port
Providence, R.I.	District, port
San Ysidro, Calif.	Port
Madawaska, Maine	Port
Calexico, Calif.	Port

Most of our review work was done in November and December of 1977. Throughout the review, we discussed our findings as they were developed with responsible Customs officials and obtained their comments. At the conclusion of our work, we held conferences with Customs' top management officials. Their views have been considered in preparing this report. In general, they agreed with the facts and conclusions presented in the report.

NINETY-FIFTH CONGRESS

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COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

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October 3, 1977

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Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 General Accounting Office Building
 441 G Street
 Washington, D.C. 20548

Dear Elmer:

The Subcommittee on Trade has been engaged in an ongoing study of the United States Customs Service. The scope of this effort will also include an assessment of the effectiveness of Customs utilization of personnel.

It is my belief that the General Accounting Office can be of assistance to our effort. Accordingly, I am requesting that the General Accounting Office examine the following matter of major concern to the Subcommittee:

- The area of concern involves the organization of the Customs Service, and specifically the structure and responsibilities of the Service's regional and district offices. It appears to the Committee that, over the years, regional offices have been assuming functions and responsibilities which more appropriately belong at the district office level. This may be contributing to the inefficient use of personnel and also negatively impact the effective functioning of the organization. The Committee, therefore, requests GAO to review the role of the regional and district offices in the Customs organization, particularly to ascertain whether

Honorable Elmer B. Staats
Page 2


October 3, 1977

regional offices perform functions which were intended and more appropriately belong at the district level.

So as to be of maximum benefit to the Committee in conducting hearings, we would appreciate receiving your report on the area by early March, 1978.

Your cooperation is greatly appreciated.

