



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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PROCUREMENT, LOGISTICS,
AND READINESS DIVISION
B-167790

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RELEASED

FEBRUARY 28, 1983

The Honorable Berkley Bedell
Chairman, Subcommittee on General Oversight
Committee on Small Business
House of Representatives

Dear Mr. Chairman:

Subject: National Defense Executive Reserve Program
(GAO/PLRD-83-51)

As you requested on November 10, 1982, we made some limited inquiries regarding the National Defense Executive Reserve (NDER) Program and on February 1, 1983, we briefed your Office on our findings. As agreed, we are sending you the enclosed information presented during that briefing.

The Federal Emergency Management Agency (FEMA) has placed renewed emphasis on revitalizing the program. However, until recently, it did not make any significant progress toward this goal. During 1982, FEMA (1) updated regulations covering NDER activities, (2) issued new member identification cards, and (3) began work on a training plan. But we also found that

- participation in the program by Federal agencies and overall membership remain low,
- recruiting efforts vary among agencies,
- most NDER units do not conduct regular training,
- most members do not have specific job assignments,
- the program is minimally funded, and
- FEMA's central data base on program membership is inaccurate and incomplete.

FEMA is generally aware of these problems and has begun actions to address some of them. Therefore, we are not making recommendations now.

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As you requested, we did not obtain agency comments on this report. We did, however, discuss its contents with program officials at FEMA and incorporated their views where appropriate.

As arranged with your Office, unless you publicly announce its contents earlier, we plan no further distribution until 10 days from the date of this report. At that time, we will send copies to the Chairmen, House Committee on Government Operations, Senate Committee on Governmental Affairs, and House and Senate Committees on Appropriations and on Armed Services; the Director, Office of Management and Budget; and the heads of the agencies participating in the program.

Sincerely yours,



Donald J. Horan
Director

Enclosure

GAO FINDINGS ON NDERBACKGROUND

NDER is a Government-wide program which recruits business executives and other civilians to serve the Government in key executive positions during national emergencies. According to FEMA, NDER is important to Federal emergency preparedness because of the tremendous increase in Government regulation and direction of the economy and vital resources that would accompany a war emergency. This would create the need to augment the staffs of Federal agencies having emergency functions. FEMA administers and evaluates the NDER program. GAO reports issued in 1978 and 1982 noted that this program had not been very effective. ^{1/}

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to evaluate NDER plans and programs to (1) determine whether previously identified problems had been corrected and (2) review FEMA's efforts to revitalize the program. As the Subcommittee requested, we reviewed NDER program status in regard to its membership, recruitment, training, member assignments, funding, and data base adequacy.

We reviewed agency NDER records and interviewed officials with NDER responsibilities at FEMA headquarters in Washington, D.C.; at the headquarters of the Departments of Commerce, Energy, Housing and Urban Development, Interior, Labor, and Transportation; at the headquarters of the Interstate Commerce Commission (ICC); and at facilities of the Department of Defense (DOD). These agencies were chosen because they are the current program participants. To evaluate the adequacy of NDER reservist records, we asked FEMA to perform several computer analyses of its NDER data base. We also evaluated some records manually at participating agencies and compared some of the information they contained with similar information kept by FEMA's automated data base.

Our review was performed in accordance with generally accepted government audit standards.

^{1/}"Continuity of the Federal Government in a Critical National Emergency--a Neglected Necessity" (LCD-78-409, Apr. 27, 1978) and "The Federal Government Is Still Not Adequately Prepared To Respond to Major Electrical Emergencies" (GAO/EMD-82-125, Sept. 13, 1982).

FEMA HAS MADE SOME PROGRESS
TOWARD NDER REVITALIZATION

FEMA has emphasized revitalizing NDER ever since that agency's formation in 1979. However, FEMA has only recently made any significant progress toward revitalization. FEMA's ultimate goals for the program include a total membership of 10,000 and greater participation by agencies to be achieved over a period of several years. Specific objectives set by FEMA for revitalization have included:

- Updating regulations covering NDER activities.
- Issuing new member identification cards.
- Beginning work on an NDER training plan.
- Updating the membership records data base.
- Recruiting to achieve a goal of 10,000 reservists.
- Holding a national NDER conference.
- Designating assignments for FEMA NDER reservists.

FEMA appeared to have achieved the first three objectives by the end of 1982. However, the data base continues to have serious deficiencies; membership has not increased; and the national conference, originally scheduled for 1981, slipped to 1982 and now 1983.

FEDERAL AGENCY PARTICIPATION IN NDER
AND OVERALL MEMBERSHIP REMAIN LOW

FEMA records show there are 15 NDER units, consisting of 13 units distributed among 8 civil agencies and 2 units within DOD. However, only five units are now fully operational, as indicated by asterisks in the list on the following page. Two units have only recently been formed and several others seem to be improving, but much more recruiting, planning, and training is required to make them operational.

