DSA ADMINISTERED INFORMATION ANALYSIS CENTERS

1. Subject of Interest

In FY 72 the Director, Defense Research and Engineering (DDR&E), assigned DSA administrative management of nine (9) contractor-operated Information Analysis Centers (IACs). These Centers, located in research and development facilities, review, analyze, synthesize and reformat world-wide scientific and technical information in specific areas of technology for dissemination to the DoD research and development community.

2. Background

As the result of consolidations and disestablishment of Centers since assignment, there are currently eight (8) active IACs with a ninth to be activated in FY 77. The centers are: Chemical Propulsion Information Agency; Infrared Information and Analysis Center; Machinability Data Center; Mechanical Properties Data Center; Metals and Ceramics Information Center; Nondestructive Testing Information Analysis Center; Thermophysical and Electronic Properties Information Analysis Center; Reliability Analysis Center & Weapons Guidance and Control Information Analysis Center (to be activated in FY 77).

The provision of authoritative scientific and engineering information in the format required by DoD scientists and engineers removes the necessity for each to individually locate and analyze the vast store of information and avoid duplication of technical effort already performed. The centers operate in well-defined areas of technology, such as chemical propulsion, infrared physics, engineering properties of materials, non-destructive testing and tactical weapons guidance and control. The IACs receive technical direction and surveillance from DoD laboratories having competence in the specialized science or technology of the Center. Products and services of the IACs include responses to inquiries, scientific and engineering reference books, state-of-the-are reviews, technology assessments and current awareness publications. The centers are required by DDR&E to recoup at least 50% of their direct funding through the sale of their products and services to their users, DoD, other government contractors and the general public.

3. DoD Position

The DSA Information Analysis Center Program is vital to the DoD scientific and engineering community. It enables program management and research and development personnel to make the most effective use of time and resources and avoid duplication of technical effort already performed, underway or planned.

4. Current Status

The IACs achieved 59% of direct funding in FY 76 and are expected to increase this in FY 77. A user awareness/user needs study conducted in FY 76 noted that 93% of the DSA IAC users were satisfied with center products and services.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)

The attached material includes those "issue papers" prepared and submitted by the ASD(ISA) in connection with the transition from the Ford to the Carter Administration, which are deemed releasable in accordance with the Freedom of Information Act. Certain documents, the unclassified titles of which are attached, have been withheld on the basis of 5 U.S.C. 552(b)(1), those properly and currently classified in the interest of national defense, and 5 U.S.C. 552(b)(5), internal communications within and among agencies. The purpose served by this withholding is the preservation of the order and substance of sensitive international problem areas which, if released, could prejudice the United States' interests and negotiating position vis-a-vis the affected countries, our allies and adversaries. Additionally, the protection of staff advice and opinion in interagency communications is considered essential to preserve the candid exchange of information among agencies when such information is required by one or more agencies in order to make decisions affecting several Federal agencies and the pursuit of U.S. interests abroad. Should it become common practice for such information to be revealed prior to the resolution of the issue or policy decision, the decision-making authorities would possibly be denied a source of frank opinion and the information could be used by other nations to neutralize the resultant decisions and policies.

The denial official for these documents is Eugene V. McAuliffe, ASD(ISA).

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DEFENSE REPRESENTATIVE, IRAN

BACKGROUND:

In September 1975, the Defense Department, with State Department concurrence, established the office of and assigned a U.S. Defense Representative, Iran (DEFREP Iran).

DEFREP Iran is a civilian position with duty station in Tehran, Iran, and is authorized a staff of no more than eight (8) personnel.

Under the direction of and responsible to the U.S. Ambassador, the DEFREP Iran:

- Supervises and coordinates Department of Defense activities in Iran (excluding Defense Attache Office and Marine Guards which remain under direct Embassy supervision and military operational matters under the purview of the Joint Chiefs of Staff);

- Implements and coordinates Department of Defense positions in Iran within the framework of overall U.S. Government policy; and,

- Monitors arms sales programs and related activities.

DEFREP Iran normally communicates with the Secretary of Defense through ASD(ISA) and informs USCINCEUR, CJCS and DSAA as appropriate. The ASD(ISA) provides overall policy guidance to DEFREP Iran on behalf of the DOD.

With the exception of those specific DEFREP Iran responsibilities stated above, Chief, ARMISH-MAAG continues to serve as a member of the Country Team and retains responsibilities and authorities as provided for by current terms of reference and instructions, keeping DEFREP Iran fully informed. As additional duty, Chief ARMISH-MAAG is designated Deputy DEFREP Iran.

SECURITY ASSISTANCE TASK FORCE

1. Subject of Interest:

The Secretary of Defense has established a high level Task Force to review current arms transfer and security assistance operations.

2. Background:

On 28 October 1976 the Secretary of Defense signed a memorandum establishing a "Task Force to Review Arms Transfer and Security Assistance Operations". This concept originated in OASD/ISA/DSAA, and was intended to provide a comprehensive review of procedures used within the DOD for handling the Security Assistance program, to insure that these procedures "reflect policy, (and are) realistic, efficient and consistently applied". The Task Force consisted of the General Counsel as Chairman, the Assistant Secretary of Defense (Comptroller), the Principal Deputies to DDR&E and to the Assistant Secretaries of Defense (I&L), (ISA) and (M&RA), the Assistant Secretaries (I&L) of the Army, Navy, and Air Force, and the Director of the Joint Staff. In addition the Inspector General for Foreign Assistance of the Department of State was invited to have a representative sit with the Task Force. The Task Force was requested to present its final report, containing specific recommendations for changes needed in all areas of arms transfer and Security Assistance operations, to the Secretary by 20 December 1976.

3. DOD Position:

The original task force report was intended to examine DOD procedures in Security Assistance and present recommendations for improvement where required. Subsequently, the Chairman determined that this report would, in addition, provide a useful means for briefing the Transition Team on Security Assistance issues. Accordingly, on 4 November 1976 the General Counsel issued a memorandum to all members of the Task Force, setting forth a list of topics constituting the framework of the review which comprised all aspects of Security Assistance, including policy formulation, organizational structure, principles of operation, and management procedures. To the list of original members and participants several additional DOD elements were added as participants, including the Director, DSAA, the Joint Logistics Commanders, and the Director, Planning and Evaluation. In addition, at the request of the Secretary of the Air Force, the membership assignment for Air Force was shifted from the Assistant Secretary (I&L) to the Assistant Secretary (FM).

F-104 REPLACEMENT FOR NATO COUNTRIES

Subject of Interest

The five-nation F-16 Multinational Fighter Consortium (Belgium, Denmark, Netherlands, Norway and the US) will produce, procure and deploy a high-performance, standardized lightweight fighter aircraft to replace the aging F-104s.

Background

The four European participating governments (EPG) formed a four-nation consortium in 1973 to seek a common aircraft. In June 1975 the Europeans agreed to buy the F-16, which the US Air Force selected in January 1975 for its own inventory. This led to the formation of a new five-nation consortium, with the US participating, for the development, production and procurement of the aircraft.

The F-16, in its basic configuration for all five nations, incorporates advanced technology which produces excellent capabilities for both air-to-air and air-to-surface missions. Advanced radar will provide an adverse weather bombing capability in addition to beyond-visual-range target acquisition in air-to-air combat. Acquisition of the same aircraft by all five nations will contribute significantly to the much needed standardization of NATO forces and it will be capable of countering all known threat aircraft in the close-in air combat environment through the 1980s.

The Europeans will procure 302 (with options for 46 additional) and the US 650 aircraft. Two hundred fifty of the US aircraft will be stationed in Europe. The first of eight full-scale development aircraft now being produced under the existing preliminary contracting was rolled out of the General Dynamics plant in Fort Worth on October 20, 1976. It is scheduled for delivery to the Air Force in December.

The European aircraft industries of consortium countries will produce 40% of the procurement value of their own aircraft, 10% of the US aircraft and 15% of aircraft produced for third countries. In addition to production at the Fort Worth airframe assembly plant (15 per month), there will be production in Belgium (SABCA/Fairey) and in The Netherlands (Fokker) (combined production rate of six per month). Pratt & Whitney will assemble the F-100 engine (also used for the F-15) in the US, and Fabrique Nationale will assemble engines in Belgium. The European consortium countries will receive subcontracts for about 60 co-production items in airframe, avionics and engine hardware, modules and sub-assemblies.

DoD Position

The USG strongly supported selection by the EPG of the same lightweight fighter chosen by the US Air Force, thus permitting a major step

forward in standardization and logistic support among NATO allies. DoD is fully certifying the F-16 for nuclear capability. Production aircraft will have nuclear wiring in order to make possible the option of adding AMAC/PAL (DCU-201) controllers. However, each Government will have to make its own decision to equip its aircraft for nuclear capability.

CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE)

1. ISSUE

The DoD position on the implementation of the Conference on Security and Cooperation in Europe.

2. BACKGROUND

The Conference on Security and Cooperation in Europe concluded with a 35-nation summit meeting held in Helsinki from 30 July - 1 August 1975. At that time, an agreement (called the Final Act) was signed and covered four areas: (1) principles governing relations between states (including confidence-building measures); (2) economics, science, technology, and trade; (3) freer movement of people, ideas and information; (4) follow-up mechanisms.

The two major confidence-building measures (CBM's) agreed are: (1) prior notification of military maneuvers; and (2) exchange of observers at exercises.

As the CSCE Final Act is not a treaty, its terms are not legally binding. However, the circumstances surrounding the signing of the accord indicate that its terms are politically binding due to the commitment made by all signatories at the time. President Ford pledged the US to full implementation of the agreement and stated that the US was concerned more with the way in which signatory states implemented the agreement rather than with their statements about it.

With regard to CSCE confidence-building measures, the West has fully complied with the agreement. The Western allies made six maneuver notifications in 1975, including in such notifications all exercises above 25,000 (major maneuvers) and some below 25,000 (minor maneuvers). The West also invited Warsaw Pact observers to attend one of the exercises but there was no Pact response.

In 1976 NATO members made notification of seven major and minor exercises, and invited observers to four of these. No Warsaw Pact member nation has yet accepted an invitation to observe a NATO maneuver.

Since signature of the Final Act, the USSR has notified two major maneuvers, while Hungary has notified two minor maneuvers and Poland a major maneuver. Observers were invited to the two Soviet maneuvers and to the Polish exercise. No US observers have yet been invited to a Pact maneuver. Those who have attended report that they were allowed limited access to information and what activity they were permitted to observe appeared to be set-piece "demonstrations" rather than maneuvers as usually understood in the West. While the Warsaw Pact nations

have thus been less than forthcoming in implementation of confidence-building measures, there is however no evidence that they have violated the CBM terms of the agreement.

3. DoD POSITION

In the area of military confidence-building measures, DoD has been fully supportive of efforts to implement the CSCE agreement as a way of improving relationships between East and West, and is participating in preparation of the US position for the 1977 follow-on CSCE meetings in Belgrade.

OPERATION OF THE SINAI SUPPORT/FIELD MISSION

Issue/Problem: The Sinai Support/Field Mission presents no particular policy issue at this time. This is an information brief.

Background: The USG agreed to establish an early warning system in the Sinai as an integral part of the September 1975 Basic Agreement between Egypt and Israel (popularly called the "Sinai II Agreement"). A senior inter-agency group (State, ACDA, AID, CIA, DOD-ISA) under the auspices of the National Security Council coordinates and provides overall management for the Sinai Support Mission (SSM).

Public Law 94-110 authorized the assignment of not more than 200 American civilian volunteers to the Sinai to establish and operate an early warning station, the Sinai Field Mission (SFM). The SFM attained an initial operational capability on 22 February 1976. The Field Mission consists of four sensor fields (two at each end of the Giddi and Mitla Passes), three watch stations, and a base camp for housing the assigned personnel and providing administrative, communications and all other support.

The primary functions of the SFM are to:

- verify the nature of the operations at the Egyptian and Israeli surveillance sites in the Sinai;
- to monitor the passes in the early warning area;
- report the movement of any armed forces other than the United Nations Emergency Force into either pass or any observed preparation for such movement.

The Department of Defense provides logistical, technical and contract audit support, and has provided, on a fully reimbursable basis, the sensors, monitoring equipment and surveillance devices utilized by the SFM. Additionally, DOD provided, on a loan basis, the communications equipment used by the SFM during the initial period of operations.

DOD Position: DOD supports fully the SSM/SFM and has provided considerable assistance to the establishment of the missions, primarily in the area of technical and contractual support. It is fully understood that no DOD funds are to be utilized in this undertaking, that there will be no direct involvement by DOD personnel in the operation of the SFM, and that all Government Furnished Equipment (GFE) required by the SFM will be provided on a fully reimbursable basis.

STATUS OF UN PEACEKEEPING FORCES (ARAB-ISRAELI CONFRONTATION AREA)

Issue/Problem: There are no significant policy problems at this time (November 1976).

Background: Three UN-sponsored peacekeeping organizations are engaged in peacekeeping activities in the Middle East -- the UN Truce Supervision Organization (UNTSO), the UN Emergency Force (UNEF), and the UN Disengagement and Observer Force (UNDOF).

UNTSO. UNTSO was established in 1948 with an indefinite mandate. Observer personnel come from 17 nations and number about 300. The U.S. and the USSR furnish 36 personnel each. UNTSO conducts observatory/reporting operations unilaterally along the Israel-Lebanon border and augments UNEF and UNDOF in the Sinai and Golan. UNTSO is funded from the UN regular budget.

UNEF. UNEF was established in October 1973 under a 6-month mandate with periodic review for renewal. The force consists of seven national battalions totaling approximately 5,300 personnel. Permanent members of the Security Council (SC) are prohibited from providing forces. The UNEF supervises implementation of UN Security Council cease-fire resolutions in the Sinai.

UNDOF. UNDOF was established in June 1974 to supervise the cease-fire in the Golan Heights. UNDOF consists of two battalions and logistical units totaling approximately 1,200 men. Permanent members of the Security Council (SC) are prohibited from providing forces.

By UN resolution, the U.S. provides 28 percent of UNEF/UNDOF costs. In addition, the U.S. provided $3.1 million of nonreimbursable support during the start-up phase of UNEF and UNDOF and $10.0 million of nonreimbursable support to UNEF during the expansion of operations required by the Sinai II agreements.

DOD Position: DOD continues to support these forces by providing personnel to UNTSO and reimbursable logistic support to all three peacekeeping organizations. The US Army, as executive agent for the DOD, has managed the provision of all reimbursable and nonreimbursable support for both UNEF and UNDOF.

U. S. MILITARY IN NEASA REGION

1. See Attachment A for summary chart of DoD Military Personnel Strengths by area and country in NEASA region. Disparities between figures here and in other attachments explained by difference between assigned versus authorized and by changes subsequent to preparation of Attachment A.