Sincerely,



Al Ullman
Chairman

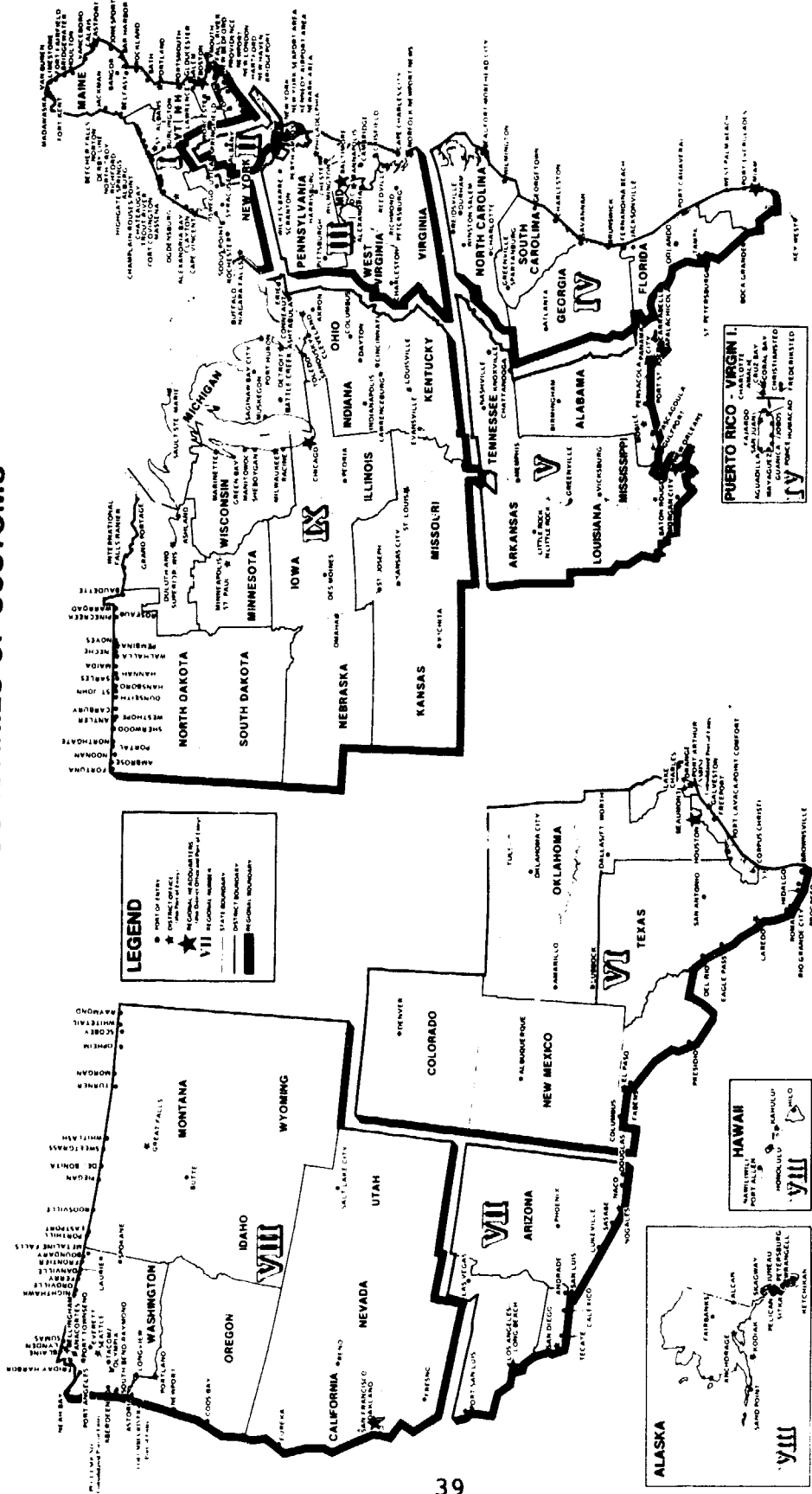
AU/DBRn

cc: Hon. James R. Jones

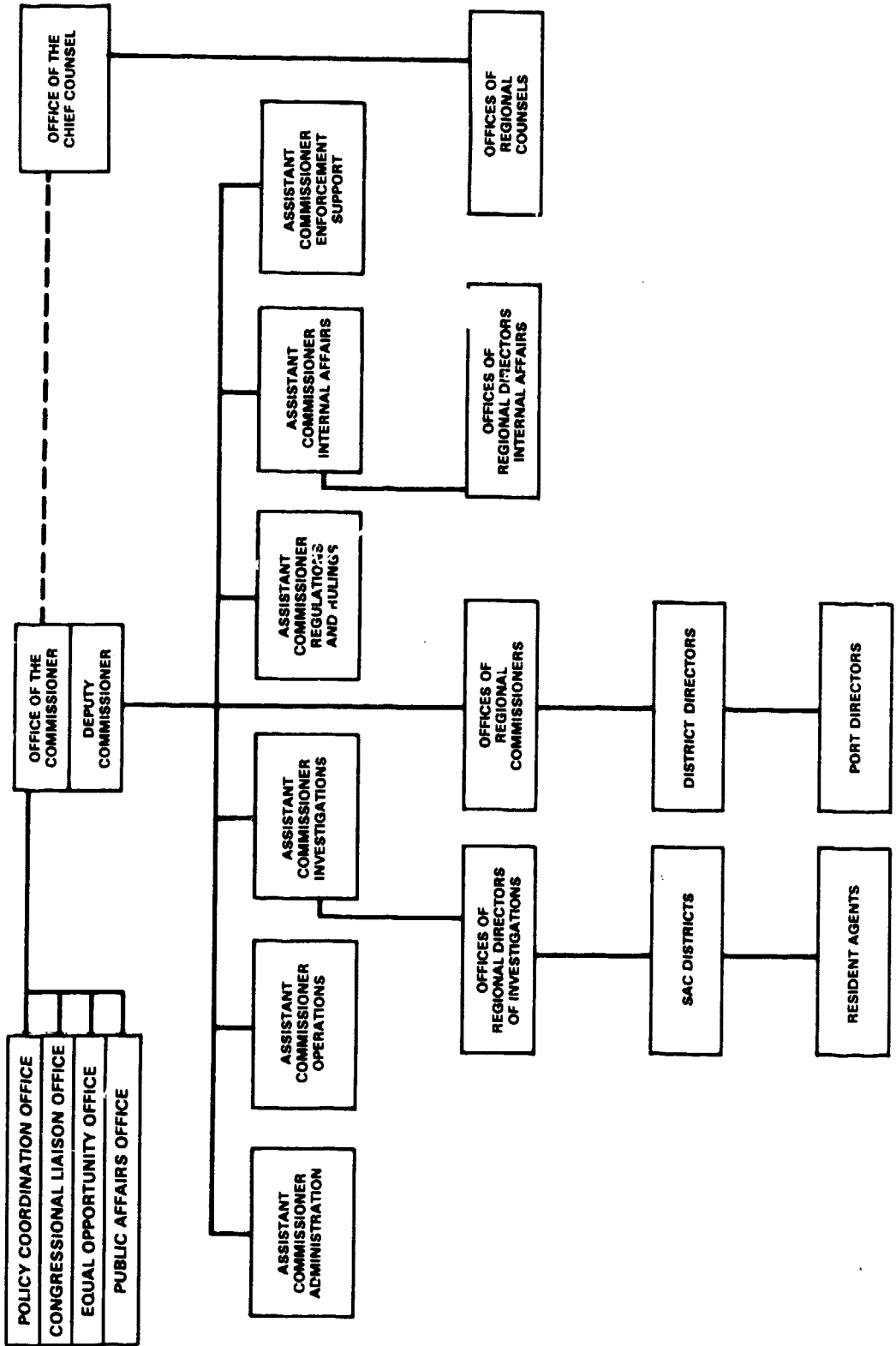
LISTING OF CUSTOMS FIELD OFFICES

Regions	Districts	Ports
I Boston	Portland	Beecher Falls
	St. Albans	Alexandria Bay
	Boston	Trout River
	Providence	Highgate Spt.
		Worcester
		Derby Line
		Calais
		Eastport
		New Bedford
		Cape Vincent
II New York	New York Seaport	Perth Amboy
	Kennedy Airport	New York Seaport
III Baltimore	Philadelphia	Wilkes Barre
	Washington, D.C.	Washington, D.C.
	Baltimore	Alexandria
	Norfolk	Norfolk
		Annapolis
IV Miami	Wilmington	Greenville
	Charleston	Brunswick
	Savannah	Durham
	Virgin Islands	Atlanta
		Jacksonville
		Fernandina Beach
		Boca Grande
V New Orleans	Mobile	Apalachicola
	New Orleans	Carabelle
		Panama City
		Birmingham
		Birmingham
VI Houston	Port Arthur	Beaumont
	Galveston	Lake Charles
	Laredo	Freeport
		Corpus Christi
		Corpus Christi
VII Los Angeles	San Diego	Andrade
	Los Angeles	Calexico
		Naco
		Nogales
		Nogales
VIII San Francisco	San Francisco	Salt Lake City
	Portland	Port Angeles
	Great Falls	Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
		Friday Harbor
IX Chicago	Cleveland	Noyes
	Minneapolis	Porta
	Milwaukee	Neche
	St. Louis	St. John
		Northgate
		Walhalla
		Hannah
		Sarles
		Portage
		Portage
		Portage
		Portage
		Portage
		Portage
		Portage

REGIONAL BOUNDARIES OF CUSTOMS



UNITED STATES CUSTOMS SERVICE
ORGANIZATION CHART



CUSTOMS STAFFING FOR SELECTED YEARS

<u>Organizational tier</u>	<u>1966</u>	<u>1969</u>	<u>1973</u>	<u>1977</u>
Customs headquarters	388	412	1,026	1,313
Customs regional headquarters (note a)	811	859	1,098	2,104
Customs district (note a)	<u>7,253</u>	<u>6,103</u>	<u>8,112</u>	<u>10,461</u>
Total customs service	<u>8,452</u>	<u>7,374</u>	<u>10,236</u>	<u>13,878</u>

a/New York Region statistics have been estimated for 1966 and 1969. The estimates assume 13.6% of total regional personnel are at the regional headquarters.