	Current membership (note a)
Department of Commerce:	
Office of Export Administration	25
Office of Industrial Resource Administration*	432
DOD:	
Army: Military Traffic Management Command	-
Navy: Military Sealift Command*	37
Department of Energy:	
Electric Power Reserve	-
Petroleum and Gas Reserve	-
Solid Fuels Reserve	-
Department of Housing and Urban Development	-
Department of the Interior:	
Bureau of Mines*	57
Emergency Water Administration	5
Department of Labor	-
Department of Transportation:	
Office of Emergency Transportation*	358
Maritime Administration	77
FEMA*	350
ICC	613
Total	<u>1,954</u>

^a/From FEMA NDER Quarterly Report, Sept. 30, 1982.

Overall NDER program participation has declined, according to FEMA annual NDER reports, from 2,492 at the end of fiscal year 1979 to 1,954 at the end of fiscal year 1982. FEMA officials told us membership in some units increased slightly in fiscal year 1983, but did not have specific figures. FEMA's data base and agency officials' figures show the following regarding program participant age, sex, minority representation, and size of business where employed as a percentage of total unit membership.

Agency	Age					Women	Minorities	Business size (note a)		
	Under 45	46- 55	56- 65	66- 75	76 and over			Small	Medium	Large
	----- (percent) -----									
Commerce	7	22	41	23	7	b/4	b/4	b/35	17	27
DOD (note c)	b/15	b/26	b/46	b/13	b/-	b/-	b/-	b/15	55	9
Interior	8	25	31	34	2	b/-	b/5	b/50	3	-
Transportation	13	19	48	20	-	b/7	(d)	24	13	9
FEMA	14	19	37	27	4	b/10	b/5	b/50	20	12
ICC	16	31	51	3	-	(d)	(d)	21	39	32

a/ Small = less than 500; medium = 500 to 5000; large = more than 5000.
b/ Agency officials' estimate. All other figures are from the FEMA data base.
c/ Military Sealift Command unit only.
d/ Figures not available.

Since program participation is voluntary, some agencies with important emergency responsibilities do not maintain NDER units. As examples, FEMA officials mentioned the Departments of State, Agriculture, Health and Human Services, Education, and Justice; the Office of the Secretary of Defense; and the intelligence community. FEMA also lacks the authority to direct agency NDER program actions.

NDER RECRUITING EFFORTS VARY AMONG AGENCIES

FEMA and the individual agency units both recruit private sector executives to serve in the NDER. While FEMA has solicited members by publicizing the program in general, the other participating agencies mostly use their existing contacts with the private sector to identify prospective members.

In late 1982, FEMA mounted an intensive national recruiting campaign. FEMA officials told us that the results were very good; as many as 2,000 responded and are now being screened. FEMA plans to revitalize the Inter-Agency NDER Committee to assign new reservists to the most appropriate agency. FEMA officials also hope that the conference, now scheduled for March 1983, will further increase interest in the program. When we concluded our review in February 1983, none of these applicants had yet become a member or been assigned to a specific agency. Some agency officials expressed concern as to whether individuals being recruited by FEMA have the expertise needed in their programs.

Recruiting by the individual agencies has been far less substantial. Only Interior's Bureau of Mines has conducted any formal recruiting campaign, and that has resulted in fewer than 20 new members. All the other civil agencies with functional units recruit on an ad hoc basis, using a network of acquaintances with agency officials, present NDER members, and industry executives.

**MOST NDER UNITS DO NOT
CONDUCT REGULAR TRAINING**

Of the 15 NDER units, only 3 have any regular annual training. These are the Office of Industrial Resource Administration unit in Commerce, the Office of Emergency Transportation unit in Transportation, and the FEMA unit. Each of these holds one training meeting annually in each of its regions.

- The Office of Industrial Resource Administration has held annual regional NDER training meetings for the past 12 years. In 1982 it held six 1-1/2-day meetings around the country, in which the participants worked on problem-solving exercises under various hypothetical emergencies. All members in each region were invited to the meetings, and about 40 percent actually attended.
- The Office of Emergency Transportation held ten 2-1/2-day regional meetings during each of the past 2 years. The training for this unit also included detailed emergency scenarios for problem-solving exercises and discussions. All members in each region were invited, but attendance averaged below 50 percent. In addition, the Office usually holds a national meeting for the two senior members from each region, and almost all these attend.
- FEMA holds ten 1-1/2-day regional meetings to which it invites the reservists from the region to participate in orientation discussions, briefings, and problem-solving exercises. About 50 percent of the regional members attend.

In addition, the Office of Industrial Resource Administration and the Office of Emergency Transportation units sometimes hold luncheons or meetings on their own initiative as a followup to the training meetings.