BLE 309A.--DOD MILITARY PERSONNEL STRENGTHS BY COUNTRY--MILITARY FUNCTIONS--SUMMARY

As of September 30, 1976

Military Personnel

	Army	Air Force	Navy1/ Ashore	Navy Afloat	Navy Total	Marine Corps1/ Ashore	Marine Corps Afloat	Marine Corps Total	Ashore 1/	Afloat	Total
Total Personnel	787,668	583,[illegible]	321,000	206,781	527,781	180,011	9,840	189,851	2,[illegible],960	216,621	2,[illegible]
U.S., Territories & Special Locations	553,242	482,109	290,313	140,401	430,714	155,875	6,803	160,678	1,429,489	147,204	1,576,693
Continental U. S.	493,157	440,985	252,802	119,868	372,670	133,443	122	133,565	1,320,387	119,990	1,440,377
Alaska	8,885	11,160	1,686	-	1,686	142	-	142	21,873	-	21,873
Hawaii	18,037	6,161	10,531	9,728	20,259	4,174	38	9,212	43,903	9,766	53,669
Proj. Deep Freeze	-	-	64	-	64	-	-	-	64	-	64
Guantanamo	-	4	2,009	485	2,494	410	-	410	2,423	485	2,908
Guam	86	3,732	4,858	2,070	6,928	404	-	404	9,080	2,070	11,150
Johnston Island	75	53	-	-	-	-	-	-	128	-	128
Midway Island	-	-	806	-	806	-	-	-	806	-	806
Panama Canal Zone	6,562	1,842	330	-	330	125	-	125	8,859	-	8,859
Puerto Rico	359	68	3,328	310	3,638	493	-	493	4,348	310	4,558
Samoa (American)	1	1	-	-	-	-	-	-	3	-	3
Virgin Island (US)	3	1	-	-	-	-	-	-	4	-	4
Wake Island	-	5	-	-	-	-	-	-	5	-	5
Transients	26,077	18,097	13,899	4,601	18,500	9,634	-	9,634	67,707	4,601	72,308
Military Reimbursables	-	-	-	-	-	-	-	-	-	-	-
Other Afloat	-	-	-	3,339	3,339	-	6,643	6,643	-	9,982	9,982
Total Foreign Countries	329,426	101,172	30,687	66,380	97,067	26,186	3,037	29,223	387,471	69,417	456,888
Western Europe & Related Areas	191,429	68,254	13,553	39,439	52,992	2,596	1,649	4,245	275,832	41,088	316,920
Algeria	-	-	-	-	-	-	-	-	-	-	-
Austria	7	3	1	-	1	18	-	18	29	-	29
Belgium	1,309	588	112	204	316	13	-	13	2,022	204	2,226
Cyprus	3	1	-	-	-	7	-	7	11	-	11
Denmark	7	20	12	218	230	8	-	8	47	218	265
Finland	5	3	1	-	1	4	-	4	13	-	13
France	15	13	14	1,342	1,356	22	-	22	64	1,342	1,406
Germany	183,467	28,408	291	455	746	243	-	243	212,909	455	213,364
Gibraltar	-	-	-	-	-	-	-	-	-	-	-
Greece	671	2,448	534	-	534	3	-	3	3,656	-	3,656
Greenland	-	339	-	-	-	-	-	-	339	-	339
Iceland	3	1,087	1,951	-	1,951	114	-	114	3,090	-	3,090
Ireland	2	7	-	-	-	6	-	6	15	-	15
Italy	3,913	3,949	3,403	10,146	13,549	228	-	228	11,493	10,146	21,639
Libya	-	-	-	-	-	-	-	-	-	-	-
Luxembourg	-	-	-	-	-	2	-	2	2	-	2
Malta	3	-	2	-	2	-	-	-	4	-	4
Morocco	8	12	713	-	713	186	1	187	899	1	900
Netherlands	852	1,405	24	1,409	1,433	8	-	8	2,091	1,409	3,500
Norway	36	125	35	1,164	1,199	1,241	-	1,241	1,437	1,164	2,601
Portugal	68	935	340	-	340	1	-	1	1,344	-	1,344
Spain	34	5,165	3,706	11,090	14,796	203	-	203	9,108	11,090	20,198
Sweden	1	6	3	-	3	5	-	5	15	-	15
Switzerland	6	3	1	-	1	19	-	19	29	-	29
Tunisia	9	1	4	-	4	2	-	2	16	-	16
Turkey	1,071	5,561	71	1	72	14	-	14	6,717	1	6,718
United Kingdom	138	17,734	2,333	8,816	11,149	266	-	266	20,471	8,816	29,287
Yugoslavia	2	4	-	-	-	5	-	5	11	-	11
Other Afloat	-	-	-	4,594	4,594	-	1,648	1,648	-	6,242	6,242
Other Foreign Countries	37,997	32,918	17,134	26,941	44,075	73,590	1,388	24,978	111,639	28,329	139,968
(1) Near East & South Asia	922	663	1,427	-	1,427	177	-	177	3,189	-	3,189
Afghanistan	5	5	-	-	-	1	-	1	11	-	11
Bahrain	3	-	126	* -	126	-	-	-	129	-	129
Cambodia	-	-	-	-	-	-	-	-	-	-	-
Cameroon, United Rep. of	-	-	-	-	-	3	-	3	3	-	3
Chad	3	1	-	-	-	-	-	-	4	-	4
Diego Garcia	-	-	1,065	-	1,065	-	-	-	1,065	-	1,065
Ethiopia (Incl Eritrea)	31	21	33	-	33	26	-	26	111	-	111
Ghana	2	-	-	-	-	3	-	3	5	-	5
India	3	3	6	-	6	10	-	10	22	-	22
Iran	526	413	109	-	109	4	-	4	1,052	-	1,052
Israel (Incl Jerusalem)	22	15	7	-	7	35	-	35	59	-	59
Ivory Coast	4	-	-	-	-	6	-	6	10	-	10
Jordan	9	5	-	-	-	4	-	4	18	-	18
Laos	-	-	-	-	-	-	-	-	-	-	-
Lebanon	1	1	-	-	-	16	-	16	18	-	18
Liberia	8	1	5	-	5	5	-	5	19	-	19
Malagasy	-	1	-	-	-	-	-	-	1	-	1
Nepal	2	-	-	-	-	2	-	2	4	-	4
Nigeria	3	1	-	-	-	7	-	7	11	-	11
Pakistan	5	11	2	-	2	13	-	13	31	-	31
Saudi Arabia	165	191	20	-	20	5	-	5	381	-	381

* Crew of U.S.S. LaSalle (homeported Bahrain) - 372

Department of Defense
OASD(Comptroller)
Directorate for Information
Operations and Control
November 19, 1976

UNCLASSIFIED

TABLE 309A.--DOD MILITARY PERSONNEL STRENGTHS BY REGIONAL AREA AND BY COUNTRY--MILITARY FUNCTIONS--SUMMARY

As of September 30, 1976

Military Personnel

	Army	Air Force	Navy1/ Ashore	Navy Afloat	Navy Total	Marine Corps1/ Ashore	Marine Corps Afloat	Marine Corps Total	Ashore 1/	Afloat	Total
Senegal	-	-	2	-	2	8	-	8	10	-	10
Seychelles Islands	-	5	-	-	-	-	-	-	5	-	5
Somali Republic	1	-	-	-	-	4	-	4	5	-	5
South Africa	2	7	2	-	2	13	-	13	24	-	24
South Vietnam	-	-	-	-	-	-	-	-	-	-	-
Sri Lanka (Ceylon)	-	-	3	-	3	2	-	2	5	-	5
Thailand 2/	112	63	21	-	21	22	-	22	218	-	218
United Arab Republic (Egypt)	2	4	26	-	26	6	-	6	38	-	38
Zaire (Congo)	13	5	-	-	-	2	-	2	20	-	20
Other Afloat	-	-	-	-	-	-	-	-	-	-	-
(2) Western Pacific	36,438	31,280	12,724	17,819	30,543	23,058	1,388	24,446	103,500	19,207	122,707
Japan (Incl. Okinawa)	4,173	14,605	7,588	9,857	17,445	21,028	16	21,044	46,794	9,873	56,667
Philippines	143	8,858	4,501	7,094	11,595	1,981	-	1,981	15,483	7,094	22,577
South Korea	31,703	7,150	239	230	469	41	-	41	39,133	230	39,363
Taiwan	419	1,267	396	323	719	8	-	8	2,090	323	2,413
Other Afloat	-	-	-	315	315	-	1,372	1,372	-	1,687	1,687
(3) Other Pacific	57	307	511	7,355	7,866	36	-	36	911	7,355	8,266
Australia	10	254	409	-	409	5	-	5	678	-	678
Burma	3	3	1	-	1	3	-	3	10	-	10
Canton Island	-	-	-	-	-	-	-	-	-	-	-
Hong Kong	6	6	12	289	301	14	-	14	38	289	327
Indonesia	26	30	18	-	18	6	-	6	80	-	80
Malaysia	7	2	-	226	226	3	-	3	12	226	238
Marshall Islands	-	1	-	-	-	-	-	-	1	-	1
New Zealand	2	10	58	-	58	3	-	3	73	-	73
Singapore	3	1	13	-	13	2	-	2	19	-	19
Other Afloat	-	-	-	6,840	6,840	-	-	-	-	6,840	6,840
(4) Western Hemisphere	181	406	2,253	1,531	3,784	246	-	246	3,086	1,531	4,617
Argentina	5	10	7	-	7	14	-	14	36	-	36
Bahamas	-	2	187	-	187	3	-	3	192	-	192
Barbados	-	-	118	-	118	4	-	4	122	-	122
Bermuda	-	-	1,289	534	1,823	73	-	73	1,362	534	1,896
Bolivia	19	13	2	-	2	9	-	9	43	-	43
Brazil	30	25	27	-	27	20	-	20	102	-	102
Canada	7	272	445	-	445	8	-	8	732	-	732
Chile	8	6	10	997	1,007	8	-	8	32	997	1,029
Columbia	11	7	7	-	7	9	-	9	34	-	34
Costa Rica	2	-	-	-	-	4	-	4	6	-	6
Cuba	-	-	-	-	-	-	-	-	-	-	-
Dominican Republic	6	2	4	-	4	9	-	9	21	-	21
Ecuador	6	8	2	-	2	3	-	3	19	-	19
El Salvador	9	2	-	-	-	4	-	4	15	-	15
Guatemala	7	5	1	-	1	7	-	7	20	-	20
Haiti	3	-	-	-	-	4	-	4	7	-	7
Honduras	4	8	-	-	-	5	-	5	17	-	17
Jamaica	-	-	1	-	1	6	-	6	7	-	7
Leeward Islands	-	1	118	-	118	-	-	-	119	-	119
Mexico	8	4	2	-	2	12	-	12	26	-	26
Netherland Antilles	-	-	-	-	-	-	-	-	-	-	-
Nicaragua	12	3	2	-	2	3	-	3	20	-	20
Panama	6	2	-	-	-	13	-	13	21	-	21
Paraguay	9	5	1	-	1	4	-	4	19	-	19
Peru	4	9	8	-	8	7	-	7	28	-	28
St. Helena (Incl Ascension	-	1	-	-	-	-	-	-	1	-	1
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	-
Uruguay	8	5	4	-	4	6	-	6	23	-	23
Venezuela	17	16	18	-	18	11	-	11	62	-	62
(5) USSR and East Europe	22	17	2	-	2	24	-	24	65	-	65
Bulgaria	2	2	-	-	-	1	-	1	5	-	5
Czechoslovakia	1	3	-	-	-	4	-	4	8	-	8
Hungary	4	1	-	-	-	5	-	5	10	-	10
Poland	3	2	-	-	-	6	-	6	11	-	11
Romania	3	1	-	-	-	1	-	1	5	-	5
USSR (Soviet Union)	9	8	2	-	2	7	-	7	26	-	26
(6) Undistributed	377	245	217	236	453	49	-	49	888	236	1,124

1/ Ashore includes temporarily shore-based.
2/ Data reported by the military departments have been adjusted in OSD in order that the numbers listed for Thailand would agree with those provided by CINCPAC. Undistributed figures have been adjusted accordingly to balance.

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State-Defense Responsibilities

1. Subject of Interest

The interface between the Department of State and the Department of Defense in approving country requests for Foreign Military Sales.

2. Background:

The Arms Export Control Act gives the Secretary of State the responsibility for continuous supervision and general direction of all sales, and for determining whether there shall be (1) a sale and the amount thereof, and (2) a delivery or other performance under such a sale.

The Department of Defense is responsible for implementing the programs that State has approved.

State has not in the past reviewed each and every country request for a sale. Rather, the Department of State had developed a system for categorizing those particular requests which it wishes to review. "Category A" countries may request major weapon systems sales directly from the Department of Defense, and "Category B" countries request approval of sales of major defense equipment directly from the Department of State. Category A countries consist of NATO (except Greece, Turkey, Portugal and Iceland), Austria, Ireland, Sweden, Switzerland, Japan, Australia and New Zealand. All other countries and international organizations are designated as Category B. Also, the Department of State does not regularly review most requests from either Category A or B countries for spare parts, training and similar secondary items and services.

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FIELD ORGANIZATION FOR SECURITY ASSISTANCE

1. Subject of Interest. The Executive Branch has under intense review the structure and manning of MAAGs and similar organizations used for administering security assistance in the field.

2. Background. The 1976 International Security Assistance and Arms Export Act places a ceiling (34) on the number of Military Assistance Advisory Groups and similar organizations worldwide after September 30, 1976. The Act also requires congressional approval for continuing any such organizations after September 30, 1977, and bars the performance of any security assistance functions by Defense Attaches after that date. It permits the assignment of three military personnel to a US Embassy to carry out security assistance functions, with no limit on the assignment of number of civilians or TDY military personnel. The statute, in effect, required that the Executive Branch eliminate ten (10) MAAGs by September 30, 1976; DoD, with JCS concurrence, proposed that eleven (11) MAAGs be dispensed with. State and Defense thereupon phased out 11 MAAGs - Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, India, Costa Rica, Paraguay and Uruguay (bringing the total of MAAGs remaining to 33) - and replaced them with three-man elements, called "Offices of Defense Cooperation" (ODC).

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3. DoD Position. State and Defense are agreed on the mix of these organizations and manning that would best meet US needs worldwide. Their agreed proposal would reduce 1,438 US personnel to about 930.

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CENTRALIZED FINANCIAL MANAGEMENT OF FOREIGN MILITARY SALES

1. Subject of Interest: DEFSECDEF Clements on 9 September 1976 directed centralization of all foreign military sales (FMS) financial management.

2. Background: The decision to standardize and centralize the Army, Navy, and Air Force FMS billing, cash collection, and trust fund accounting activities resulted from five years of intensive study, analysis, and audit.

DEPSECDEF Clements on 23 December 1975 directed the establishment of a DSAA Joint Financial Management Office (JFMO) in Denver, Colorado, to standardize financial management of the FMS program, to consolidate FMS trust fund accounting, and to provide a single point of contact for foreign countries with financial and discrepancy problems. Subsequently, the Logistics Commanders of the military departments persuaded DEPSECDEF Clements that they were well on the way toward achieving the same results of standardizing billing and collecting procedures within the military departments under the direction and guidance of DSAA. Accordingly, DEPSECDEF Clements agreed to give the Logistics Commanders an opportunity to achieve standardization but emphasized that the DSAA JFMO would serve as a monitoring office.

By September 1976, standardization by the military departments had not been sufficiently achieved leading DEPSECDEF Clements to his directive to centralize FMS billing, cash collection, trust fund accounting, and administrative fee management at Denver, Colorado. The Air Force is designated as DOD executive agent for operating the centralized operation, referred to as the Security Assistance Accounting Center (SAAC), under the direction of the DSAA Joint Financial Management Office (JFMO).

3. DOD Position: Centralization of FMS financial activities at Denver will save the government and U.S. taxpayers millions of dollars in interest earnings as a result of more efficient financial management practices to be used by the JFMO; will provide for administration of the Congressional requirement to charge interest on delinquent debts in the most practical manner; assure complete standardization and uniformity of FMS accounting, billing, and reporting; improve DOD's ability to project FMS trust fund outlays for budget purposes; and provide a single point-of-contact for foreign countries.

Congressional Oversight of Security Assistance

1. Subject of Interest: FY 1978 Security Assistance legislation.

2. Background: During Authorization Committee action on the FY 1976/77 legislation, the House International Relations and the Senate Foreign Relations Committees were determined to bring about centralized control within the Executive Branch over, and increased congressional participation in, U.S. arms exports, government and commercial. In lieu of the draft bill sent to Congress by the President, the Committees proposed substantial changes in existing law. On April 28, 1976, Congress approved S. 2662, The International Security Assistance and Arms Export Control Act of 1976, constituting the most significant piece of legislation in the field of foreign military assistance policy since enactment of the Mutual Security Act of 1954. The President vetoed the bill on May 7, citing that it seriously impinges on his constitutional powers and objecting to specific restrictions on the Executive Branch's ability to carry out security assistance programs. No attempt was made to overturn the veto.

   The Congress subsequently passed a follow-up bill, H.R. 13680, which deleted some provisions (six Concurrent Resolutions, Annual Arms Sales Ceiling) and softened others in response to the President's objection. However, the bill retained provisions terminating the grant military assistance program (MAP) and all Military Assistance Advisory Groups (MAAG) by the end of FY 1977, unless specifically authorized by Congress. In addition, H.R. 13680 retained and expanded congressional authority, through passage of a concurrent resolution, to disapprove Foreign Military Sales

The Congress wants the Executive Branch to demonstrate its control over the Security Assistance program. It expects the State Department to espouse responsibility for the policy and program it recommends. The Congress look for a clean decision-making process related to foreign policy and security assistance. DOD may expect more requirements for centralization of program responsibility, as indicated by the Senate suggestion of central management for FMS billing and collecting.