APPENDIX VI

APPENDIX VI

CUSTOMS WORKLOAD GROWTH
OVER THE LAST 11 FISCAL YEARS

Workload category	1965		1966		1967		1968		1969		Percent change	
	Value	Percent change	Value	Percent change	Value	Percent change	Value	Percent change	Value	Percent change	1965-69	1969-70
Formal entries	1,856,811	+9	2,032,126	+17	2,178,541	+17	2,315,189	+25	2,561,955	+30	+30	+30
Vehicles	53,452,409	+7	57,008,923	+12	60,107,197	+12	63,648,488	+19	66,632,095	+25	+25	+25
Aircraft	220,146	+13	248,839	+31	209,196	+31	329,053	+49	360,128	+64	+64	+64
Vessels (including direct and via)	197,548	+3	202,561	-1	194,739	-1	191,297	-3	190,347	-4	-4	-4
Persons processed (including crew)	181,184,194	+6	192,031,846	+12	202,029,245	+12	213,806,189	+18	227,493,361	+26	+26	+26
Drug seizures	1,394	+3	1,432	+39	1,939	+39	2,878	+106	3,747	+169	+169	+169
Other seizures	\$72,431	+22	\$565,084	+131	\$1,093,080	+131	\$2,875,571	+509	\$2,664,297	+464	+464	+464
Number	20,586	+20	25,099	+47	30,262	+47	28,466	+30	30,793	+50	+50	+50
Value	\$24,797,763	+37	\$34,050,136	+138	\$59,032,112	+138	\$37,999,466	+53	\$18,973,189	-23	-23	-23
Investigations completed	21,721	+13	24,605	+24	26,993	+24	27,989	+29	28,175	+30	+30	+30
Collections	\$2,061,543,526	+20	\$2,473,616,824	+30	\$2,604,010,465	+30	\$2,909,540,528	+41	\$3,256,693,143	+58	+58	+58
Workload category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Percent change	
Formal entries	2,766,701	2,772,974	2,865,759	3,239,813	3,359,824	3,359,824	3,264,096	3,690,469	3,747,858	3,747,858	+74	
Vehicles	65,310,807	66,661,521	70,336,964	73,372,458	74,907,922	74,907,922	78,867,855	77,754,286	77,754,286	77,754,286	+37	
Aircraft	366,818	328,206	346,151	369,231	368,724	368,724	367,260	372,604	372,604	372,604	+68	
Vessels (including direct and via)	146,851	148,623	137,185	151,687	148,623	148,623	156,926	154,451	154,451	154,451	-23	
Persons processed (including crew)	228,947,454	235,160,204	239,071,469	254,397,272	254,397,272	254,397,272	269,985,293	263,362,625	263,362,625	263,362,625	+40	
Drug seizures	5,659	8,324	13,424	21,864	21,864	21,864	21,864	21,864	21,864	21,864	+863	
Number	\$5,686,162	\$9,411,589	\$7,292,194	\$432,300,000	\$432,300,000	\$432,300,000	\$432,300,000	\$432,300,000	\$432,300,000	\$432,300,000	+1,444	
Value	29,775	34,359	49,824	53,672	53,672	53,672	53,672	53,672	53,672	53,672	+142	
Number	\$39,978,609	\$48,581,005	\$50,743,165	\$77,047,010	\$77,047,010	\$77,047,010	\$77,047,010	\$77,047,010	\$77,047,010	\$77,047,010	+9f	
Value	32,040	37,995	39,651	40,256	40,256	40,256	40,256	40,256	40,256	40,256	+85	
Investigations completed	\$3,300,206,749	\$3,471,333,903	\$4,197,347,810	\$4,093,434,555	\$4,093,434,555	\$4,093,434,555	\$4,093,434,555	\$4,093,434,555	\$4,093,434,555	\$4,093,434,555	+68	
Collections	3,206,303	3,015,142	3,264,096	3,690,469	3,690,469	3,690,469	3,690,469	3,690,469	3,690,469	3,690,469	+73	
Formal entries	74,523,904	74,907,922	78,867,855	77,754,286	77,754,286	77,754,286	77,754,286	77,754,286	77,754,286	77,754,286	+39	
Vehicles	380,993	368,724	367,260	372,604	372,604	372,604	372,604	372,604	372,604	372,604	+73	
Aircraft	150,760	152,791	156,926	154,451	154,451	154,451	154,451	154,451	154,451	154,451	-24	
Vessels (including direct and via)	263,106,009	255,259,185	269,985,293	263,362,625	263,362,625	263,362,625	263,362,625	263,362,625	263,362,625	263,362,625	+45	
Persons processed (including crew)	21,413	21,073	22,989	24,288	24,288	24,288	24,288	24,288	24,288	24,288	+1,436	
Drug seizures	\$415,180,000	\$678,000,000	\$665,206,744	\$930,651,485	\$930,651,485	\$930,651,485	\$930,651,485	\$930,651,485	\$930,651,485	\$930,651,485	+87,782	
Number	52,368	53,275	67,134	66,397	66,397	66,397	66,397	66,397	66,397	66,397	+1,436	
Value	\$474,510,263	\$131,124,773	\$156,227,621	\$212,482,885	\$212,482,885	\$212,482,885	\$212,482,885	\$212,482,885	\$212,482,885	\$212,482,885	+154	
Investigations completed	\$4,267,764,678	\$4,544,605,752	\$4,957,810,389	\$6,058,300,917	\$6,058,300,917	\$6,058,300,917	\$6,058,300,917	\$6,058,300,917	\$6,058,300,917	\$6,058,300,917	+1,814	
Collections		+1	27,145	29,959	29,959	29,959	29,959	29,959	29,959	29,959	+1	

