United States General Accounting Office

GAO Briefing Report to the Chairman, Subcommittee on Military Readiness, Committee on National Security, House of Representatives

April 1996

CIVILIAN DOWNSIZING

Unit Readiness Not Adversely Affected, but Future Reductions a Concern
Dear Mr. Chairman:

As requested, we reviewed civilian downsizing across the Department of Defense (DOD). Specifically, we determined (1) the extent of civilian workforce reductions, (2) whether civilian downsizing has affected readiness and functions at military installations, and (3) whether the Office of the Secretary of Defense (OSD) and the services had comprehensive strategies for managing civilian downsizing. On April 1, 1996, we briefed your staff on the results of our review. This report discusses the information presented at that briefing.

Background

DOD is the largest federal agency. In fiscal year 1995, it employed a total workforce of about 3.3 million personnel, about 26 percent of whom were civilians. DOD’s 849,164 civilian workers represented about 42 percent of executive branch civilian workers.

Civilians are an integral part of DOD’s support infrastructure, performing work in the 4 military services; 16 defense agencies, such as the Defense Finance and Accounting Service; 9 field activities, such as the Washington Headquarters Service; 5 defense support activities, such as the Defense Manpower Data Center; and other defense organizations, such as the Inspector General, Joint Staff, and OSD. As of fiscal year 1995, about 83 percent of DOD civilians were in the four military services. These civilians maintain and repair equipment and weapon systems; provide research, medical, communications, and logistics support; and operate and maintain military installations. The Marine Corps had the fewest civilians, with just over 18,000, and the Army had the most, with almost 267,000 civilians.

Results in Brief

DOD began streamlining its operations and downsizing its military and civilian workforces, associated infrastructure, and overall budget in fiscal year 1988. Between fiscal years 1987 and 1995, DOD reduced its civilian workforce by approximately 25 percent, or about 284,000 personnel. DOD’s
active and reserve military components decreased by approximately 26 percent, or about 861,000 troops. By the time it finishes current downsizing plans in fiscal year 2001, DOD will have reduced its civilian workforce to about 728,300 personnel, almost 35 percent below the 1987 end strength and about 16 percent below the 1995 end strength.

Civilian downsizing has not adversely affected military readiness at the installations we visited. A review of DOD’s unit readiness reporting system did not disclose readiness problems resulting from civilian downsizing. Further, unit commanders and officials told us that civilian reductions had not affected their units’ availability to train, even when soldiers had been tasked to perform civilian functions that were understaffed. The commanders also said that civilian reductions had not disrupted maintenance of mission-essential equipment. Air Force, Marine Corps, and Navy officials said that civilian downsizing has had virtually no effect on operational units. Army officials said that readiness had not been affected because the Army’s staffing priorities were for functions critical to combat capabilities. However, Army officials expressed concern that future civilian reductions could adversely affect military readiness if the process was not managed carefully.

Army installation officials raised concerns about the effects of civilian downsizing on civilian functions and services. They told us that civilian downsizing has affected functions on Army installations, such as public works and repair and maintenance. Civilian downsizing has affected the amount of time it takes to repair noncritical equipment. Air Force and Army officials said that civilian downsizing has resulted in reductions to recreational and family services. Officials at all installations told us they were concerned about the effect of downsizing on civilian workforce morale due to limited career and promotion opportunities, job insecurity, and longer working hours.

OSD and the services have various initiatives underway to downsize the civilian workforce and reduce infrastructure costs. OSD developed broad plans for streamlining the civilian workforce in 1993 and 1994 that were based on (1) contracting out or consolidating functions, (2) employing better business practices, and (3) downsizing specific work groups. OSD’s approach has been to rely on the services and DOD agencies to make reduction decisions. The services have used a variety of approaches to downsize civilians, such as reducing personnel while preserving functions, consolidating or streamlining functions, and implementing Base Realignment and Closure recommendations. However, the approaches to
achieve civilian reductions were not guided by comprehensive, servicewide downsizing strategies. Service commands do not have a long-term road map to guide civilian reduction decisions to meet future mission requirements. The services are developing comprehensive strategies to better determine future civilian workforce requirements. By the time these strategies are in place, however, most of the civilian reductions will have occurred.