3. DOD Position:

DOD desires to keep Congress fully informed concerning the scope and direction of our Security Assistance programs. We believe such dialogue is necessary for Congressional understanding of the programs. Accordingl we anticipate continuing requests from individual members or committees for formal or informal briefings.

MAP levels and MAAGs will require specific authorization and justificatio We consider that grant military aid, at greatly reduced levels and for a few countries, remains essential, particularly where U.S. interests cannot adequately be served by Foreign Military Sales alone. With regard to the MAAGs, we fully expect to justify their continuance on a country-by-country basis; however, the decision to retain or phase out a MAAG rests on the primary consideration of U.S. national interest.

We oppose a mandatory ceiling on military export sales. It not only would impose a massive and costly administrative burden on both the Executive Branch and industry, but also it abdicates the careful Congressional review of a proposed case on its own merits, already provided for in law, to the arbitrary chance effects of timing and dollar value of the proposed sale. Currently, at the direction of the State Department, we provide Congress informal, twenty-day advance notification of potential FMS transactions involving defense articles and services ($25 million or more), or major defense equipment ($7 million or more). Subsequently, upon Executive Branch concurrence, the statutory, thirty-day notification is made. If a concurrent resolution to disapprove the transaction is introduced, then requirements for additional information and hearings are likely. This process, rather than an arbitrary ceiling, provides an adequate means for FMS program direction and control.

In summary, the provisions of the AECA essentially are untried. The Congress should permit the new system to develop and work before additional administrative burdens are imposed. Executive Branch flexibility in security assistance should not be reduced. DOD, with State's cooperation, is willing to consult with the Congress and ensure the primacy of U.S. national interests.

AGENT'S FEES

1. Subject of Interest:

The use of foreign marketing agents by U.S. Defense contractors in connection with overseas sales has been an issue of interest to the DOD and Congress and has been the subject of Congressional inquiry.

2. Background:

U.S. contractors have over the years often contracted with local representatives or "agents" to provide information, administrative arrangements and points of contact which would be of assistance in conducting business overseas.

These arrangements normally are of an informational nature, providing data on activities in the local area which management at a remote "home office" could use to determine specific actions to be taken.

The Armed Services Procurement Regulations (ASPRs) have for many years recognized legitimate agent's activities and have provided for reimbursement to the contractor when the DOD contracting offices can establish that these agency relationships are bonafide, that fees are reasonable, that the costs are properly allocable to the contract involved and that no improper influence is involved in the transaction.

3. Current Status:

In 1975 DSAA adopted a policy of full disclosure of agent's fees to purchasing governments, and issued guidance to the Military Departments requiring that, they provide, as a part of each FMS offer wherever an agent's fee is involved, (a) the name and address of the agent, (b) the estimate of the proposed fee, and (c) one of the following statements: (1) they consider the proposed fee to be fair and reasonable, (2) they consider that only a portion of the proposed fee is fair and reasonable (together with the rationale for this determination), or (3) they cannot determine the reasonableness of the proposed fee.

The DOD ASPR Committee has revised the ASPR to formalize this policy throughout the DOD. Meanwhile, OASD(I&L) has published a separate Defense Procurement Circular on Australia, Iran, Israel, Japan, Jordan, Kuwait, Pakistan, and Saudi Arabia indicating that, as a result of requests from these countries, the DOD will not allow payment of any agent's fees in connection with their FMS purchases, unless specific written approval is obtained prior to contract signature.

Section 39 of the Arms Export Control Act requires that industry report to the Department of State on "political contributions, gifts, commissions and fees paid or offered or agreed to be paid, by any persons in connection with" US Government or direct commercial sales of US defense articles and services. The Department of State has since amended the International Traffic in Arms Regulation to provide for such a report.

Since the institution of the full disclosure policy there have been no new FMS cases in which major agent's fees have been proposed.

PRICING OF SECURITY ASSISTANCE TRAINING

1. Subject of Interest

Both Appropriations Committees of Congress have stated that they have no recourse except to reduce DoD appropriations if the DoD continues to collect less than what they believe is the full cost of training foreign military students.

2. Background

Prior to the issuance of revised DoD guidelines on 5 November 1975, the Military Departments used various methods of establishing training tuition rates. These new pricing procedures resulted in a substantial price increase for most Air Force and Army FMS courses. Minor adjustments were experienced with Navy courses.

Over the past year, we continued the review of the pricing policy and found that it went beyond recovery of full costs. Therefore, an amendment to the pricing policy was issued on 28 September 1976 which resulted in a 20-30% reduction in FMS tuition rates established by the November 1975 policy. The amended guidelines will be applied to Grant Aid training on 1 October 1977. The Appropriations Committees were notified of this change. They replied that the November 1975 policy complied with their intent to recover full costs and, if the DoD persisted in revising the tuition rates downward, they would have no recourse other than to reduce DoD appropriations.

3. DoD Position

The tuition rates are now based on costing formulas and allocations which are reasonable and appropriate for the recovery of costs. Although these changes result in a reduction in tuition prices for most courses, they will still be substantially higher than those under the policy prior to the November 1975 guidance. In addition, there are numerous intangible benefits which accrue to the U.S. from the security assistance training program. These benefits are not included in the tuition pricing calculations since it is extremely difficult to quantify the value of such benefits. Examples are:

- -- Lowers the requirement for U.S. deployed forces.
- -- Supports NATO rationalization efforts, i.e., makes more effective and efficient use of available defense resources.
- -- Influences foreign policy philosophy of participating nations.
- -- Provides a mobilization base for expansion during contingencies.
- -- Maintains proficiency of U.S. instructors in peacetime at minimum cost to the U.S.

TRAINING COSTS FOR NATO NATIONS

1. Subject of Interest

The Senate Appropriations Committee (SAC) has threatened to reduce Defense Appropriations if NATO nations are charged less than the full training costs by the U.S., even though the Arms Export Control Act of 1976 authorizes the President to do so.

2. Background

In 1974, the U.S. was unable to ratify a NATO agreement on financing of training because it provided for reduced charges on the basis of reciprocity; U.S. law at that time required charging full costs. At the request of the DoD, a provision was enacted into law in the Arms Export Control Act which allows the President to enter into training agreements based on reciprocity with NATO nations and, through such agreements, to exclude certain elements from tuition rates (i.e., indirect costs, administrative surcharges, and billeting costs over and above those charged U.S. students).

In its report on the Defense Appropriations Bill, 1977, the SAC stated that it does not agree with the new section of the law and if DoD implements it they will cut DoD appropriations accordingly.

3. DoD Position

The U.S. should enter into such an agreement since it would facilitate the establishment of joint NATO training projects and would demonstrate U.S. interest in, and help to maintain the momentum of this important NATO rationalization effort to make more effective and efficient use of available defense resources.

Diversion of Department of Defense Equipment To Meet Security Assistance Needs

1. Subject of Interest:

There are infrequent occasions when foreign policy and national security goals dictate the DOD consider providing DOD equipment from inventory sources to fill Security Assistance requirements.

2. Background:

Under normal circumstances, Military Departments fill Security Assistance materiel requirements from production utilizing normal production lead times, unless such materiel requirements can be met from DOD inventory without an undesirable effect on the combat readiness of US forces.

In major weapon system acquisition planning, the DOD attempts to take into account anticipated foreign military sales in planning production capacity and long term procurement rates. We usually have the industrial capacity to produce at a rate that will meet DOD needs,and those of our allies concurrently. This also has additional advantages for the U.S. since it provides a broader production base and sometimes offers economies in our procurement, while providing our allies with a greater military capability at an early date.

There are occasionally instances when national security considerations and foreign policy objectives indicate a requirement to deviate from this DOD policy by expediting delivery of equipment to a foreign purchaser. Virtually all past equipment diversions under FMS which significantly impacted U.S. readiness have been for Israel, either during the October 1973 War or its aftermath. Section 21(h) of the Arms Export Control Act now requires a report by the President to the Congress if a sale could have a significant adverse effect on the combat readiness of the armed forces of the U.S. We continue to receive indications of Congressional concern (particularly from the Armed Services Committees) over FMS requirements interfacing with DOD readiness. The fact is that equipment diversions have been minimal since the beginning of FY1976, and present DOD policy is sufficient to assure that we will not deplete our forces unnecessarily to meet Security Assistance needs. We have continuing need to make this clear to the Congress and its staffers.

3. DOD Position:

Meeting foreign security assistance requirements through diversion of DOD inventory assets on hand, or from systems being produced to equip our units is not our normal way of supporting foreign requirements. Requests for diversion from

DOD inventories are reviewed on a case-by-case, item-by-item basis. We must consider the urgency and circumstances,and the effects that the proposal would have on the readiness of our own forces. In conjunction with the State Department, we must consider the foreign policy objectives which could be met by authorizing the diversion.

Military Departments are afforded the opportunity to provide statements to reflect the degree of impact which such diversion would have on its readiness. The final decision to divert military equipment for Security Assistance requirements, when Military Departments advise that such diversions would have an adverse impact on our force readiness, is made by the Secretary or Deputy Secretary of Defense.

RELEASE OF TECHNOLOGY IN SECURITY ASSISTANCE

1. Subject of Interest: The release of technology in Security Assistance is subject to review by senior OSD and Service officials to assure our advanced technology and operational capabilities are protected.

2. Background: Release of technology and first line equipment for Security Assistance was reviewed during July 1975 by an OSD/Service Committee. An indepth study of the procedures and controls DDR&E and the Services exercise was conducted. The Committee examined present procedures and possible options to strengthen safeguards and release procedures. It found that much is already being done to protect advanced technology and unique military capabilities. Such procedures as phased release of technology, progressive release starting with an older model, manufacture of a less capable "export model", release to NATO only, release to non-NATO countries on a case-by-case basis, co-production limited to older models, and improved models withheld until system maturity is achieved already were being followed.

After reviewing the study results and proposed options, the Secretary of Defense directed that the Services establish an FMS Steering Committee of senior officials to review their first line equipment Foreign Military Sales (FMS) programs in the following areas:

- Release of technical data
- System availability for FMS
- Equipment or capability to be withheld
- Progressive release, phased release and export model considerations
- NATO/non-NATO release
- Benefits of FMS to U.S. national interests
- Delivery and support considerations in relation to equipage of U.S. forces.

In addition, each significant FMS proposal will be reviewed to insure that it:

- Meets but does not unnecessarily exceed the foreign country's actual needs.
- Is compatible with the foreign country's stated requirements and estimated capabilities to operate, maintain and support.

- Includes all elements necessary for a complete and supportable system.
- Is within Service capabilities to implement in a timely and economical manner.

3. DOD Position: Effective procedures exist within DDR&E and the Services to protect advanced technology and unique military capabilities in the Security Assistance program.

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NATO AIRBORNE EARLY WARNING (AEW) PROGRAM

1. Subject of Interest: The United States is producing the E-3A to provide an overall airborne air surveillance capability with command, control and communications functions. Negotiations are on-going for the sale of this aircraft to NATO.

2. Background: The E-3A, or AWACS, is an electronics system housed in a modified Boeing 707-320B airframe topped with a 30-foot rotating radome. The E-3A can detect and track aircraft at high and low altitudes, over both land and water over extended areas; its clutter-cancelling surveillance radar is the most ECM-resistant radar yet made.

NATO's commitment to an AEW system has been growing steadily. There is recognition within the Alliance of the increasing low level threat to NATO Europe and the inability of the Alliance to counter it. The net result is a continuing erosion of NATO's deterrent posture. NATO nations are now at the point of an AEW procurement commitment.

-- In 1972 NATO nations accepted the recommendation of the International Tri-Service Group on Air Defense that an AEW capability was essential for solving deficiencies in the detection and tracking of low level aircraft.

-- Subsequent NATO groups under the Conference of National Armaments Directors (CNAD) also supported the E-3A.

-- In May 1975 both the Defense and Foreign Ministers of NATO approved a contract definition phase for NATO AEW and established a provisional, internationally manned program office to manage it.

-- Importantly, the NATO Military Committee endorsed a NATO AEW force as an urgent priority-one requirement.

-- In December 1975, the NATO Defense Ministers acknowledged the Military Committee's views, approved continuation of contract definition activities and endorsed activities to be funded by interested NATO nations that would preserve NATO's options for procurement of the aircraft.

-- In February 1976, NATO formally requested an initial Letter of Offer for 20-32 aircraft.

-- In June 1976, DOD submitted a preliminary unsigned LOA to appropriate NATO offices to help them prepare for the June DPC meeting, during which NATO ministers agreed that lower

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cost program options should be prepared for consideration at their December 1976 meeting.

-- The NATO program office then submitted a request for proposal for 27 aircraft with[ ]specifications on configuration, production rate and industrial collaboration by our Allies. The Boeing response to NATO's request for proposal has been incorporated into the Planning and Budgetary (P&B) data for use by NATO offices in preparing for the 6-8 December 1976 DPC meeting.

3. DOD Position: That the NATO AEW requirement is urgent and warrants a positive procurement decision as soon as possible.

Major reasons include:

-- only available means to effectively counter low-level threat and ensure adequacy of Alliance's deterrent posture into the 1980's and beyond. Failure to act now could delay acquisition of such a capability for years.

-- provides a multiplier effect for existing tactical systems and permits commanders to most effectively employ assets through the E-3A provision of "big picture" information to high level military and political authorities.

-- the US attaches great importance to "crisis-management" capability of the NATO AEW. Warning time greatly improved.

-- would unmistakably demonstrate common resolve to meet rapidly increasing Warsaw Pact military capability.

F-16 AIRCRAFT PROGRAM

1. Subject of Interest: The United States and European Participating Governments (EPGs); including Belgium, Denmark, The Netherlands and Norway; will co-produce, procure and offer for third country sales the F-16, a high performance, standardized lightweight fighter aircraft.

2. Background: In 1971, the USAF decided to develop competing prototype lightweight aircraft that would incorporate emerging aerodynamics technology. In 1973, Belgium, Denmark, The Netherlands, and Norway formed a four nation Consortium to seek a common aircraft to replace their aging F-104Gs. In January 1975, the USAF selected the YF-16; in June the European Consortium also selected the F-16. This led to the formation of a new five nation Consortium for the development, production and procurement of the aircraft.

The F-16 has excellent air-to-air and air-to-surface capabilities with the capacity to counter all known threat aircraft in the close-in air combat environment through the 1980s. Procurement of the same aircraft by five nations will contribute significantly to much needed standardization of NATO forces.

The US Air Force plans to procure 650 F-16s stationing 250 in Europe. Initially, the European Participating Governments (EPGs) will procure 302 aircraft, with options to buy an additional 46. The co-production program calls for the Europeans to produce, by procurement value, 40% of their own aircraft, 15% of those sold to third countries and 10% of the US aircraft. Co-production arrangements contemplate that certain manufacturing and assembly work will be done in each of the four European countries. The Europeans will assemble the aircraft in The Netherlands and Belgium, while the USAF aircraft assembly will take place at General Dynamics, Fort Worth, Texas. European engines will be assembled in Belgium.

US contractors are working with representatives of industrial concerns in the EPG looking toward EPG sub-contracts for

about 60 items in the airframe, engine and avionics. As of 1 Nov 1976, the following European sub-contracts have been signed:

- Belgium - $939M; 87% of total items
- Denmark - $19M; 13% of total items
- Netherlands - $277M; 85% of total items
- Norway - $195M; 65% of total items

The aircraft development program is on schedule and within cost guidelines, but there are potential problems. One is the placement of radar co-production contracts in Europe. Initial European radar price estimates are too high and if accepted would jeopardize overall cost goals. If the radar contracts are not placed by February 1977, the overall production schedule will probably slip. There is one other problem that may affect costing. The EPGs want the US to absorb common provisioning costs of about $8M within the US 2% administrative charge.

3. DOD Position: DOD believes that radar contracts should be placed at prices that would not increase the F-16 cost above the not-to-exceed (NTE) price of $6.09M, and that common provisioning costs should not be paid from the US 2% administrative charge.