a/Figures in change columns are computed using 1965 as the base year.
 b/Drug investigative activities were transferred to DEA on July 1, 1973; therefore, the figure for FY 1974 is considerably lower than FY 1973.

STUDIES OF CUSTOMS ORGANIZATION

<u>Date</u>	<u>Studies GAO reviewed</u>	<u>Need to reduce</u>			<u>Subject discussed</u>
		<u>Regions</u>	<u>Districts</u>	<u>Ports</u>	
1964	Stover Report				Establish regions and districts
1967	Review of Stover Reorganization	X	X		Review of reorganization 1965-66
1970	Wolfe Report Survey of Organization	X	X	X	Review of field organization 1965-66
1971	National Academy of Public Administration	X	X		Reorganization Plan No. I of 1965-66: A struggle for status
1972	Standard Federal regional structure	X			Realign regional offices
1972	Subregional structure under standard Federal regional structure			X	Realign district offices
1974	District consolidation		X		Reduce district offices by consolidation
1976	Customs Organization I	X	X		Organizational issues
1976	Customs Organization II	X			1976 Review of Customs Organization
1977	Customs Field Organization III	X	X		Consolidation/Elimination of Regions/Districts
1977	Webster study	X	X	X	Customs Service Organization review 1977

Other studies performed:

Office of Drug Abuse Policy studies:

- Drug law enforcement study
- Narcotics intelligence study
- Border management and interdiction study
- International narcotics control initiatives study

Office of Management and Budget studies:

- Border management study
- Federal law enforcement study

REGIONAL LEVEL STAFFING INCREASES

FROM JUNE 30, 1973, TO SEPTEMBER 24, 1977

	Boston		New York		Baltimore		Miami		New Orleans		Houston		Los Angeles		San Francisco		Chicago		Program Total		Change
	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	
Principal field officer	96	127	364	684	91	119	91	150	69	111	86	58	94	192	102	127	105	128	1098	1796	+698
Regional Commissioner	2	5	27	26	3	5	3	4	3	3	3	4	3	4	3	6	3	9	50	66	+16
Regional Counsel	-	5	-	12	-	5	-	7	-	5	-	6	-	5	-	4	-	5	-	54	+54
Regional Director (Investigations) (note a)	9	19	31	36	7	14	17	21	3	13	16	21	8	20	13	20	15	24	119	188	+69
Regional Director (Int. Affairs)	107	156	422	758	101	143	111	182	75	132	105	189	105	221	118	157	123	166	1267	2104	+837
Regional totals (four principal field officers)																					

a/Prior to October 1973, the field structure of the Office of Investigations was not aligned in the standard nine region configuration.