Scope and Methodology

We reviewed DOD and service instructions, procedures, and plans for civilian downsizing and interviewed key officials from OSD and the four military services on how civilian reductions were determined and managed. Within each of the services, we visited major installations that had downsized civilians and had combat units. Army installations we visited housed units that are part of the Army’s early deployment forces. These units included the 101st Airborne Division (Air Assault) at Fort Campbell, Kentucky; the 10th Infantry Division (Light) at Fort Drum, New York; the 1st Cavalry Division at Fort Hood, Texas; and the 24th Infantry Division (Mechanized) at Fort Stewart, Georgia. While at Fort Hood, we also spoke with officials from the 4th Infantry Division.

In the Air Force, we visited Air Mobility Command installations at Scott Air Force Base, Illinois, and Travis Air Force Base, California, because each had experienced civilian reductions since 1990 that exceeded reductions at other Air Force installations with combat units. We visited Langley Air Force Base, Virginia, because it is the headquarters of the Air Combat Command, the largest U.S. Air Force command.

For the Navy, we selected the two U.S. Atlantic Fleet bases with large percentages of civilian reductions—the Oceana Naval Air Station and the Little Creek Naval Amphibious Base, Norfolk, Virginia. We also spoke with officials at the U.S. Atlantic Fleet Headquarters, Norfolk, Virginia. For the Marine Corps, we visited the U.S. Marine Forces Atlantic and spoke with officials from the 2nd Marine Division and the 2nd Force Service Support Group at Camp Lejeune, North Carolina, and the 2nd Marine Aircraft Wing located at Marine Corps Air Station, Cherry Point, North Carolina.

We reviewed the Joint Chiefs of Staff (JCS) Status of Resources and Training System database to determine whether any readiness problems were associated with civilian downsizing. On the basis of the database’s indicators and other measures that, according to JCS, provide an indication of readiness, we asked installation officials to comment on four readiness
indicators: civilian and military personnel strength, including the size and scope of civilian reductions; use of military personnel assigned to civilian functions and the effect on unit training; equipment availability and workload backlogs; and workforce morale.

We did not obtain written agency comments on this report. However, we provided a draft of this report to OSD and service officials and incorporated their comments where appropriate. We conducted our work from August 1995 to April 1996 in accordance with generally accepted government auditing standards.

We are sending copies of this report to other interested congressional committees and Members of Congress and the Secretaries of Defense, the Air Force, the Army, and the Navy. We will also make copies available to others on request.

If you or your staff have any questions concerning this report, please contact me on (202) 512-5140. Major contributors to this report are listed in appendix I.

Sincerely yours,

Mark E. Gebicke
Director, Military Operations and Capabilities Issues
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## Abbreviations

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<tr>
<td>BRAC</td>
<td>Base Realignment and Closure</td>
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Extent of Civilian Reductions

Civilian and Military Force Levels--Fiscal Years 1987-95

Numbers in thousands

Fiscal year:

- 1987: 4,458
- 1988: 4,387
- 1989: 4,418
- 1990: 4,270
- 1991: 4,185
- 1992: 3,928
- 1993: 3,700
- 1994: 3,510
- 1995: 3,313

Legend:

- □ Civilian
- □ Active and reserve military
The Department of Defense (DOD) began streamlining operations and downsizing its military force structure, associated infrastructure, and overall budget beginning in fiscal year 1988. Between fiscal years 1987 and 1995, DOD reduced its total civilian workforce by approximately 25 percent, or almost 284,000 civilians, and its military strength—including active and reserve components—by 26 percent, or about 861,000 troops. Civilian reductions since 1987 were achieved through separation incentive programs, limited hiring, and attrition.
Officials’ Views on the Impact of Civilian Downsizing

Officials’ Views on Effects of Civilian Downsizing on Unit Readiness

- Civilian downsizing has not adversely affected unit readiness at installations we visited
- Air Force, Marine Corps, and Navy officials said civilian downsizing was not an issue
- Army officials said civilian downsizing must be carefully managed to minimize effects on units
According to commanders and officials at military installations we visited, civilian downsizing has not affected the readiness of combat units. Furthermore, Air Force, Marine Corps, and Navy officials generally did not view civilian downsizing as an area of concern. Officials at Army installations, however, expressed concern that civilian downsizing must be managed to minimize adverse effects on combat units.