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F-16 AIRCRAFT FOR IRAN

1. (C) Subject of Interest: Iran has requested that the USG sell them 160 F-16 aircraft under FMS to include spares, ground support equipment, maintenance support and training. Total estimated cost is $3.8 billion in then-year dollars.

2. (C) Background: After the U.S. Air Force had made the decision to procure the General Dynamics F-16 over the Northrop F-17, the Government of Iran (GOI), in June 1975, requested a purchase of 160 F-16's and indicated an interest to procure more later. Before a letter of offer could be prepared, it was necessary to develop a master plan for the F-16 program to chart production, delivery, availability of logistic support, and training for the USAF buy, the European Consortium buy and other potential sales. On 16 March 1976, the GOI detailed their plan for procuring and operating 160 F-16 aircraft (136 F-16A's and 24 F-16B two-seat training aircraft) and stated their intention to procure an additional 140 F-16's later. Advance notification of the sale of 160 F-16's was given to the Congress on August 27, 1976 and formal notification on September 1, 1976. On September 16th a hearing was held by the Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations on the proposed sale to Iran. Under Secretary of State Habib and Deputy Secretary of Defense Ellsworth were the principal witnesses. There was no objection to the sale by the Congress and in October 1976 a letter of intent was signed between the GOI and the USG in which the GOI provided $41 million in obligation authority for long-lead items while the defiritive letter of offer is in final preparation.

3. (C) DOD Position: DOD does not object to the purchase by Iran of the F-16 aircraft.

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F-18L FOREIGN MILITARY SALES PROGRAM

1. Subject of Interest: The Northrop Corporation plans to develop, produce, and offer for Foreign Military Sales a land-based derivative of the F-18A which McDonnell-Douglas is developing for the U.S. Navy.

2. Background: Northrop Corporation has designed a land-based derivative of the F-18A, designated the F-18L, for sales abroad. The major differences between the F-18A under development for the U.S. Navy and the land-based F-18L include the elimination of carrier-oriented hardware, wing redesign, and simplified radar and avionics.

Since we have not programmed the F-18L for our forces, funds for the F-18L full scale development would have to come from sources outside the US Government.

There could be advantages to the Navy F-18A program as a result of the economies of scale derived from the increased production rate of many components of the F-18L which would be common with the Navy's F-18A.

On 12 September 1976 the Iranian Vice Minister of War wrote Secretary Rumsfeld, stating that the Imperial Iranian Air Force has a requirement to replace its existing F-4s starting in 1982 and that it has determined that the F-18L will best fulfill this requirement. He requested a Letter of Offer and Acceptance (LOA) for 250 aircraft and authorized the release of $8 million to cover additional design and procurement of long lead time items. We replied that his proposal is under review within the US Government.

The Iranian proposal raises a number of issues. There are some questions from a technical view whether the Northrop program is well-enough defined to warrant the US undertaking FMS responsibilities for a major weapons system not programmed for US forces.

3. DOD Position: The Defense System Acquisition Review Council (DSARC) has under review the feasibility of proceeding with a FMS program for an F-18L. After its initial study, the DSARC concluded that it needed more data regarding performance,

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cost and schedule, and the adequacy of the business plan. This will entail a fairly extensive study effort, which should be funded by the Iranian Government since the US has no plans to purchase the F-18.

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EXPECTED ARMS PURCHASE REQUESTS FROM IRAN AND PAKISTAN

1. (U) Subject of Interest: Both the Governments of Iran (GOI) and Pakistan (GOP) have expressed interest in future defense equipment purchases.

2. (U) Background: The Embassies, MAAG, or Defense Representatives in both countries receive expressions of interest or formal letters of intent (LOI's) for equipment buys. Before responding to formal requests, DOD obtains necessary concurrence from the Department of State, to confirm that release of the equipment is in accord with U.S. foreign policy and national security interests.

3. (U) DOD Position: The DOD implements foreign military sales requests after the State Department has approved the sale, and the value thereof. The DOD also procures military equipment for approved FMS cases in a manner which permits integration with Service programs.

CONTRACTED IRANIAN WEAPONS PURCHASES VERSUS DELIVERIES

1. (U) Subject of Interest: The USG contracts for the purchase of military equipment by the Government of Iran (GOI) by means of Letters of Offer/Acceptance (LOAs). This paper lists concluded sales in which the USG has yet to complete deliveries.

2. (U) Background: The GOI began purchasing the majority of military items in FY 1973, to the amount of $2.1 billion. In 1974, it purchased $4.2 billion, then $2.5 billion in 1975, tapering off to $1.3 billion in 1976. After the GOI accepts the purchase terms by signing an LOA, the USG procures and delivers equipments in accordance with the contract terms, which schedule may extend over several years due to new production or long-leadtime procurement of system components.

3. (U) DOD Position: The U.S. equipment-cognizant service component performs the contract terms of an executed LOA, in accordance with DOD directives and as supervised by the Defense Security Assistance Agency (DSAA). The service component monitors procurement and delivery by its own command elements or by contractors, advising both DSAA and the GOI of delivery particulars, slippages, etc.

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INFORMATION PAPER

SUBJECT: Advanced Fighter Aircraft for Saudi Arabian Air Force (RSAF)

BACKGROUND:

In October 1975 the advanced fighter team briefed HRH Prince Sultan and other key members of the Saudi Arabian Government on the F-14, F-15, and F-16

DOD POSITION:

Classified by: Dir, Security Assistance Operations, DSAA
SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF EXECUTIVE ORDER 11652 AUTOMATICALLY DOWNGRADED AT TWO YEAR INTERVALS; DECLASSIFIED AFTER DECEMBER 31, 1987

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REPLACEMENT FIGHTER AIRCRAFT (FX)
FOR THE JAPAN AIR SELF DEFENSE FORCE (JASDF)

1. Subject of Interest:

The Japanese Defense Agency (JDA) requires a new fighter aircraft, which along with the F4E/J currently being licensed produced in Japan,

The JDA has announced selection of the McDonnell Douglas F-15 aircraft for this role.

2. Background:

The JDA has completed an intensive study designed to select the next mainstay fighter for entry to JASDF inventory The FX evaluation officially started in 1975 with a data gathering tour of seven of the Free World's aircraft manufacturers by a team of JASDF officers. This evaluation resulted in the selection of the U.S. F-14, F-15, and F-16 aircraft as finalists in the Japanese selection. The three U.S. contractors provided the JDA with detailed data on the aircraft and answered questionnaires submitted by the JDA. In addition, JASDF pilots have flown the F-14 and the F-15.

The Director General of the JDA has sanctioned the selection of the F-15 aircraft.

At JDA request, the DOD sent a team to Japan (29Nov-3 Dec 76) to discuss pro-rata R&D charges and planning and budgetary data for the F-15.

The Japanese are currently manufacturing by license the F-4E/J under the terms of a coproduction Memorandum of Understanding signed by our respective governments in 1969.

3. DOD Position:

JDA introduction of the FX aircraft into their defense forces is in keeping the U.S./DOD desires that JASDF enhance their air defense capabilities. The selection of a U.S. designed aircraft by JDA also advances standardization among our respective forces.

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JDA forces to work more closely together,

We want Japan to achieve state-of-the-art capabilities as rapidly as possible with a system that is compatible with the Seventh Fleet and the P3C is the path toward that goal.

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ANTISUBMARINE WARFARE (ASW) AIRCRAFT
FOR JAPAN SELF DEFENSE FORCES

1. Subject of Interest:

The Japanese Self Defense Forces require modern ASW aircraft to replace their outdated P2J ASW aircraft.

2. Background:

Japan's studies for the P2J replacement included consideration of all eligible foreign ASW candidates, French Atlantique, British NIMROD and U.S. P3C, as well as domestic development of an ASW aircraft designated PXL. The Japanese Defense Agency (JDA) has now been evaluating the U.S. P3C for the past four years. During this time numerous DOD and contractor P3C briefings have taken place in Japan and the U.S. and we have released considerable quantities of technical P3C data.

3. DOD Position:

The adoption of the P3C by the JDA would result in a standardization of equipment which would enable U.S. and

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JDA forces to work more closely together,

We want Japan to achieve state-of-the-art capabilities as rapidly as possible with a system that is compatible with the Seventh Fleet and the P3C is the path toward that goal.

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TO KOREA

1. Subject of Interest

The Republic of Korea has a requirement for defense against North Korean attack.

2. Background:

U.S. policy is to assist the Republic of Korea (ROK) to acquire sufficient weapons to defend against a North Korean attack. The U.S. agreed to support a force modernization program for the ROK through FY 1977 totalling $1.5 billion. As part of this program, the U.S. has provided F-4E and F-5E aircraft to the ROK. The ROK has requested for use with these aircraft.

3. DOD Position:

DOD, with State Department concurrence, has agreed to release

kits to the ROK. An exception to National Disclosure Policy has been authorized. The USAF is conducting a study of possible follow-on for Korea.

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UTILIZATION OF FMS CREDIT

1. Subject of Interest:

Utilization of Foreign Military Sales (FMS) Credit and FMS Guaranteed Financing.

2. Background:

Normal US policy has been to limit the use of FMS credit to financing of only major investment requirements along with concurrent spare parts, initial training and initial supporting equipment. This required countries to pay cash for the purchase of all subsequent follow-on training and spares and supporting items and services. There was no policy distinction made between various countries' financial condition, capability to maintain equipment, or sophistication of in-country logistics support systems. Nor was there any distinction made regarding the timing of the countries termination from the Grant Aid material or training programs.

Commencing in early 1976 Defense advised State on several occasions of its belief that FMS credit use policy must be redefined to permit financing operations and maintenance (O&M) requirements on a selected, but more general, basis. We believe that FMS credit use policy must be an expression of overall USG interests and must be flexible enough to provide maximum benefits to the USG. We considered that the policy as it was being rigidly enforced provided too much encouragement for less developed nations to purchase first line weapons systems rather than to improve the utilization of available resources, particularly in Latin America. Further, the limited amount of credit financing available to many countries precludes its use for major investment purposes.

In October 1976, following considerable discussions and inter-agency coordination, State issued to field organizations for the first time a comprehensive statement of credit use policy. This basically reiterated the policy mentioned above but did include recognition of particular circumstances which could warrant exceptions. The cable also requested that embassies brief host countries on the basic policy, exception criteria and procedures. Importantly, the policy was established that the USG was prepared to be particularly forthcoming in granting exceptions for properly documented requests from Latin American governments.

3. DOD Position:

Defense viewed the policy statement as the best compromise practicable. We, therefore, concurred in issuance of the cable. The Defense position is to continue to press for further liberalization of the policy.

ECONOMIC IMPACT OF EXPORTS OF DEFENSE-RELATED ARTICLES AND SERVICES

1. Problem or Issue

What is the impact on the US economy of US transfers of defense-related articles and services?

2. Background

US transfers of defense-related articles and services have important effects on the US domestic economy, including employment and manufacturing activity, the US balance of payments, procurement costs for the US armed forces, the US mobilization base, our ability to meet US and foreign requirements simultaneously without adversely affecting US force readiness, and indirectly, on our ability to export non-military goods and services to countries receiving defense transfers.

Some of the effects of US defense transfers are clearly beneficial; others are less clearly so. At times, judging the advisability of defense transfers may involve difficult problems in assessing near-term benefits versus possible long-term costs. Since no single criterion exists, it is necessary to examine the implications of each of the main effects of US defense transfers on the US domestic economy.

a. Employment

The Bureau of Labor Statistics has estimated that each $1 billion of annual defense purchases from the private sector results in an average of about 50,000 jobs. Assuming an employment multiplier of 1.5 to 2, the $5.9 billion in defense transfer deliveries in FY 1975 (FMS, MAP, MASF, and commercial sales) generated from 443,000 to 590,000 jobs during FY 1975.

b. Balance of Payments

Only those parts of total military transfers that are not grant aid (i.e., FMS and commercial sales) have a positive effect on the overall US balance of payments and help to offset the foreign exchange cost of US defense expenditures abroad entering the international balance of payments. Non-grant defense transfers amounted to about 3.7 percent of US total economic exports in FY 1975, or about 76 percent of US defense expenditures entering the international balance of payments.

c. Gross National Product

Total US military materiel and services deliveries are less than one-half of one percent of GNP and therefore have relatively little impact on aggregate economic output. However, total defense deliveries

(grant plus non-grant) are significant as a percentage of both US total economic exports (5.5% in FY 75) and total defense expenditures (6.9% in FY 75). As stated above, total non-grant deliveries also are large enough to be significant as a share of US total economic exports (3.7% in FY 75).

d. Non-Military Exports

It is fairly clear that a linkage exists between US military exports and a recipient country's propensity to import non-military US foods and services, but this linkage cannot be quantified. Foreign countries come to the US for military equipment and services because they can expect to obtain a quality product. But the US does not make these sales conditional on the recipient's buying non-military products, as other countries are known to do.

e. Effect on Deliveries to US Forces

Actual production and delivery of defense articles and services normally take place several years after the materiel has been ordered and approved for transfer. Provided that sufficient production line capacity exists, and projected and programmed deliveries to US forces are not disrupted, there is no need to delay delivery to foreign customers until all US force requirements have been met. To the contrary, for practical reasons (e.g., budgetary resources, training, engineering modifications), it almost always is necessary to phase US requirements over several or many years, and simultaneous production for foreign countries often is helpful, if not essential, for economical production runs.

If a decision is made to provide materiel from DoD stocks, and not from production, that decision must be reached on the basis of risk assessment and the national interest. It should not be assumed automatically that adequate supplies of high demand military equipment are in DoD inventories or in production to meet immediate and competing worldwide needs. In some cases, arms orders can help to maintain a warm mobilization base for certain items which, in times of crises, could be used to help meet US needs.

f. Mobilization Base and Price/Cost Factors

Production for export helps to maintain a mobilization base by helping to avoid idle or underutilized capacity, and to maintain total production above domestic requirements, thereby providing reserve capacity for emergency use. Export demand helps to keep together skilled and experienced labor, and by keeping some production lines open makes it possible to avoid large start-up costs and to expand production for specific items rapidly during an emergency. Export demand fosters lower unit cost, therefore more economic buys, and in some cases, the ability to procure at all for US force requirements. Foreign orders also contribute significantly to DoD flexibility in managing or allocating the

total output of critical production runs. With reference to pricing and costs, longer, expanded, and level production runs inevitably result in lower unit costs for both the US and the foreign buyer.

g. CBO Analysis -- Impact of FMS

In a recent analysis, the Congressional Budget Office (CBO) estimated that if FMS were banned starting in FY 1977, the FY 1981 GNP would be lower by approximately $20 billion. The cumulative loss in GNP from 1977-81 would be over $51 billion. By 1981 the unemployment rate would be approximately 0.3 percent higher than otherwise projected, and the total number of jobs would be about 350,000 lower. Finally, by FY 1981, a ban on FMS would result in a decrease in net exports of approximately $7.5 billion. In another analysis, the CBO estimated that -- based on the current mix of sales of weapons, services, and construction -- an $8 billion sales program, on the average, generates $560 million in savings annually for the DoD.

3. DoD Position

Economic factors are not the determining element for DoD's position on US defense transfers. These transfers are justified primarily on security and foreign policy grounds. Nevertheless, US defense transfers do affect the US domestic economy beneficially in the form of increased employment, manufacturing activity, lower procurement costs for US forces, and the maintenance of a warm mobilization base. They also contribute to total US exports and have a positive effect on the US balance of payments.

IMPLEMENTATION OF BUCY REPORT

Issue

How should the recommendations of the Defense Science Board's Task Force (The Bucy Report) on export controls be accepted and implemented?

Background

In 1974, as a result of growing concern in the Department of Defense over the possible loss of strategic technology through the increasing flood of Soviet "commercial" visitors to U.S. plants producing some of our most sophisticated equipment, e.g., integrated circuits, the Defense Science Board was asked by DDR&E and the ASD(ISA) to set up a task force to determine how technology is transferred from one country to another and what kinds of technology most need to be controlled in terms of our national security. For example, how much technology actually is or can be acquired by a walk through the "center aisle" of a plant, how much through a brochure or a sales proposal, how much in a technical assistance contract? These were among the questions the Defense Science Board's Task Force, chaired by J. Fred Bucy of Texas Instruments, was called upon to answer.