FEMA began its agency-wide training program in 1982 with two meetings. One was associated with the Rex Bravo mobilization exercise conducted by FEMA; the other was an initial "pilot workshop" given by the National Emergency Training Center in Emmitsburg, Maryland. About 25 FEMA NDER members attended the Rex Bravo exercise, while about 80 assembled at Emmitsburg. In addition, extension courses from the Center and the National Defense University are available to NDER members. FEMA plans to expand these initial efforts.

Of the remaining 12 NDER units, only the Bureau of Mines, ICC, and the Military Sealift Command offer any training to their members.

--The Bureau of Mines holds two meetings annually, each lasting a few hours, scheduled to coincide with the meetings of the American Mining Congress. Nearly all the Bureau of Mines' NDER members attend the American Mining Congress meetings, but only about one-third of these attend the NDER training sessions. The Bureau supplements these meetings with a regular mailing of information on mineral issues.

--The ICC unit has offered training in its Philadelphia region, where the coordinator is very enthusiastic and has organized his own program. The other ICC regions have had no training activities.

--The Military Sealift Command has held two orientation meetings for its members and intensive small group training exercises in conjunction with the exercise Proud Sabre, a worldwide military readiness exercise held in 1982. About two-thirds of the command's NDER members attended.

MOST AGENCIES HAVE NOT MADE SPECIFIC NDER ASSIGNMENTS

For the NDER program to be effective, Federal agencies need to determine the locations where NDER members are needed and the duties they should perform. Of the 15 NDER units, only 7--the Office of Industrial Resource Administration, the Military Sealift Command, the Bureau of Mines, the Emergency Water Administration, the Office of Emergency Transportation, the Maritime Administration, and FEMA--have identified NDER reporting locations. Only four--the Military Sealift Command, the Emergency Water Administration, the Office of Emergency Transportation, and the Maritime Administration--have assigned both reporting locations and specific job assignments. Although the Military Sealift Command unit has given out reporting locations and duty assignment "billet descriptions," they are fairly general.

NDER IS MINIMALLY FUNDED

FEMA and the other agencies participating in NDER do not keep records giving precise cost information on NDER matters. They have, however, given FEMA estimates of funds expended for NDER in fiscal year 1982, as follows:

<u>Agency</u>	<u>Program cost</u>
Energy	\$ 450,000
FEMA	184,000
Interior	163,000
Commerce	125,000
Transportation	70,000
Labor	60,000
ICC	40,000
DOD	<u>35,000</u>
Total	<u>\$1,127,000</u>

In all agencies, almost all the estimated costs were for staff salaries. NDER reservists, or their companies, pay any expenses incurred in attending training or meetings. There are small agency expenditures for printing and occasional staff travel.

FEMA DATA BASE IS INACCURATE; MOST AGENCY NDER RECORDS ARE NOT COMPUTERIZED

FEMA maintains the central data base for the NDER program. FEMA's automated data system is supposed to contain complete and up-to-date information on all reservists. However, the accuracy of FEMA's records varies greatly from unit to unit. We believe this could have a highly adverse effect on the Government's ability to activate NDER. In some cases, such as FEMA's data on the Office of Industrial Resource Administration unit in Commerce, both Interior units, and the FEMA unit, accuracy appears quite good. But there are substantial differences between FEMA and agency records in other cases. For example, FEMA's data base reports 242 reservists for Transportation, while Transportation's records and FEMA's quarterly reports on NDER list 435 members. For ICC, FEMA's data base shows 437 members, while ICC records and FEMA's quarterly reports show 613 members.

FEMA's data base also has many missing data elements. Three areas of vital information--reservists' locations, individual members' skills, and current membership status--are frequently incomplete. Specifically, we found the following:

<u>Data item</u>	<u>Percent of records missing data items</u>
Home phone number	25
Home address	10
Business phone number	27
Security clearance	25
Business type	48
Primary skill	43
Social security number	23
Designation date	20
Redesignation date (note a)	23

^a/For members whose designation dates are more than 3 years old.
 NDER designations expire after 3 years.

FEMA officials told us they expect to finish updating and correcting the NDER data base by March 31, 1983.

Of the agencies with NDER units, only ICC, the Office of Emergency Transportation, the Emergency Water Administration, and the Office of Industrial Resource Administration have any computerized recordkeeping capability. The others keep physical files, usually containing only the original application forms from the members and occasional correspondence. The files are updated sporadically in most agencies; ICC and the Bureau of Mines are exceptions in that they send out fairly regular mailings and request notification of change of address or other factors affecting a member's status. None of the agencies except FEMA are storing NDER records in a fashion that might survive a nuclear war, and, as indicated above, FEMA's records are incomplete and inaccurate.