At Navy installations we visited, officials told us that combat units were generally unaffected by civilian downsizing. Transient or unassigned military personnel were available in large numbers to perform civilian functions. In addition, military downsizing and associated workload reductions made some civilian functions obsolete, such as maintenance for Navy combat aircraft squadrons that were downsized. Air Force officials told us that they staffed functions critical to combat capability, such as aircraft maintenance, and downsized noncritical functions, such as general installation maintenance.

The effects on civilian downsizing at Army installations centered on the Army directorate staff, which is largely composed of civilian workers responsible for performing the day-to-day operations of the installation, such as public works and repair and maintenance. When the Army began downsizing its workforce about 8 years ago, civilian reductions were generally distributed equally across commands and functions. Civilians were downsized in various functions, but the mission and workload remained. The reduced civilian workforce tried to provide the same level of service, but functions began to experience workload delays. For example, since civilian downsizing began, the average time to perform vehicle maintenance at Fort Drum has doubled from 20 to 40 days. Officials attributed the increase in repair time to civilian downsizing.

To minimize the effects of civilian downsizing, Army officials told us they have begun to manage civilian reductions by reducing or eliminating functions not critical to operational readiness, such as recreational activities. Functions critical to supporting Army combat capabilities, such as repair of weapon systems, received priority resourcing. Officials emphasized that civilian downsizing must be carefully managed to minimize adverse effects on units.
Officials' Comments on Effects of Civilian Downsizing on Functions

- Civilians were downsized in base operations, maintenance and supply functions, and recreational and family activities.
- Civilian reductions in Army functions caused repair delays of noncritical items.
- Civilian reductions in Air Force and Army diminished recreational activities.
Military installations have downsized civilian positions in various functions and activities, such as base operations, maintenance and supply, and recreational and family activities. To realize civilian personnel savings, civilian functions have been reduced, contracted out, transferred, consolidated, and eliminated. At Army installations, officials told us that civilian reductions have caused delays in repairing noncritical items and diminished recreational activities.

The logistics function, which provides installation maintenance and supply, has significantly reduced its civilian workforce. At Army installations we visited, the logistics function has been downsized between 18 and 31 percent since fiscal year 1990. To minimize the effect of civilian downsizing on combat units, the Army logistics function prioritizes its workload. Maintenance repair time for items critical to combat, such as the M1A1 tank, artillery pieces, radar, and tactical vehicles, has not been affected by civilian downsizing. Maintenance repair time for noncritical items, such as generators, fork lifts, road graders, and snow plows has been affected by civilian downsizing. The logistics function is also responsible for handling excess supply, such as equipment no longer required. Installation officials told us that millions of dollars of excess inventory had not been processed because the function lacks the civilian workers to manage the workload. The central issue facility at Fort Drum takes longer to issue equipment for field training, such as helmets and canteens, due to civilian downsizing.

At Air Force and Army installations, officials said that civilian downsizing has affected family support and recreational community activities, such as arts and crafts. Various Air Force and Army installations reduced the operating hours of gymnasiums, libraries, and swimming pools. Since 1990, Fort Hood reduced the number of its installation libraries from six to one. In response to recent civilian downsizing, Hunter Army Air Field, part of Fort Stewart, closed its library and contracted with the local county to provide library services.
Officials' Views on Effects of Civilian Downsizing on Functions

- Most officials said the use of military personnel to perform civilian duties was not a concern.
- Army officials had concerns and therefore reduced the number of personnel detailed and length of assignments.
- Air Force and Army officials expressed concerns about civilian workforce morale.
At the Air Force, the Army, and the Navy installations we visited, military personnel were tasked to perform civilian and military work in various units and functions. None of the Air Force or the Navy officials we spoke with, however, indicated any adverse effects resulting from the use of military personnel to perform work in civilian functions on the installation. Army officials, on the other hand, told us that tasking military personnel to perform work outside their assigned unit presented a long-term potential readiness problem because soldiers could not train as part of a unit.