The Bucy group issued its report in March of 1976. Its principal findings were that: 1) production technology was the crucial item to be protected, 2) "revolutionary" developments were more important than "evolutionary" ones, and 3) the extent to which transfers of such technology occurs is directly proportional to the amount of personal contact - as opposed to exchange of documentary material - which is involved. The Bucy report makes some twenty-five recommendations in all. About ten have to do with the evaluation of technology; the remainder deal very largely with the administration of export controls. The Bucy task force - as its report explicitly states - did not study the control system closely. It is, however, the recommendations of the report on the administration of export controls which is making the report controversial and difficult to implement.

On March 19 Mr. Bucy briefed Deputy Secretary Clements on the findings of the Task Force and at DDR&E's suggestion, DDR&E was given the task of implementing the report. Subsequently, in testimony before the House International Relations Committee, Mr. Clements promised that Defense would complete its review of the Bucy report promptly and within a few months implement those portions of it which were determined to be feasible.

ACCOUNTING AND STATUS DETERMINATIONS
OF PERSONNEL MISSING IN SOUTHEAST ASIA

1. Issue

The basic issue for DoD regarding our PW/MIAs is the dilemma of the commitment to the fullest accounting possible from the Communist governments in Southeast Asia while asserting that the Secretaries of the Military Departments are obligated to review the cases of those missing to determine their current status under the provisions of 37 U.S.C. 551-558. The only relationship between an accounting and status reviews is that if we receive the accounting the status reviews can be conducted with a higher degree of certainty. However, a change in status by a review of the information now in our possession does not alter our determination to obtain an accounting.

2. Background

For more than three years since the signing of the Paris Agreements and the repatriation of our men held prisoner, we have attempted through various channels to obtain an accounting for our missing men and effect the return of the remains of those who are deceased. The Paris Agreements called for the formation of a Four-Party Joint Military Team (FPJMT) to accomplish this goal; however, the Communist members of the team continually frustrated our efforts so that the only significant accomplishment was the repatriation of 23 servicemen reported to have died in captivity. Since the fall of South Vietnam, the FPJMT ceased to exist, thus removing this forum as a means of contacting the other side.

During the same period our efforts to resolve the cases of these missing men by reviewing their status was also subject to delays. Initially we were restrained by court order while the constitutionality of the law was challenged. This judicial action found us constitutionally defective in not providing adequate due-process guarantees. When this deficiency was rectified, the Select Committee on Missing Persons in Southeast Asia then requested us not to proceed because they were conducting a Congressional investigation of the entire issue. This committee terminates with the 94th Congress and will issue its report at that time.

We have continually asserted that status determinations are a separate casualty resolution matter and not related to the Vietnamese obligation to account for our men.

3. DOD Position

DOD recognizes that attaining the most complete accounting possible can only be accomplished through diplomatic channels by the State Department.

SALT

1. Subject of Interest

(U) SALT and US - Soviet Relations

2. Background

a. (U) Improved US-USSR relations have been a USG objective since 1969, particularly since 1972 when the first of four summit meetings was held. Both sides have regarded improved relations between them as an essential contribution to the solution of important bilateral questions as well as to progress in the settlement of international problems affecting interests of both countries.

b. (U) Testimony to the gradual improvement in US-Soviet relations since 1969 has been most visible in the various US-USSR arms limitation, commercial and economic, techno-scientific, and cultural agreements of varying degrees of importance, as well as the several multilateral negotiations in which both sides play leading roles.

c. (U) SALT ranks among the most important of US-USSR negotiations. Nine US-USSR agreements of various types have been negotiated in the SALT context -- the ABM Treaty plus the Protocol to that Treaty, the Interim Agreement on Strategic Offensive Arms, the Agreement on Measures to Reduce the Risk of Outbreak of Nuclear, the Agreement to Improve the USA-USSR Direct Communications Link, the Memorandum of Understanding Establishing the Standing Consultative Commission (SCC), two SCC Protocols on Replacement and Dismantling Procedures, and the Vladivostok accord of November 24, 1974.

(U) Both sides take the position that there is no linkage between SALT and other negotiations or international events. They have, however, agreed in communiques that progress in SALT contributes to general improvement in US-Soviet relations.

3. DoD Position

(U) The DoD supports an improvement in US-USSR relations which has as its objective increased US security, within the framework of a stable balance of forces and reduced possibility of conflict between the US and USSR. Because of its impact on US security interests and the DoD mission, the DoD considers SALT to be the most important bilateral negotiation between the US and USSR and will continue to make a positive input to SALT which is conducive to US security interests and strategic stability.

OASD/ISA
7 January 1976
Revised 30 November 1976

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SALT

1. Subject of Interest

(U) Future Prospects for SALT

2. Background

a. (U) In SALT ONE the US and USSR concluded the ABM Treaty and the Interim Agreement which placed temporary freeze on the numbers of ICBM/SLBM launchers and SSBNs each nation may have operational or under construction until October 3, 1977.

b. (U) From the opening of SALT TWO in November 1972 until the 1974 Summit Meeting the two sides attempted to negotiate a permanent agreement to replace the Interim Agreement. At the 1974 Summit, the sides gave up the attempt to reach a permament agreement and agreed to negotiate a follow-on agreement to last from October 1977 until 1985.

c. (U) In November 1974 the Vladivostok accord improved the prospects for a SALT TWO agreement. The Agreement provided a framework which permits each side to have 2400 strategic delivery vehicles (ICBM and SLBM launchers, heavy bombers, and ASMs with ranges in excess of 600 kilometers on bombers). Each side may also MIRV 1320 ICBM/SLBMs. Negotiations have been underway during 1975 to translate the accord into a formal agreement; however, this has proven to be a more difficult task than was anticipated.

3. DoD Position

(U) The DoD position on SALT is (a) to prevent destabilizing conditions from arising as a result of a SAL Agreement, to include imbalance in US-USSR strategic force levels, significant loss of US deterrent capabilities, or reduction in flexibility to respond to unanticipated threats; (b) to provide adequate verification; and (c) to maintain R&D programs sufficient to meet future threats and act as incentives for the USSR to negotiate additional agreements and to comply with existing ones.

(U) The DoD supports SALT as a continuing process which can and has given positive results. Although a comprehensive permanent agreement would be preferred, we have found that a step-by-step process is more realistic and perhaps practical.

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SALT

1. Subject of Interest

(U) Strategic Implications of SALT

2. Background

a. (U) SALT ONE resulted in the ABM Treaty which limited each side to two ABM sites, each with a maximum of 100 launchers and missiles. In the 1974 Protocol to that Treaty each side agreed not to deploy its second permitted ABM site.

b. (U) SALT ONE also resulted in the Interim Agreement which will remain in force until October, 1977, and permits the following force levels:

	US	USSR
ICBM/SLBM Launchers	1710	2348
SSBNs	44	62

c. (U) In November, 1974, the sides agreed at Vladivostok on the framework for a follow-on agreement which would be in force from October, 1977, until December, 1985. This framework permits each side to have 2400 strategic delivery vehicles (ICBM and SLBM launchers, heavy bombers and ASMs with ranges above 600 kilometers and carried on bombers). The framework also permits each side to have 1320 MIRVed missiles. Negotiations on this SALT TWO agreement have continued since the Vladivostok summit meeting.

3. DoD Position

(U) The DoD believes that any SAL agreement must provide for improved US security at reduced strategic force levels, equal aggregates and capabilities on both sides, survivability of deterrent forces, modernization of forces, adequate verification, required R and D options, and undiminished security for US Allies.

(U) The DoD position is that the follow-on SAL agreements must meet these objectives by permitting the US to develop and deploy strategic forces adequate to counter threats posed by present Soviet programs and possible future threats.

e. "Analysis of Capacity/Capability for a New Ship Construction." Portions of this document are denied under the provisions of 5 U.S.C. 552(b)(5) as it is an interagency memorandum containing departmental recommendations and opinions. Public disclosure of this information would severely restrict the flow of candid advice and opinions vital to the decision-making process.

The Initial Denial Authority (IDA) for these documents is Mr. Dale R. Babione (ASD(I&L)).

MODERNIZATION AND EXPANSION OF

CONVENTIONAL AMMUNITION PRODUCTION BASE

Issue of Special Interest

To modernize and expand the DoD conventional ammunition base required for current and mobilization needs and to improve the management of this program.

2. Background

At the beginning of and during the war in SEA, Army had great difficulty in activating ammunition plants and in meeting required production rates due to the age and condition of many facilities built during the early 1940s. Navy had similar difficulty with its facilities used to manufacture ammunition. In FY 70, Army started a program to modernize and expand its facilities. Since, the Army is the Single Manager for conventional ammunition it services the Navy and Air Force for procurement and production of conventional ammunition.

GAO reported several times on the program and conducted follow-on review for the House Appropriations Committee (HAC) in connection with the 1973-1976 appropriation bills. GAO and HAC criticized short term rather than long term planning, priority of projects, lagging production and process technology, underestimated costs based on incomplete design and engineering, and lack of centralized direction and control. Starting with the FY 77 appropriation request, HAC requires that final design of each Army project be completed by the time the appropriation request is submitted. The project manager for munitions production base modernization and expansion has addressed these issues and improved the program.

3. DoD Position

The funding profile for this program through FY 77 as extracted from the Department of Defense Budget for Fiscal Year 1978 (Estimate)--Procurement Programs (P-1) is as follows ($ in millions).

FY 76	FY 77	FY 77
308.1	166.6	245.6

4. Current Status

I&L
2 December 1976

Aircraft Industry Capacity

Issue: Does substantial over capacity exist in the aircraft and helicopter industry which results in significant annual costs to DoD?

Background: A joint DoD/OMB study group was formed in July 1976 to examine this issue. The study seemed appropriate and timely for two reasons -- there has been a dramatic reduction in procurement of both commercial and military aircraft following the Vietnam-period peak level; and, foreign military sales have absorbed an increasingly proportional share of the industry's defense business. These factors have served to introduce structural changes in the industry or, at least, to highlight previous problems. Thus, a reassessment of Government policy toward the aircraft industry was considered appropriate.

Discussion: An evaluation was made of existing and planned capacity against present and projected military, commercial and foreign market demands. The costs to DoD of maintaining extra capacity were estimated. Consideration was given to the benefits derived from this extra capacity which include response to military surge and mobilization, furthering competition and advancing the technological base. Government policy alternatives to achieve a more cost effective balance between industry capacity and projected demand were identified.

Results: Major findings of the study are:

MOBILE LOGISTIC SUPPORT FORCES (MLSF)

Issue: (U) Requirements, assets and FY 77 programs for the MLSF.

Background:

- (U) UNREP force levels are predicated on the forces to be supported.
  - -- Carrier Task Groups and a one MAF amphibious lift with supporting elements form the basis of the requirement.
  - -- Operational Profile, distance from source of resupply and ship characteristics determine the number and type of UNREP Support ships required.
- (U) Current UNREP force levels rely heavily upon the continued availability of forward bases.
  - -- Loss of these bases results in inadequate UNREP ships to support combatants at sea.

- (U) In order to obtain higher utilization of assets in peacetime, the following types and numbers of ships have been transferred to the Military Sealift Command to be operated in dedicated fleet support.

T-AO	8
T-ATF	4
TAF	1

-- While MSC operations provide some relief in peacetime and will continue to operate the same ships in wartime, no force level savings are achievable in wartime because both USN and MSC will have comparable utilization rates.

-- MSC manned ships are unarmed and not intended for use in high threat areas.

OASD (I&L)TD
30 November 1976

MINIMUM REQUIRED LOGISTICS AUGMENTATION, EUROPE (MR-LOGAEUR) (U)

1. Subject of Interest

The United States capability to establish Wartime Lines of Communications in Europe (WARLOCE) to support U.S. forces

2. Background

a. Due to the U.S. withdrawal from France in 1967, the U.S. Army, Europe (USAREUR) line of communication (LOC) in central Europe. As a result the LOC Part (lines of communications/part operations) plan was developed and approved by the SECDEF on 11 September 1967 for a wartime LOC through the United Kingdom and the BENELUX.

b. Although the Secretary of the Army, Army Chief of Staff and CINCEUR supported the plan in testimony before Congress, the House Appropriations Committee (HAC) disapproved the Army's request for FY71 appropriations to support LOC/Part. During the FY72 time period the HAC studied the plan. In the FY73 budget hearings, HAC stated in report that there was no need for construction of a new LOC in Europe. LOC/Part funds were not requested in the FY 74 budget.

c. Based on DoD guidance to standardize the LOC/Part plan the Army developed the MR-LOGAREUR plan as the basis for a wartime LOC in support of U.S. forces. The plan stressed from the UK and CONUS, maximum reliance on host nations, development of an austere U.S. force package, and that LOC through France would be preferred.

3. DOD Position

a. The SECDEF approved the MR-LOGAEUR plan on 5 Jun 1974. The plan is based upon the framework of existing government-to-government "LOC Umbrella" agreements with UK and the BENELUX countries and technical agreements for certain specific functional support areas which are completed or under negotiation with these countries.

b. The five year cost for MR-LOGAEUR is $54.6 million of which $22.1 million is required in UK and BENELUX and $32.5 million for operation and maintenance. Construction of storage facilities is being funded by NATO ($8.1 million approved).

4. Current Status

a. The MR-LOGAEUR plan was briefed to Staff Assistants of the Senate and House Appropriations Committees and the Senate and House Armed Services Committees. The HAC, by letter of 16 Dec 1974, interposed no objection to the implementation of MR-LOGAEUR.

OASD(I&L)
1 December 1976

b. CINCUSAREUR has been provided listings of equipment required for MR-LOGAEUR units, is matching available assets against unit requirements, and is placing requisitions for the remaining items.

c. Construction has commenced on equipment storage sites that require upgrading. Completion for all MR-LOGAEUR storage sites is anticipated by

d. Bilateral negotiations between the FRG, the Netherlands and Belgium for storage sites for MR-LOGAEUR equipment with the FRG are continuing.

e. Four remaining technical agreements are to be signed. (Belgium - procurement and use of airfields; The Netherlands-procurement and use of airfields).

f. Thirty-three of 36 MR-LOGAEUR units have been flagged. Finalized planning to include activation of the remaining notional units pending availability of and appropriate assignment of peacetime training mission to facilitate wartime accomplishment.

g. GAO completed review of MR-LOGAEUR plan in July 1975. The review indicates a concern regarding MR-LOGAEUR LOC GAO is using the MR-LOGAEUR data as basis for reviewing the the LOC's throughout Europe.

h. Congressional action to date has supported requirements for MR-LOGAEUR.

SHIPBUILDING PROBLEMS

Subject of Interest: Analysis of capacity/capability for new ship construction.

Background:

Examination of the current and projected workloads of the major private new construction shipbuilding yards indicates they are already overloaded; i.e., their resources manpower, facilities are not sufficient to prosecute fully new ship construction projects already underway or awarded from FY-76 and prior shipbuilding programs. This is particularly true of the major nuclear submarine and surface ship yards. These yards (Electric Boat and Newport News) have a backlog of SSN-688 Class ships that they have not commenced actual construction on (12 in number). In the case of Electric Boat, there are, in addition to the SSN attack submarine, SSBN (TRIDENT missile) submarines also awaiting construction. The latter are receiving the priority in resource conflicts.

Electric Boat Division of General Dynamics faces a task of more than doubling the skilled work force over the next two years. This projected requirement is based on the yard improving its productivity; i.e., accomplishing the workload more efficiently with less personnel. In fact, experience has shown that in rapid and large labor force increases productivity drops off.

Turning to the major private non-nuclear yards finds National Steel, San Diego and Lockheed (Seattle) actively building up to accomplish new construction recently awarded AD and AS (destroyer and submarine tender) shipwork, as well as a large workload of private/MARAD ship construction. Avondale, New

Orleans has a substantial private workload, but is currently bidding on AO of the FY 76 program. Bethlehem Steel (Sparrow Point) is also a contender for the AO

Bath Iron Works (Maine) and Todd Shipyards (San Pedro and Seattle) are gearing up for FFG (guided missile FRIGATE) programs (FY 75 and 76) and will be largely occupied into early 1980s with the already awarded ships. Quincy Division of General Dynamics is heavily engaged in the construction of eight LNGs (liquid gas tankers) for private concerns and has recently been awarded three additional LNGs. This should support this yard into the early 1980s. Quincy Division has expressed interest in entering the new construction market of the Navy for CSGN (strike cruisers) ship types.