REGIONAL OFFICE STAFFING INCREASES

FROM JUNE 30, 1973, TO SEPTEMBER 24, 1977

Program	Boston		New York		Baltimore		Miami		New Orleans		Houston		Los Angeles		San Francisco		Chicago		Program total		Change	
	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977		
Management analysis	-	1	4	16	-	5	-	4	1	2	-	2	2	5	3	3	4	1	5	11	45	+34
Personnel management (note a)	15	25	35	50	11	16	14	22	10	13	17	26	14	23	16	26	17	18	149	219	+70	
Financial management (note b)	21	27	83	92	17	17	19	26	13	15	23	24	21	25	24	25	22	25	243	276	+33	
Facilities management	5	7	43	49	13	12	12	10	4	6	11	9	8	9	6	10	5	10	107	122	+15	
Laboratories	17	16	47	45	16	15	8	9	25	24	5	3	12	10	8	11	11	11	149	144	-5	
Enforcement support	-	3	-	6	-	2	-	2	-	2	-	3	-	3	-	7	-	4	-	32	+32	
Sector communications	-	3	-	-	-	8	-	6	-	6	-	10	-	10	-	-	-	-	-	-	43	+43
Regulatory audit	-	7	-	20	-	8	-	9	-	5	-	7	-	9	-	8	-	10	-	83	+83	
Patrol (note c)	-	2	-	230	-	3	-	5	-	3	-	5	-	5	-	3	-	2	-	260	+260	
Air support	-	2	-	9	-	-	-	24	-	15	-	35	-	58	-	-	-	-	-	147	+147	
Liquidations	17	13	62	73	10	11	10	9	3	5	5	5	13	11	16	14	21	22	151	163	+12	
Public affairs	-	-	7	9	-	2	-	3	1	2	1	1	1	2	1	2	1	1	12	22	+10	
Inspection & control (note d)	9	6	6	31	6	8	8	8	3	4	8	8	9	9	7	5	7	5	63	84	+21	
Classification and value	4	4	11	8	5	5	4	7	6	4	6	5	4	5	6	5	6	7	52	50	-2	
Misc. positions (note e)	14	11	66	46	13	7	16	6	3	5	10	8	10	8	15	7	14	8	161	106	-55	
Totals	96	127	364	684	91	119	91	150	69	111	83	158	94	192	102	127	105	128	1098	1796	+698	

a/Personnel Management includes Labor/Employee Relations and Equal Opportunity.

b/Financial Management statistics for 1977 include 25 positions which were allocated to the regions for IPPIS (Treasury Personnel/Payroll Information System).

c/Patrol statistics for the New York Region include all patrol personnel in the region, excluding air support.

d/Inspection and control statistics for New York in 1977 include 18 dog-handler positions.

e/Miscellaneous positions include all those not specifically identified with one of the programs listed previously.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF THE TREASURY</u>		
SECRETARY OF THE TREASURY:		
W. Michael Blumenthal	Jan. 1977	Present
William E. Simon	May 1974	Jan. 1977
George P. Schultz	June 1972	May 1974
John B. Connally	Feb. 1971	June 1972
David M. Kennedy	Jan. 1969	Feb. 1971
Henry H. Fowler	Apr. 1965	Jan. 1969
Douglas Dillon	Jan. 1961	Apr. 1965
UNDER SECRETARY OF THE TREASURY (note a):		
Bette B. Anderson	May 1977	Present
ASSISTANT SECRETARY, ENFORCEMENT, OPERATIONS, AND TARIFF AFFAIRS (note b):		
John H. Harper (acting)	Jan. 1977	May 1977
Jerry Thomas (acting)	Sept. 1976	Jan. 1977
David R. Macdonald	May 1974	Sept. 1976
Edward K. Morgan	Jan. 1973	Feb. 1974
Eugene T. Rossides	Apr. 1969	Jan. 1973
Joseph M. Bowman	Mar. 1968	Jan. 1969
W. True Davis	Sept. 1965	Jan. 1968
James A. Reed	Dec. 1961	Sept. 1965
COMMISSIONER, U.S. CUSTOMS SERVICE:		
Robert E. Chasen	July 1977	Present
Vernon D. Acree	May 1972	Apr. 1977
Myles J. Ambrose	Aug. 1969	Feb. 1972
Lester D. Johnson	Aug. 1965	Aug. 1969

a/Functions and responsibilities of the Assistant Secretary were transferred to the Under Secretary on May 3, 1977.

b/This position was disestablished on May 3, 1977.

(961063)