Army officials told us they have worked to limit the use of military to perform functions outside of assigned units by closely reviewing requests for military assistance, limiting the length of time soldiers are tasked away from their units, and limiting the number of soldiers tasked. Army installations we visited assigned military personnel to various functions usually for a few weeks but sometimes for up to 1 year. Military personnel were assigned, for example, to recreation and maintenance centers as clerks and warehouse supply workers. In 1994, Fort Hood assigned approximately 800 to 900 soldiers, representing about 2 percent of troop strength, to various installation functions. Fort Hood has reduced the number of soldiers assigned outside taskings to less than 1 percent of troop strength. Officials at Army installations told us they worked to keep outside taskings to less than 1 percent of troop strength.

Air Force, Army, and Navy installation officials expressed concerns about the effect of civilian downsizing on the morale of the civilian workforce. Officials cited limited career and promotion opportunities, job insecurity, and longer working hours as examples of factors adversely affecting civilian workforce morale. According to Air Force installation officials, current downsizing trends risk the loss of workers with the necessary skills for the long term. Army combat unit officials said civilian downsizing had not adversely affected soldier morale.
Officials' Views on Minimizing Potential Effects of Civilian Downsizing

- To provide the flexibility to manage the workforce to meet the workload
- Remove legislative constraints
- Streamline requirement to conduct studies of functions to contract out
- Legislation authorizing DOD to manage its civilian workforce based on funding and workload, rather than workforce ceilings, should provide management flexibility
Installation officials told us their greatest concern was the need for more flexibility to manage the civilian workforce to meet the workload. They cited various provisions contained in DOD authorization legislation that they thought limited the ability of installation managers to have the necessary flexibility. Legislation established ceilings on the number of staff that could be allocated to particular activities or locations. Other provisions limited the amount of DOD work that could be contracted out and prohibited selected workforce elements from falling below specific levels.

Title 10 U.S.C. 2465 prohibits DOD from contracting the firefighting function at military installations. Installation officials said that they would like to contract out the firefighting function, but they are prohibited from doing so. Furthermore, officials said that they were not allowed to downsize medical personnel below a baseline established by section 718 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (P.L. 102-190). Officials also discussed the Office of Management and Budget Circular A-76, Performance of Commercial Activities, and 10 U.S.C. 2461, which requires cost comparison studies before contracting out functions performed by 46 or more civilians. Officials at some Army installations we visited said that if the requirement to conduct cost comparison studies were streamlined, more functions could be contracted out. Officials said the current study process can take up to 2 years to complete.

Officials at installations we visited generally approved of the provision contained in section 1031 of the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106) that allows DOD to manage its civilian workforce based on funding and not on workforce constraints, such as a maximum number of employees. Fort Drum officials told us that this change should allow them to manage more economically and hire more workers to meet higher workloads, for example, if that would be less costly than contracting the function.
DOD Management of the Civilian Drawdown

GAO

History of DOD Civilian Downsizing

- DOD's Bottom-Up Review (1993) found
  - Civilian workers were a significant cost driver
- Civilian reductions were lagging behind force structure and funding reductions
- As a result, DOD programmed a 19-percent reduction to its total civilian workforce between fiscal years 1993 and 1999
In 1993, DOD conducted a comprehensive study, called the Bottom-Up Review, of national defense strategy and resource requirements to meet post-Cold War missions. As part of this effort, DOD found that civilian personnel comprised a significant part of infrastructure costs. According to the study, approximately 40 percent of infrastructure costs is tied to the force structure, such as training, supply, and transportation. The other 60 percent is independent of force structure changes, such as funding for military installations, family housing, military base operations, and depot maintenance. The study also found that civilian workforce reductions trailed military personnel reductions and that cost savings could be achieved through privatization and consolidation of civilian functions.