2. Affect of the FY 77 shipbuilding program and add-ons by Congress on shipbuilding capacity/capability.

The most critical area of the shipbuilding industry capacity/capability is in the nuclear ship production of both surface nuclear ships and submarines. Electric Boat Division of General Dynamics at Groton, Conn. and Newport News Shipbuilding and Drydock Corporation are the only private yards possessing the basic facilities and skill to construct these highly complex ships.

Electric Boat is slated to be awarded an additional SSBN (TRIDENT missile) submarine from FY 77 program which will bring to five the number of fleet ballistic missile submarines awarded to that yard. Two of these at this writing will actually be under construction. The SSBN (TRIDENT) submarines should continue to receive top priority at this yard.

The House/Senate Conference Committee added a fourth SSN-688 Class submarine to FY 77 program.

AD/AS/AO fleet tender and oiler ship types of FY 77 present somewhat less of a problem, depending on private shipbuilding programs and how successfully the possible building yards pursue their existing building programs. There are still two AOs of FY 76 program to be awarded and two ADs of the 75 and 76 programs have not started actual construction at National Steel (San Diego). The Navy was finally successful in getting a contractor (Lockheed) to build two AS (submarine tenders) from the FY 72 and 73 program. Additional awards will have to be added or sequenced to existing schedules at these yards.

Additional shipbuilding capacity/capability must be augmented if the Navy is to obtain the required ships in a reasonable time frame.

3. Prospects of capacity/capability being available for FY 78-82 shipbuilding program.

As outlined above, additional capacity must be obtained for the shipbuilding program. Hence, it follows that the proposed increased shipbuilding programs of the FY 78-82 time frame will also require additional capacity/capability.

Alternative 3 of the proposed shipbuilding programs was recommended as the most acceptable of the five alternatives from the standpoint of accomplishing the Navy's required force level build-up and achieving the required ship mix.

4. What are the alternatives available to correct the imbalance between shipbuilding requirements and available resources?

(1) Reconstruct existing and proposed Navy new construction shipbuilding programs to more readily match existing capacity/capabilities of the shipyards currently engaged in shipbuilding and to a feasible build-up in their resources.

(2) Re-establish new construction capabilities in public yards.

<u>DoD Position and Status</u>:

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CRIMINAL INVESTIGATIVE SUPPORT FOR DEFENSE SUPPLY AGENCY (DSA)

1. Subject of Interest

Central direction and coordination of criminal investigative support provided to DSA activities worldwide by the Department of Defense (DoD) investigative components.

2. Background

Prior to 1972, DSA major activities were located entirely within the continental United States. Criminal investigative support was accomplished by seven US Army criminal investigators assigned to DSA and located at various DSA installations. During the years, 1972-74, DSA was assigned the worldwide responsibility for wholesale subsistence, bulk fuels and property disposal. As a result of these new missions, DSA rapidly expanded to include multiple, logistical endeavors on a global scale. To ensure that DSA received adequate criminal investigative support, the Deputy Secretary of Defense on 7 May 74, directed that the Director, DSA act as the central director and coordinator for criminal investigative support (including crime prevention surveys) provided to DSA by the DoD investigative elements. Since this date, improvements in the effectiveness and efficiency of criminal investigations have been achieved through DSA control, centralized management and uniformity of standards and procedures.

3. DoD Position

The DoD policy on criminal investigative support provides for the maximum effective and economical employment of the skilled, technical investigative resources available within DoD. DSA provides the management direction while the Military Services and the Defense Investigative Service execute the tasks.

4. Current Status

During FY 76, the four DoD investigative agencies supporting DSA initiated a total of 342 substantive criminal investigations. In addition to the criminal investigations, the DoD investigative agencies in FY 76 conducted 55 crime prevention surveys on behalf of DSA (a crime prevention survey is an in-depth analysis of internal and/or external operations to detect crime conducive conditions). These crime prevention surveys resulted in the identification of various management and systems weaknesses as well as the initiation of 20 criminal investigations. Another important, although unmeasurable, result of those surveys which uncovered hidden criminality was the psychological deterrence on potential wrongdoers.

Originator: Defense Supply Agency
Date of Preparation: 2 Dec 1976

DEFENSE CONTRACT ADMINISTRATION SERVICES

1. Subject of Interest

The Defense Supply Agency provides uniform field contract administration services for the Army, Navy, Air Force and Defense Supply Agency. These contract administration services are also used by certain civilian agencies such as NASA, ERDA and the U. S. Postal Service.

2. Background

A Department of Defense study of field contract administration services resulted in the creation of a Defense Contract Administration Services organization (DCAS) to provide for uniform, efficient administration of Department of Defense contracts with industrial concerns within the continental limits of the United States. DCAS was organized as a part of the Defense Supply Agency and became operational in 1965. The Department of Defense procuring activities delegate field contract administration functions to DCAS in accordance with Section 1-406 of the Armed Services Procurement Regulations. The principal functions performed by DCAS include the business functions required of the Government under the contract terms, assuring that products covered by the contract are delivered in accordance with the schedule and quality assurance requirements and payment to the contractor in accordance with the contract terms. Additionally, the DCAS organization administers the Department of Defense Industrial Security Program and functions as a compliance agency to assure that Department of Defense contractors are equal opportunity employers under the provision of Executive Order 11246.

3. DoD Position

DCAS has proven to be an effective organization to provide uniform field contract administration services for Department of Defense components.

4. Current Status

DCAS administers 175,000 Department of Defense Prime Contracts with a face value of $55.6 billion and annually ships products valued at $18.5 billion from 20,000 industrial plants to its Department of Defense customers. DCAS has a highly decentralized, nation-wide organization under the management of 9 regions located in Atlanta, Boston, Chicago, Cleveland, Dallas, Los Angeles, New York, Philadelphia and St. Louis. These regions have a total of 48 Management Areas and 28 Plant Representative Offices strategically located at or near industrial plants and highly industrialized areas to provide on-site field contract administration services for Department of Defense components.

Originator: Defense Supply Agency
Date of Preparation: 30 November 1976

THE DEFENSE INDUSTRIAL SECURITY PROGRAM (DISP)

1. Subject of Interest

The Defense Supply Agency (DSA) administers the Department of Defense Industrial Security Program (DISP) for safeguarding classified information in the possession of industry.

2. Background

Program Authority: Executive Order 10865, Safeguarding Classified Information Within Industry, 20 February 1960.

Mission: DoD Directive 5220.22 assigns to the Director, DSA, the responsibility of administering the DISP to include the assumption of security cognizance for all U.S. industrial facilities under the Program. In addition, DSA administers industrial security on behalf of 16 non-Defense Departments and Agencies of the Executive Branch, the only notable exceptions being Central Intelligence Agency, Energy Research Development Agency, and Nuclear Regulatory Commission, and is assigned security cognizance for all contractor facilities, including facilities on military and National Aeronautics and Space Administration installations. The following DSA activities support this mission: a) The Defense Industrial Security Clearance Office (DISCO) processes the personnel security clearances of contractor employees who require access to classified information; b) The Defense Contract Administration Services Regions (DCASRs) process industrial facility security clearances and are responsible for the conduct of security inspections; and c) The Defense Industrial Security Institute provides formal industrial security training for both Government and industry personnel.

3. DoD Position

The Defense Industrial Security Program is essential to the continued well-being of the defense interests of the U.S.

4. Current Status

The Program has approximately 11,000 cleared contractor facilities under security cognizance employing some 1.1 million cleared personnel. These facilities are in possession of approximately 11 million classified documents. Each cleared facility is inspected at recurring intervals, but at least once annually, depending upon the level of classified information involved. Results show that recurring security inspections assure that contractor security programs are maintained in conformance with established DoD security requirements. Mechanization of the DISCO, completed in April 1975, has resulted in reduced security clearance processing time and permits prompt response to security clearance inquiries.

Originator: Defense Supply Agency
Date of Preparation: 1 December 1976

THE DEFENSE INDUSTRIAL FACILITIES PROTECTION PROGRAM (DIFPP)

1. Subject of Interest

The Defense Supply Agency (DSA) administers the Defense Industrial Facilities Protection Program (DIFPP) which promotes industrial protection of manufacturing facilities and utilities considered important to defense protection, defense mobilization or military operations.

2. Background

Program Authority: Executive Order 10421, Physical Security of Defense Facilities, 31 December 1952.

Mission: DoD Directive 5160.54 assigns the Director, DSA responsibility for administering the DIFPP to include the compilation of the DoD Key Facilities List and assumption of facility protection cognizance for all key facilities. DSA also administers facilities protection on behalf of other Departments and Agencies of the Executive Branch. Facility protection surveys are conducted which provide assistance to industrial management on matters pertaining to physical security and other elements of facility protection essential to minimize damage from sabotage, espionage and other disruptive acts.

3. DoD Position

The Defense Industrial Facilities Protection Program is essential to the protection of industrial facilities and utilities important to defense mobilization, defense production or military operations.

4. Current Status

The DIFPP is designed to assure that participants identify key facilities essential to defense production, defense mobilization or military operations. Selections are made in accordance with criteria established by the Joint Chiefs of Staff. DSA provides guidance and assistance to management of these facilities, which now number approximately 3,500, in developing physical security and emergency preparedness measures. This assistance is provided through on-site surveys designed to assess the vulnerability of each facility to natural or man-made hazards. Recommendations are made to management as to appropriate countermeasures which would reduce the vulnerability of the facility to those hazards.

Originator: Defense Supply Agency
Date of Preparation: 30 November 1976

THE ARMS, AMMUNITION AND EXPLOSIVES PROGRAM (AA&E)

1. Subject of Interest

The Defense Supply Agency (DSA) administers an inspection program for the safeguarding of conventional arms, ammunition and explosives in possession of contractors.

2. Background

Program Authority: DoD Directive 5100.76, Physical Security Review Board, October 22, 1974. The Defense Contract Administration Services Regions (DCASRs) conduct surveys of contractor facilities under DSA plant cognizance that have in their custody AA&E items resulting from DoD contracts. Since November 1970, annual physical security surveys of approximately 300 AA&E facilities have been conducted. Surveys are currently conducted without the benefit of approved standards, criteria and contractual authority. OSD(Comptroller) is currently considering whether this program should remain voluntary or become contractually binding.

Mission: DSA is responsible for assuring, through an appropriate inspection program, the safeguarding of conventional arms, ammunition and explosives which relate to contract performance and are in the possession or custody of DoD prime or subcontractors. Publication of a DoD Manual for Physical Security of Arms, Ammunition and Explosives in Contractor Facilities and an Armed Service Procurement Regulation (ASPR) clause would require DoD AA&E prime and subcontractors compliance with DoD physical security standards and criteria. These publications are presently in DoD for review and approval.

3. DoD Position

The Arms, Ammunition and Explosives Program is essential to reducing the probabilities of loss or theft of these items. It is of concern to the Department of Defense and is receiving Congressional attention because of the potential this material has for prejudicing the safety and security of personnel and installations were it to be obtained illegally by subversives, terrorists or other criminal elements. DSA furnished information to the Deputy Assistant Secretary of Defense (Security Policy) preparatory to his testimony before the U.S. House of Representatives, Committee on Armed Services, Armed Services Investigating Subcommittee in November 1975 and January 1976.

4. Current Status

The current voluntary program is comprised of approximately 340 facilities which are surveyed on an annual basis. Industrial Security Representatives in performing their in-depth physical security surveys, brief management on their findings and recommend certain physical security measures be taken to improve facility security. Until publication of the proposed AA&E manual and ASPR clause, physical security measures are recommendations only and not requirements.

Originator: Defense Supply Agency
Date of Preparation: 30 November 1976

WORLDWIDE INTEGRATED MANAGEMENT OF WHOLESALE SUBSISTENCE STOCKS (WIMS)

1. Subject of Interest

Defense Supply Agency (DSA) assumption of responsibility for worldwide management of wholesale subsistence stocks.

2. Background

Study of individual Service Systems versus concept of single DoD system completed February 1971 by LSPC Task Group 2-70 and recommendation made to the Secretary of Defense that DSA assume responsibility for worldwide integrated management of wholesale stocks.

ASD(I&L) reviewed findings and directed DSA to develop a totally integrated subsistence management program to be implemented in two phases. Under Phase I, DSA would assume integrated management of worldwide wholesale subsistence stocks and in Phase II would extend that inventory management to the retail level.

A joint DSA, JCS, Military Service Task Group effort was started in September 1971 and completed in April 1972 with the issuance of a time-phased implementation plan.

Plan approved by OASD Memorandum of 1 May 1973, with instruction to complete implementation of Phase I, and that guidance on Phase II would be published later as Phase I progressed. The approved plan provided for sequential implementation by geographical area.

3. DoD Position

Integration of subsistence management under one agency is a management improvement which should provide for continued effective subsistence supply support while reducing resource requirements.

4. Current Status

To date stocks have been capitalized and support initiated by DSA in Europe and all CONUS and Western Pacific locations except NSC Norfolk and Japan (Honshu and Okinawa). The DSA management responsibility has been extended worldwide to the wholesale level either through centralized management by the Defense Personnel Support Center (DPSC) or on a decentralized basis by having the Military

Services perform as an Agent of DSA. The implementation of centralized management in Europe required extensive modification of both Service and DPSC policies, procedures, and systems. These changes, plus additional Service and DPSC reorganizations, resulted in initial degradation in the support of resale commissaries with no apparant change in the support of troop messes. In order to improve the wholesale subsistence management system in Europe, DSA is in the process of reviewing and upgrading and, as appropriate, modifying current subsistence management policies, procedures and systems used in support of Europe, England and Spain.

Originator: Defense Supply Agency
Date of Preparation: 1 Dec 76

DEFENSE INTEGRATED DATA SYSTEM

1. Subject of Interest

The Defense Integrated Data System is an automated system designed to collect, maintain, and disseminate item identification and item related logistic management data in support of several DoD and Federal programs, including the Defense Standardization Program and the Federal Catalog Program. There are over 200 military service, defense agencies, civil agencies, and NATO and other friendly foreign governments which participate and interact with the Defense Integrated Data System. The Defense Supply Agency is assigned responsibility for administration of the system. The Defense Logistics Services Center, a field activity of the Defense Supply Agency, is the design and operating activity.

2. Background

Prior to implementation of the Defense Integrated Data System there were separate systems supporting the above mentioned DoD and Federal programs. The programs and systems grew in response to customer demands for more diverse data and services to the extent that the computer complex at the Defense Logistics Services Center could not be expanded to accommodate the transaction volume without equipment augmentation and complete system redesign and reprogramming. Expansion, modernization, and integration of the Defense Logistics Services Center systems became a necessity to improve the efficiency of the overall DoD logistics system. Accordingly, a long-range system concept, providing for an integrated data system, was initiated in 1965.

3. DoD Position

The DoD approved the Defense Integrated Data System concept, directed that the system be implemented, supports its operation and fosters increased uses of its extensive data resources.

4. Current Status

The system has been operational since March 1975. The large volume of user transactions plus the unexpectedly great demand for automated data processing systems processing support to operate the system has caused periodic difficulties in providing timely support to users. Aggressive action is being taken to ensure timely response to all demands upon the Defense Integrated Data System.

Originator: Defense Supply Agen
Date of Preparation: 24 Nov 7[illegible]

DEFENSE AUTOMATED DEPOT SYSTEM (DADS) DEVELOPMENT PROGRAM

1. Subject of Interest

The DoD Automated Depot System (DADS) Development Program was a project to design, develop, test, and document a standard automated warehousing and shipping system which can be implemented at all DoD depots regardless of the DoD Component to which it may belong. The standard system includes all operations associated with the receipt of materials, care of supplies in store, and issue of materials. Automation of these operations refers to the use of computers to achieve optimum interface with manpower and mechanized material handling equipment. Those functions that are unique to a DoD Component and are not incorporated into the standard system must be designed by the component to interface with the standard system.