In response to the study’s findings, DOD decided to downsize the civilian workforce commensurate with military and overall funding reductions and minimize infrastructure cost increases driven by the civilian component. The Office of the Secretary for Defense (OSD) directed the services to develop plans to downsize the civilian workforce and programmed an additional 19-percent reduction to the total DOD civilian workforce between fiscal years 1993 and 1999.
History of DOD Civilian Downsizing (continued)

- The National Performance Review (1993) recommended
- Downsizing the federal civilian workforce by at least 12 percent by fiscal year 1999
- Targeting civilian reductions in selected functional areas and among specific workforce groups
In September 1993, the White House released its Report on the National Performance Review, which recommended downsizing the federal civilian workforce by at least 12 percent by the end of fiscal year 1999. The report recommended that selected workforce components and occupational groups be the primary focus for achieving federalwide civilian reductions. Specifically, the report recommended concentrating civilian downsizing among supervisors, headquarters staff, personnel specialists, budget analysts, procurement specialists, accountants, and auditors. The report also recommended that federal agencies double the current ratio of 1 manager or supervisor for every 7 employees to a ratio of 1 to 14 by 1999. The report directed that federal agencies consider reengineering, or reinvention, of government through streamlining to achieve personnel and fiscal savings. The downsizing recommendations excluded civilian workers indirectly hired by the federal government; that is, foreign nationals employed by the federal government through contractual arrangements with overseas nations. Of DOD’s 1995 workforce, about 43,000 indirectly hired civilian workers, or 5 percent, were excluded from civilian downsizing actions.
DOD's downsizing plan (1993) was to

- Reduce the civilian workforce by 18 percent between fiscal years 1993 and 1999

- Target reductions in personnel, procurement, and finance functions and among supervisors and headquarters staff
In response to the recommendation from the National Performance Review to reduce the size of the federal civilian workforce, DOD planned to downsize its civilian workforce by 18 percent, or 165,200 civilians, by the end of fiscal year 1999. DOD exceeded the National Performance Review recommendation of a 12-percent reduction because DOD had already programmed the civilian reductions.

OSD focused civilian reductions on selected work groups, as recommended by the National Performance Review. OSD established separate downsizing targets for civilians in the finance, personnel, and procurement functions and among headquarters staff and supervisors. OSD established the targets based on a fixed-percentage reduction to the number of civilians in each work group as of fiscal year 1993. DOD limited downsizing in targeted work groups to 4 percent per year to minimize the potential for adverse personnel actions, such as reductions in force. For example, the Army’s 1996 target for civilians in its finance work group is 10,229, and the Air Force’s 1996 target for the same group is 6,208. These targets represent a 4-percent reduction per year from each service’s fiscal year 1993 baseline workforce of 11,119 and 6,748, respectively. To reduce DOD’s supervisory ratio, OSD established targets for each service and DOD agency based on doubling the service’s and agency’s fiscal year 1993 baseline ratio.
History of DOD Civilian Downsizing (continued)

- From 1994 to 1996, OSD revised and accelerated DOD's downsizing targets to
  - Achieve a 26-percent reduction between fiscal years 1993 and 2001
  - Recognize decreased workloads and personnel savings expected from streamlining initiatives
By January 1994, DOD reduced its civilian workforce below the projected level for the fiscal year. Unanticipated personnel savings resulted from decreased workloads and various streamlining initiatives, such as consolidating the civilian personnel specialist function. As a result, OSD revised its downsizing plan during fiscal year 1994. The revised plan accelerated planned reductions to 22.4 percent between fiscal years 1993 and 1999. In 1995 and again in 1996, OSD revised planned civilian reductions based on DOD’s budget review process. DOD’s 1996 plan is to achieve a 26-percent reduction to the civilian workforce from fiscal years 1993 to 2001.
The current DOD plan is to reduce its civilian workforce by 26 percent, or about 241,900 civilians, between fiscal years 1993 and 2001. As of fiscal year 1995, OSD reported that the services and DOD agencies were ahead of their downsizing targets by about 12,000 civilians.
Service officials told us that Base Realignment and Closure (BRAC) actions were expected to yield civilian reductions, which would be counted toward achieving OSD downsizing targets. Of the 90,500 Navy and Marine Corps civilian reductions targeted for fiscal years 1993 through 2001, the Navy estimates that BRAC actions will yield about 31,790, or about 35 percent of planned civilian reductions. Similarly, the Army expects 14 percent and the Air Force expects 9 percent of planned civilian reductions to result from BRAC actions.
No Comprehensive Guidance to Manage Civilian Downsizing

- Services do not have comprehensive strategies to guide downsizing decisions; however, strategies are in development.

- Services have downsized civilians by contracting, consolidating, and streamlining functions.

- Civilian reductions have also been achieved through BRAC actions, military downsizing, and the budget process.
OSD and the services have various initiatives underway to downsize the civilian workforce and achieve efficiencies. OSD developed broad plans for streamlining the civilian workforce in 1993 and 1994 that were based on (1) contracting out or consolidating functions, (2) employing better business practices, and (3) downsizing specific work groups. The plans identified several broad functional areas eligible for contracting, such as base operations support and maintenance and repair. DOD has consolidated some missions based on BRAC actions and expects to consolidate some functions, such as headquarters management and supervisory functions. Better business practices are tools DOD uses to increase operating efficiencies, such as the reengineering efforts underway in base management and operations. The plans also discussed OSD initiatives to streamline certain work groups, such as personnel specialists.

These initiatives, however, were not being guided by a comprehensive management or downsizing strategy. OSD’s approach has been to rely on the services and DOD agencies to make reduction decisions. The services have used a variety of downsizing approaches, such as reducing civilians evenly across all installation functions, consolidating installation functions, and implementing BRAC recommendations. Most of these approaches were undertaken by major commands and installations and were not guided by comprehensive, servicewide downsizing strategies.

The services have downsized the civilian workforce by reducing personnel while preserving functions. This resulted in delays in repairing noncritical items at Army installations we visited. Other installations made downsizing decisions based on workloads, which provided civilian work years for redistribution to remaining functions and workloads.

Even though the services are developing comprehensive strategies to determine civilian workforce requirements, civilian reductions continue based on the independent decisions of command and installation officials. As a result, service commands do not have a long-term road map to guide downsizing decisions and shape the civilian workforce to meet future mission requirements. The majority of civilian reductions will have likely been made before such strategies are in place.
Army officials told us the Army does not have a consistent, servicewide system for relating personnel and workload. In 1991, the Army began testing a methodology to link workforce requirements to mission and workload. An Army official said the methodology was expected to help managers make downsizing decisions based on mission and workload requirements.
According to Army officials, the Army does not have a consistent, servicewide system for relating personnel and workload. The Army is reviewing whether to implement a new workforce requirements program servicewide. This program, undergoing final study, is not a strategy to manage downsizing, but it would allow decisionmakers to balance downsizing with workloads and budget constraints. The program involves a 12-step process to validate workforce requirements for support functions based on factors such as mission, tasks, and resources. An Army official stated that between 1991 and 1995, the Army used the program to study the workloads and resources of 72 Army units and organizations with nearly 64,000 positions—about 13 percent of the Army’s military and civilian support workforce.

The Army Materiel Command is currently working to establish its workforce requirements in response to an Army audit, which found the Command determined workforce requirements based on available funding and not on workload. Subsequently, on the basis of information provided in the Army audit, the House Armed Services Committee became concerned about the Army’s rationale for civilian downsizing. The Committee directed the Secretary of the Army to develop a program for determining staffing needs based on workload.
In June 1994, the Secretary of the Air Force directed the development of a strategy to downsize civilians based on workload and programs to minimize potential adverse effects on readiness.

The Air Force conducted a top-down review of civilian functions.