2. Background

The DoD Logistics System Policy Committee's (LSPC) Task Group 4-73 in its study to identify standard DoD depot procedures stated as one of its conclusions: "As a step towards elimination of duplicative design efforts with a concurrent increase in compatibility, interface, and integration of the Services and Defense Supply Agency Logistics Systems, a Standard Warehousing and Shipping Automated System should be developed and implemented for use as a prototype in determining the feasibility and extent of future DoD-wide system standardization efforts." In accordance with this conclusion, the Assistant Secretary of Defense for Installations and Logistics on 25 July 75 tasked the Director, DSA, to design and develop a standard warehousing and shipping automated system. This development effort was started, but Congress during the FY 77 appropriations hearings denied funding and directed that the project be canceled. The Director, DSA, terminated the DADS project as of 30 September 76. ASD(I&L) on 12 October 76 canceled the project tasking memorandum.

3. DoD Position

The DoD position is to retain the objective of establishing a standard warehousing and shipping automated system and to have DSA explore alternative ways of developing this system and still comply with Congressional guidance.

4. Current Status

A concept plan for a redefined project is currently under development. This plan is based upon optimizing the present DSA MOWASP (Mechanization of Warehousing and Shipment Processing) System in a manner which will make it acceptable within DoD as the standard system. The OASD(I&L)/(C) and the Military Services will be briefed on this concept. If OASD(I&L)/(C) find this concept to be acceptable, they will publish a new tasking memorandum directing DSA to initiate a MOWASP Optimization Project.

Originator: Defense Supply Agency
Date of Preparation: 13 Dec 76

CAMERON STATION BUILDING REPAIRS

1. Subject of Interest

Buildings 3 and 4 at Cameron Station, Virginia are in urgent need of major structural repair.

2. Background

The timber structural members in the two main buildings housing the headquarters of Defense Supply Agency (DSA) require repair. A corrective project was included in the FY 1977 Military Construction Program but appropriations were denied by the Congress. In denying funds the Congress indicated that they were concerned that there were subordinate activities of the DSA also located at Cameron Station which could operate from outside the National Capital Region (NCR). The activities in question were the Defense Fuel Supply Center (DFSC) and the Defense Documentation Center (DDC). The committee indicated that approval of Cameron Station repairs would be withheld until they were convinced that DSA had sought space for the field activities elsewhere and that it could not accommodate the remaining personnel in other space within a reasonable distance from Washington, D. C.

3. DoD Position

HQ DSA continued presence in the NCR is necessary, and Cameron Station represents the most economical and operationally effective location. While DFSC and DDC might be able to operate from a location outside of the NCR their relocation would result in significantly higher recurring costs in addition to the one-time cost.

4. Current Status

The military services were screened to determine potential locations resulting from base realignments or closures where administrative facilities or facilities adaptable to administrative use might be made available. Based on the results of this screening, a HQ DSA survey team visited all of the sites so identified by the services. Based on the results of the field surveys an economic analysis was prepared which measured the cost of relocating the two activities against the repair of facilities at Cameron Station. None of the locations surveyed offered a cost effective or otherwise desirable alternative. No available federal space was identified in the Washington, D. C. area which would satisfy any of the space requirements of DSA. A project in the amount of $4 million* for major repairs to buildings 3 and 4 has been included in the DSA FY 1978 Military Construction Program.

*The 4 million dollar represents a reduction from the original FY 1977 estimate of $8 million resulting from a redesign by the U. S. Army Corps of Engineers.

Originator: Defense Supply Agency
Date of Preparation: 3 Dec 76

DoD PARTS CONTROL SYSTEM

1. Subject of Interest

Control the proliferation of DoD inventory parts through a DoD Parts Control System (PCS).

2. Background

By memorandum dated 27 April 1971, OASD(I&L) initiated action which led to the establishment of the DoD Integrated Parts Control System. The Military Parts Control Advisory Group (MPCAG) is the DSA action element which implements the DoD Parts Control System and meets with the Military Services and industry contractors to identify and offer available state-of-the-art and reliable components for application during new weapon system/equipment design. The MPCAG was implemented at the Defense Electronics Supply Center (DESC) for electronic components in 1971, and in February 1975 at the Defense Industrial Supply Center (DISC) for fasteners and bearings. The ultimate aims are to provide available parts which meet mission requirements of the Military Services and eliminate unnecessary research and development, and to reduce acquisition costs by eliminating redundant data preparation and item testing while curtailing the entry of unneeded parts into the supply system. The DoD Parts Control System has received wide support and acceptance by industry.

3. DoD Position

The DoD position considers that the greatest potential for standardization of parts, as well as the control of the inventory proliferation, is at the equipment and weapon system design stage. By memorandum dated 6 December 1974, OASD(I&L), the importance of the DoD Parts Control Program was re-emphasized. The memorandum requested that each department review the merits and benefits of the program and require its implementation in all DoD contracts where cost effective.

4. Current Status

a. Military Contracts invoking Parts Control System. One hundred forty-nine contracts are being supported by the MPCAG at DESC; and 50 contracts at DISC.

b. Cost Avoidance. During FY 1976, DESC achieved cost avoidance of $113.9 million at a DESC cost of $835 thousand. During 1 January 1976 through 31 October 1976, DISC achieved cost avoidance of $7.95 million at cost of $168 thousand.

c. DoD Parts Control Instruction and Procedures. DoD Parts Control Task Group, under the direction of OASD/Defense Materiel Specifications and Standards Office (DMSSO), is currently preparing the following documents: (1) Proposed DoD Parts Control System Instruction, and (2) Standardized Parts Control Procedure. The Standardized Parts Control Procedure will show how the DSA MPCAGs interface with military procurement activities and their contractors. DSA MPCAGs currently function under individual agreements with the Military Services.

Originator: Defense Supply Agency
Date of Preparation: 13 Dec 76

INDUSTRIAL PREPAREDNESS PLANNING (IPP)

1. Subject of Interest

Management of Defense-Owned Industrial Plant Equipment (IPE) and Operations of the Defense Industrial Plant Equipment Center (DIPEC).

2. Background

Section 809 of the FY 74 DoD Appropriation Act (Public Law 93-155, 93rd Congress, 1st Session) amended the National Industrial Reserve Act of 1948 (Public Law 80-883), created a Defense Industrial Reserve, abolished the National Industrial Equipment Reserve, and gave to the Secretary of Defense full authority to loan reserve tools to nonprofit educational institutions and vocational training schools. Authority and responsibilities vested in the Secretary of Defense have been delegated to the Director, Defense Supply Agency (DSA) and redelegated to the Commander, DIPEC, a primary level field activity of DSA.

3. DoD Position

Under DoD policy, DSA/DIPEC will:

a. Develop and maintain central records on all DoD-owned IPE (i.e., selected capital assets, such as machine tools, with an acquisition value of $1,000 or more) at Military installations and contractor plants.

b. Develop and maintain a General Reserve of essential equipment at a level sufficient to provide a DoD industrial preparedness capability.

c. Act as a DoD clearing house for requirements and excesses to assure optimum reutilization and disposal.

4. Current Status

DIPEC maintains more than one-half million records on Government-owned IPE with an acquisition value of $5.6 billion. These include more than 533,000 records on IPE in use at Military installations and at contractor plants. The Defense Industrial Reserve with an acquisition value of $1.0 billion is made up of two parts - the General Reserve for which DSA is responsible - and packages, under control of the Military Services, largely Army, for emergency production of specific end items. During the past 13 years of operation, including FY 7T, DIPEC has redistributed IPE with an acquisition value in excess of $1.3 billion. During FY 76, IPE with an acquisition value of $129 million was removed from the DoD inventory by reissue to other Federal agencies, by donation or by sale. More than $86.8 million of this total was sold for a return of $16 million. At the close of FY 76, 561 educational institutions and vocational training schools in 44 states were participating in the loan program involving 8,894 tools with an acquisition value of $46.3 million.

Originator: Defense Supply Agency
Date of Preparation: 29 Nov 76

DEFENSE PERSONAL PROPERTY REUTILIZATION AND DISPOSAL PROGRAM

1. Subject of Interest

Maximizing reutilization of Department of Defense excess personal property and disposal of such property worldwide under single agency management.

2. Background

As a result of changing requirements, general wear, damage, or obsolescence, quantities of personal property become excess to the needs of the Department of Defense (DoD). This property is disposed of in ways which will maximize DoD/Federal use through reutilization or transfer, permit authorized donation, obtain optimum monetary return to the Government for property sold and minimize the need for abandonment or destruction.

The Director, Defense Supply Agency (DSA) administers the Defense Personal Property Reutilization and Disposal Program under DoD-wide procedures developed jointly by the Military Services and DSA. Personal property which is excess to Military Service or Defense component needs is turned in to Defense Property Disposal Offices (DPDOs). After verification the DPDOs accept accountability for the property and input it to the Integrated Disposal Management System (IDMS), which is the mechanized accounting system for property disposal. The property receives various types of screening based on preestablished criteria in order to prevent concurrent disposal and procurement. Property that is no longer needed by the Federal Government and authorized donees is sold competitively to the general public. The Defense Personal Property Reutilization and Disposal Program is managed by the Defense Property Disposal Service (DPDS) through five regional offices which, in turn, supervise approximately 175 Defense Property Disposal Offices (DPDOs) worldwide. Since the assumption of the program by DSA, improvements in effectiveness and efficiency have been achieved through integrated management, standardized organizations, greater uniformity in procedures and centralization of accounting.

3. DoD Position

The Defense Personal Property Reutilization and Disposal Program is essential for the effective and economical reutilization and disposal of DoD-owned excess and surplus personal property.

4. Current Status

The FY 1975 ending inventory for the Defense Personal Property Reutilization and Disposal Program was $4.267 billion which includes ships, aircraft and AEDA property (ammunition, explosives and dangerous articles.) During FY 76, property valued at $5.837 billion was turned in to DPDOs while dispositions totaled $4.702 billion for an FY 76 ending inventory of $5.762 billion. Dispositions include reutilization

of $993 million, transfers to other Federal civilian agencies of $303 million, transfers to the Military Assistance Program of $39 million, transfers to Friendly Foreign Governments through the Foreign Military Sales Program of $28.8 million, donations of $267 million, sales of $1.547 billion, and expended to scrap of $1.448 billion. In addition, $177 million in supply systems stocks was redistributed by the Military Service ICPs. The DPDOs received 303 thousand short tons of ferrous scrap and 62 thousand short tons of nonferrous scrap while disposing of 302 thousand short tons of ferrous and 65 thousand short tons of nonferrous scrap. Sales proceeds for FY 76 totaled $135.2 million while expenses totaled 174.6 million.

While the Program was initially intended to be self-sustaining current forecasts indicate that the gap between sales revenues and program expenses is likely to widen. This condition is due, primarily, to the demilitarization of chemical-biological materiel and the greater costs associated with meeting more stringent ecological goals. Current programs provide for expenditure of $47.1 million in FY 76 and $44.5 million in FY 77 for the Army chemical demilitarization program. Additionally, proceeds are expected to decline as a result of reduced property generations, as well as a general decline on the condition of property made available for disposal.

Originator: Defense Supply Age
Date of Preparation: 13 Dec 7

THE DOD PRECIOUS METALS RECOVERY PROGRAM (PMRP)

1. Subject of Interest

On 1 October 1974, DSA assumed DoD responsibility for the reclamation, refinement, and utilization of precious metals from precious metals bearing materials for authorized internal use or as government-furnished material (GFM).

2. Background

On 16 January 1974, the ASD(I&L) assigned to DSA single manager responsibility for the recovery of precious metals. DSA assumed managerial and operational control of the expanded program by integrating the on-going Navy Silver Reclamation Program, the DSA gold recovery program, and the GSA platinum recovery program into a single DoD program.

During Fiscal Year 1976, DSA was able to reclaim, process, and refine 3.8 million troy ounces of silver, 3,200 troy ounces of gold, more than 1700 troy ounces of platinum and almost 300 troy ounces of palladium.

During the same period, DSA issued 4.1 million troy ounces of reclaimed silver, 3,500 troy ounces of gold, 40 troy ounces of platinum, and 250 troy ounces of palladium for use as GFM in support of DoD and other Government contracts requiring such metals. By this action, it is estimated the Government realized a savings (cost avoidance) in excess of $16 million.

3. DoD Position

DSA will totally fund the program which will be self-supporting and financed from the sale of refined precious metals at recovery cost, to DoD components and other participating Federal agencies for use as GFM. DSA will provide recovery equipment and in-house or commercial services as needed to all activities generating precious metals.

The Precious Metals Recovery Program will be expanded and new sources for precious metals will be tapped. Intensified emphasis will be given to the program to assure full participation by all DoD and other Federal agency components to identify items containing precious metals, to significantly increase the amounts of precious metals recovered, to increase the amounts of precious metals used as GFM, and to substantially increase the savings to the Government in terms of reduced new procurement costs.

4. Current Status

As of 30 September 1976, DSA had on hand for issue as GFM 6.7 million troy ounces of silver, some 2000 troy ounces of platinum and lesser quantities of gold, palladium and iridium which, when issued as GFM, should result in savings exceeding $25 million. Rhodium will be available in the near future and, when utilized, will result in additional savings.

Originator: Defense Supply Agency
Date of Preparation: 2 Dec 76

DEFENSE RETAIL INTERSERVICE SUPPORT (DRIS) PROGRAM

1. Subject of Interest

Management of Defense Retail Interservice Support (DRIS) Program in full coordination with the Joint Chiefs of Staff, Military Services and Defense Agencies.

2. Background

DoD Directive 4000.19, Basic Policies and Principles for Interservice, Interdepartmental and Interagency Support, established the DRIS Program.

Administration and management has been delegated to the Director, Defense Supply Agency.

3. DoD Position

Under DoD policy, DSA will:

a. Develop, maintain, and publish uniform policy and procedures for joint use throughout the DoD, participating Departments and Agencies of the Federal Government.

b. Administer the DoD DRIS Program through coordination with the Executive Coordinating Agents appointed by each Military Service/Defense Agency.

c. Conduct reviews and surveys to determine or develop opportunities for improvement of interservice/interdepartment logistic, administrative and service support.

4. Current Status

. DSA maintains a mechanized DRIS Master Data Bank at the Defense Logistics Services Center (DLSC) at Battle Creek, Michigan to record Interservice Support Agreements (ISAs) consummated worldwide. The Data Bank provides quarterly and annual reports for use by management personnel in evaluating program performance; budgetary requirements; ascertaining manpower resources; eliminating duplicate support service facilities, etc.

. There are 4846 active agreements worldwide involving 2500 different participants. The value of the agreements are in excess of $540 million. In FY75 over $17 million was reported as savings by DRIS Program participants and over $5 million was recorded during FY76.

Originator: Defense Supply Agency
Date of Preparation: 2 Dec 76

THE DOD WORLDWIDE MANAGEMENT OF BULK PETROLEUM

1. Subject of Interest

On 1 July 1973, DSA assumed DoD responsibility for the worldwide integrated materiel management of bulk petroleum products to include ownership and accountability of all assets in-transit and on-hand to base boundary.

2. Background

Prior to mid-1973, the inventory and financial management of bulk petroleum have been vested in the several Military Departments. The only centralization of management was in the procurement area, wherein DSA had the mission of providing procurement contracting support to include tanker scheduling for DoD bulk petroleum requirements.

The fragmentation of supply management between the Military Departments had resulted in the development of diverse systems within each Military Service. These operated adequately in stable situations, but tended to be inadequate in unstable situations, primarily due to a lack of interface between the systems which caused a lessening of control of stocks, financial management, and general supply discipline.

3. DoD Position

Decision on the implementation of the DSA integrated management beyond base-boundary to include ownership and accountability of on-base stock is pending:

a. providing the evaluation of results and progress of the current phase so warrants, and

b. the development of an automated management system for bulk petroleum.

4. Current Status

As of end of November, worldwide inventory of bulk petroleum products totalled 65.3 million barrels worth almost one billion dollars. This product

is stored in nearly thirty foreign countries/trust territories in over 140 individual terminals. Annual sales for FY 1977 are programmed to be over $2.7 billion.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

DSA WEAPON SYSTEMS SUPPORT PROGRAM (WSSP)

1. Subject of Interest

In July 1964, DSA developed and implemented the DSA Weapon Systems Support Program with the objective of providing enhanced support of military services priority weapon systems.