The review produced various streamlining proposals and some were implemented.
In June 1994, the Secretary of the Air Force directed the development of a comprehensive implementation strategy to downsize the Air Force civilian workforce. The strategy was to be based on a review of programs, workload, structure and organization to ensure that civilian reductions did not adversely affect readiness. Six working groups were established to review civilian functional areas, such as installation support and management headquarters, for downsizing potential. The working groups developed various proposals to streamline civilian support functions. The majority of the proposals were process improvements. By January 1996, however, limited progress had been made on a downsizing strategy. Of the roughly 54 proposals under review, an Air Force official estimated that about 12 had potential for significant civilian personnel savings.
The Navy is refining its current methodology to better determine total workforce requirements, including civilian requirements.

Navy officials said the methodology was expected to link workforce requirements to workload.

The Navy expects the methodology to be in use around 1999.
The Navy is refining its methodology to determine total workforce requirements, to include the civilian workforce. Navy officials told us the revised methodology was expected to better link and integrate workforce requirements to workload. Although still in the concept stage, the Navy’s methodology is based on workload requirements for conditions ranging from peacetime to mobilization and is aimed at addressing the Navy’s total workforce. The methodology is not a tool to downsize the civilian workforce, but it is expected to help the Navy to establish its civilian workforce requirements based on workload. The Navy expects this methodology to be available around 1999 to better identify civilian personnel requirements. To test an alternative methodology, the Navy conducted initial studies in October 1995 at two naval air stations, comparing missions, functions, tasks, and personnel allocation. The studies identified functions for potential consolidation and elimination.
The Commandant's 1995 planning guidance required careful management of civilian reductions and directed a servicewide study to identify opportunities for streamlining, consolidating, and contracting out civilian functions.

Servicewide study is underway.
In 1995, the Marine Corps began a detailed study of current service processes to implement the Commandant’s planning guidance. The Commandant’s guidance directed that civilian reductions must be carefully managed to minimize adverse effects on combat units. As part of its study effort, the Marine Corps is evaluating the role of civilians in core functions to identify opportunities to streamline, consolidate, and contract out. Marine Corps officials told us that headquarters staff members were also working on servicewide plans to downsize civilians in targeted work groups. The study effort is expected to be completed in the summer of 1996, and results of the study are expected to identify areas in which the Marine Corps can streamline, consolidate, and contract out civilian functions.
Initiatives to Downsize Specific Functions

- OSD is managing DOD-wide streamlining of three functional areas
  - personnel
  - procurement
  - finance
- OSD targeted 31,000 civilian reductions in these areas
In 1994, OSD directed that the three offices with primary functional responsibility for the civilian personnel, procurement, and finance work groups manage efforts to streamline these functions DOD-wide. In response to the Report of the National Performance Review, OSD has targeted almost 31,000 civilian workforce reductions in these three functional areas, representing almost 15 percent of civilian reductions planned for fiscal years 1993 through 1999. The following are DOD-wide streamlining efforts that are either under review or beginning implementation. These efforts are expected to improve processes and functions or provide personnel or fiscal savings.

- The Assistant Secretary of Defense for Force Management Policy is responsible for streamlining the civilian personnel specialist function. DOD’s restructuring effort, which centers on the establishment of regional personnel centers and modernization, is expected to be completed around 2001. Officials said they expected their reengineering efforts to achieve the target reduction of about 6,000 civilians.

- The Under Secretary of Defense for Acquisition and Technology is responsible for streamlining the procurement function. OSD officials said that several ongoing reengineering and reform initiatives were expected to achieve the target reduction of about 12,500 by 1999. However, service officials told us that OSD does not have a DOD-wide strategy to downsize civilians working in the procurement function.

- The Under Secretary of Defense, Comptroller, is responsible for streamlining the finance function. OSD has various ongoing initiatives to reform the finance function, but these initiatives are not expected to reduce the number of personnel. However, personnel savings of about 8,000 civilian positions is expected to come from consolidating various finance functions. OSD is evaluating the potential to privatize up to 8,000 civilian positions in functions such as debt and claims management. An OSD official told us his office expected to achieve the total target reduction of almost 13,000 by 1999. A DOD-wide strategy to downsize civilians working in the finance function, however, has not been developed.

The services are implementing some of the OSD streamlining initiatives while pursuing their own streamlining efforts. Army commands, for example, identified 175 initiatives to reduce costs and personnel, streamline organizations, and improve productivity.
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