2. Background

DSA, as an integrated materiel manager, manages items on an item or total commodity basis. The type management applied to items is normally determined by cost, demand and commercial characteristics. Application data is not normally available or considered.

In 1964, DSA developed a program, the WSSP, to provide enhanced support to weapon systems by first, obtaining weapon system application data on items supporting selected weapon systems; second, incorporating this data in Defense Supply Center management files, and third, to provide enhanced support to the services on these items.

DSA provides enhanced support by designating all items in the WSSP as stocked items. DSCs then apply necessary management applications to optimize stock-in-the-bin availability in support of selected, priority weapon systems.

3. DoD Position

DSA will continue to apply appropriate management methods and controls to optimize stock-in-the-bin availability in support of selected, priority weapon systems.

4. Current Status

As of 31 October 1976, the DSA WSSP was providing support to 66 weapon systems for the four military services. Over 180,000 DSA managed items are identified to the WSSP and DSCs had a 97.0 percent stock-in-the-bin availability for these 66 systems.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 1976

THE DOD MILITARY STANDARD LOGISTICS SYSTEMS

1. Subject of Interest

The DoD MILS Systems are jointly developed uniform systems employing standard data elements, codes, formats and procedures to facilitate essential interface between the logistics systems of the Military Services, Defense Agencies and General Services Administration using the advanced technology of automatic data processing equipment and telecommunication.

2. Background

Beginning in 1960 it became apparent that to obtain maximum benefits from integrated management and to facilitate interchange of stocks among the Military Services, the DoD needed one set of forms, records, and codes for use in requisitioning, shipping, and accounting for supplies within and among the military departments.

The first MILS System was developed and published in 1961. Other MILS Systems were subsequently implemented with the last MILS System being established in 1976. There are currently ten systems which are under the MILS family. The DSA is responsible for the administration of the DoD MILS Systems.

3. DoD Position

The Assistant Secretary of Defense (Installations and Logistics) is responsible for policy guidance, overview of the MILS and for directing MILS implementation and compliance throughout the DoD.

DoD MILS Systems have been eminently successful and are essential in providing the required interface between the logistics systems of the Military Services, Defense Agencies and GSA.

4. Current Status

In order to meet the changing logistics environment of the 1970s and 1980s, MILS Systems are being expanded and improved. Current systems are undergoing extensive review and a new MILS System being developed to accommodate bulk petroleum.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

THE FEDERAL CATALOG SYSTEM

1. Subject of Interest

Public Law 436 "Defense Cataloging and Standardization Act of 1952" establishes the scope and intent of a single catalog system as "a single item identification will be utilized for each item repetitively used, purchases, stocked or distributed, for all functions of supply from original purchase to final disposal."

The Department of Defense in coordination with GSA administers the program. DSA has been delegated responsibility for the administration and centralized operations of the system in coordination with the participants in the system.

2. Background

Prior to World War II various departments of the federal government created numerous systems of identifying and classifying supply items for logistics purposes. Mobilization in wartime revealed the waste and confusion in trying to consolidate resupply needs in support of a common cause. Correlation of common use, procurement needs, adequate stock levels, and the like were impossible. There were as many as 50 different systems in being at that time.

After the war, efforts were made to develop and establish a common system of identification and classification in the federal government. The effort was finalized by two pieces of legislation; the "Federal Property and Administrative Services Act of 1949" Public Law 152, and Public Law 436. Public Law 436 was codified in the U. S. Code, Title 10, Chapter 145.

The concepts of the system have been adopted in principle by the NATO and other foreign countries. The operational hub of the system is included as a major part of the Defense Integrated Data System.

3. DoD Position

The Federal Catalog Program is an on-going integral part of the logistics operations of the federal government. The General Services Administration coordinates with the DoD for operation and use of the Federal Catalog System in the Civil Departments and Agencies.

4. Current Status

The catalog system is an operational system of about 4.5 million stock numbered items. Due to its size, it is constantly undergoing analysis, change, and augmentation with increase computer adaptation a constant method of reducing manpower costs. The assignment of a National Stock Number to federal supply items provided a means for an expanding base of logistics information to be associated by a common number similar to the growth of the Social Security Number as a common personal identification number in computer systems.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

ITEM MANAGEMENT CODING PROGRAM

1. Subject of Interest

The objective of the Item Management Coding (IMC) Program is to eliminate duplication of wholesale materiel management of items in the Commodity Oriented Federal Supply Classification Classes (FSCs) by determining the appropriate materiel manager through the application of the approved IMC criteria. (ONE ITEM - ONE MANAGER.)

2. Background

ASD(I&L) Memorandum of 16 June 1971 outlined a program for the integration of materiel management of consumable items at the wholesale level. This memorandum directed that management of weapon system oriented consumable items be concentrated in the Military Services and management of commodity oriented consumable items be vested in the Defense Supply Agency (DSA)/General Services Administration (GSA)/U. S. Army Tank and Automotive Command (TACOM), as appropriate. This memorandum promulgated the "one-item one-manager" concept.

This memorandum further divided the FSCs into two main categories - Commodity Oriented and Weapon System Oriented classes. There are a total of 604 FSCs in the DoD system of which 201 FSCs have been designated as Weapon Oriented classes and are not subject to Item Management Coding. There are 403 FSCs designated as Commodity Oriented classes (331 assigned to DSA, 69 assigned to GSA and 3 assigned to TACOM), and are subject to Item Management Coding.

3. DoD Position

All items within the 403 Commodity Oriented FSCs have been assigned to a Single Manager who will provide support to all concerned.

All new items entering the supply system in the 403 FSCs designated as Commodity Oriented will be subject to the application of the approved IMC criteria.

4. Current Status

As of 30 September 1976, DSA manages 1,883,400, GSA manages 72,200, TACOM manages 45,300, and the Military Services have retained management of 779,700 items in the 403 Commodity Oriented classes.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 1976

UNCLASSIFIED

DSA WAR RESERVE PROGRAM

1. Subject of Interest

War readiness posture of the DSA War Reserve Program.

2. Background

The Military Services select items and determine quantitative requirements for war reserve as a result of detailed guidance provided by the annual Defense Programming Guidance approved by the Secretary of Defense. The War Materiel Requirements (WMR) of the selected items are furnished to the Defense Supply Centers (DSCs) for inclusion in the DSA War Reserve Program in accordance with mutually agreed upon procedures and formats. The DSCs consolidate the requirements, apply peacetime assets and the estimated War Materiel Procurement Capability (WMPC) to derive the stockage objective (Other War Reserve Materiel Requirements (OWRMR)). Authorized war reserve protectable asset levels (Other War Reserve Materiel Requirements Protectable (OWRMRP)) are applied to the stockage objective and the result is the war reserve deficiency (Other War Reserve Materiel Requirements Balance (OWRMRB)) which is reflected in the Defense Stock Fund Budget.

3. DoD Position

DoD furnishes guidance to the Military Services and DSA on the selection and management of items in the war reserve. DoD has stressed the need for valid requirements to assure creditable requests for Congressional appropriation for augmentation funding. DoD in turn looks to DSA for an effectively managed War Reserve Program based on Service submitted requirements.

4. Current Status

FY 1978 computation of the DSA War Reserve Program reflects a submission of WMR for 76,100 items and $2,832 M. The DSC computations resulted in a OWRMR for 20,974 items and $1,584 M. The protectable stocks applicable to this requirement amount to $601.5 M. After applying the FY 1977 Congressional appropriation of $22 M, the resulting DSA war reserve deficiency amounts to $960.5 M, against which DSA has budgeted M in FY 1978.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

UNCLASSIFIED

DEFENSE ADPE REUTILIZATION PROGRAM

1. Subject of Interest

Improve management of excess government-owned and leased ADPE generated from DoD installations, Defense Contractors Plants, and Weapons Systems.

2. Background

In August 1964, the ASD(I&L) assigned to DSA responsibility for the Management of the DoD ADPE Reutilization Program. Policy responsibility was transferred from ASD(I&L) to ASD(COMP) in 1968 with management remaining with DSA.

The program provides specialized reporting, screening, and reutilization techniques and procedures to maximize the reutilization of DoD excess ADPE with DoD. It also provides a means of making Civil Agency excess available to DoD and DoD excess available to Civil Agencies and Authorized Donees thru GSA.

During the first year of operation, excess ADPE with an initial acquisition value of 32 Million Dollars was reutilized. The program has grown to the degree that reutilization for the last six fiscal years has averaged 182 Million Dollars annually.

3. DoD Position

As the volume of excess reutilization increased, it became apparent that an automated system was necessary to insure program efficiency and provide ADP resource managers greater visibility of excess to take advantage of the potential cost savings available through program participation. Accordingly in 1973 ASD(COMP) directed DSA to develop the "ADPE Reutilization Management System" (ARMS) to provide for automatic screening of excess ADPE against approved requirements currently scheduled from procurement and like leased equipment currently in use by DoD and Defense Contractors.

4. Current Status

As of July 1976 ARMS was operational, it was designed as a data base management system incorporating the latest teleprocessing techniques. ARMS provides; management information in an on-line environment on an Ad Hoc basis for the life cycle of DoD ADPE resources (ADPE Requirements, Inventory, and Excess); Automatic screening for replacement of DoD leased ADPE with Federal wide reported Government-owned excess; Automatic screening of Federal wide Government-owned and Leased excess for potential to fill current approved DoD ADPE requirements; comprehensive, timely, statistical reports on the ADPE Reutilization Program for dissemination to GSA, OASD(C) and Service/Agency Headquarters.

Originator: Defense Supply Agency
Date of Preparation: 13 Dec 76

DEFENSE DOCUMENTATION CENTER

1. Subject of Interest

On 1 November 1963 operational control of the Defense Documentation Center (DDC) was transferred from the Air Force to the Defense Supply Agency. DDC was established to support defense related Research, Development, Test and Evaluation (RDT&E) activities. As a support organization, DDC helps to save time and money by preventing unnecessary duplication.

2. Background

Prior to 1963 DDC was known as the Armed Services Technical Information Agency (ASTIA). ASTIA had its origin in July 1945 when literally tons of captured German and Japanese technical documents were added to the mass of domestic R&D reports generated by World War II.

DDC makes available to registered users, from one central depository, thousands of research and development reports produced each year by DoD and other federal government organizations and their contractors. The Center also maintains and operates computer-based data banks of management and technical information and an on-line retrieval system.

DDC collects, processes, announces, retrieves, and supplies formally recorded technical information in all of the scientific disciplines and engineering fields of interest in the Department of Defense. This information relates to either records of completed work as collected and stored in the Technical Report Data Bank or on-going and planned research and development work being conducted by or for the DoD, as collected and stored in the Research and Technology Work Unit Data Bank, Independent Research and Development Data Bank and Program Planning Data Bank.

3. DoD Position

The DDC program is vital to the DoD scientific and engineering community. It enables program management and research personnel to make the most effective use of time and resources and avoid duplication of technical effort already performed, underway or planned.

4. Current Status

The DDC Technical Report collection, documenting completed R&D effort, amounts to 1.2 million reports and is currently growing at the rate of 25,000 reports per year. There are approximately 20,000 active Work Unit records describing current DoD sponsored research work and over 12,000

records in the DoD Independent R&D data banks. The R&D Program Planning Data Bank contains almost 6,000 current records. As of 30 September 1976, there were 2,753 organizations registered for DDC service. Of these, 1292 were industrial, 1083 DoD, 207 other Government, and 171 educational. The RDT&E On-Line System currently has 63 remote terminals in operation and handled over 129,000 searches during FY 76.

The operation is totally funded from the RDT&E appropriation as a support activity except for funding recouped from service charges for paper and microform copies of technical reports.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

DSA ADMINISTERED INFORMATION ANALYSIS CENTERS

1. Subject of Interest

In FY 72 the Director, Defense Research and Engineering (DDR&E), assigned DSA administrative management of nine (9) contractor-operated Information Analysis Centers (IACs). These Centers, located in research and development facilities, review, analyze, synthesize and reformat world-wide scientific and technical information in specific areas of technology for dissemination to the DoD research and development community.

2. Background

As the result of consolidations and disestablishment of Centers since assignment, there are currently eight (8) active IACs with a ninth to be activated in FY 77. The centers are: Chemical Propulsion Information Agency; Infrared Information and Analysis Center; Machinability Data Center; Mechanical Properties Data Center; Metals and Ceramics Information Center; Nondestructive Testing Information Analysis Center; Thermophysical and Electronic Properties Information Analysis Center; Reliability Analysis Center & Weapons Guidance and Control Information Analysis Center (to be activated in FY 77).

The provision of authoritative scientific and engineering information in the format required by DoD scientists and engineers removes the necessity for each to individually locate and analyze the vast store of information and avoid duplication of technical effort already performed. The centers operate in well-defined areas of technology, such as chemical propulsion, infrared physics, engineering properties of materials, non-destructive testing and tactical weapons guidance and control. The IACs receive technical direction and surveillance from DoD laboratories having competence in the specialized science or technology of the Center. Products and services of the IACs include responses to inquiries, scientific and engineering reference books, state-of-the-are reviews, technology assessments and current awareness publications. The centers are required by DDR&E to recoup at least 50% of their direct funding through the sale of their products and services to their users, DoD, other government contractors and the general public.

3. DoD Position

The DSA Information Analysis Center Program is vital to the DoD scientific and engineering community. It enables program management and research and development personnel to make the most effective use of time and resources and avoid duplication of technical effort already performed, underway or planned.

4. Current Status

The IACs achieved 59% of direct funding in FY 76 and are expected to increase this in FY 77. A user awareness/user needs study conducted in FY 76 noted that 93% of the DSA IAC users were satisfied with center products and services.

Originator: Defense Supply Agency
Date of Preparation: 10 Dec 76

DOD ROLE IN DEVELOPMENT OF NATIONAL ENERGY POLICY

Issue

There is a general inadequacy of consideration for national security in formulation of national energy policy. A grave military threat to the U.S., NATO and other free world nations exists as a result of heavy and growing dependence on oil originating in areas subject to military interdiction in time of war. Despite long-standing and repeated DoD iteration of that threat, non-DoD Executive Branch agencies persist in regarding the energy problem in political and economic terms, particularly since DoD's role in development of national energy policy was sharply reduced in 1973 and 1974.

Background

Subsequent to World War II, until the Arab oil embargo, consideration of the national energy situation largely revolved around national security issues. DoD played a major role in this area until 1973: Member, President's Advisory Committee on Energy Supplies and Resources Policy (1954-1955); member, Special Cabinet Committee to Investigate Crude Oil Imports (1957-1958); member, Oil Import Appeals Board (1959-1973); by Presidential Proclamation, a mandatory point of consultation for the Director, Office of Civil and Defense Mobilization for the latter's advice to the President on oil imports (1959-1973); member, Cabinet Task Force on Oil Import Control (1969-1970); member, President's Oil Policy Committee (1970-1973).

In 1973, as the Administration attempted to deal with the growing oil and energy problem, there was a transition in the organizational approach to national energy policy development. The resultant hiatus in progress was interrupted by the Arab Oil Embargo. Ensuing "crash" legislative and Executive Branch actions resulted in the development of new centers of energy policy making from which DoD is largely excluded.

The military threat to the nation resulting from the energy situation is far more serious today than it was during the years when energy dependence was viewed largely in the context of national security. The threat is growing. Yet, since DoD was shouldered aside from a central role in energy policy development, there has been a strong trend exhibited by those in effective control of energy policy to regard the situation only in economic and political terms. Repeated efforts have been made by DoD to redirect energy thinking towards national security considerations. All have apparently been to little avail.

OASD(I&L)DE
3 Dec 76

DoD Position

The energy problem is three-dimensional. The least serious is the economic/political price/embargo dimension. The most serious, long-term, is world energy resource depletion, 1985-1990 and beyond. The most serious, short to mid-term, is the Soviet military threat to the major oil producers' loading ports in the Persian Gulf during a Warsaw Pact-NATO confrontation. National security must be a vital element in energy policy development. DoD must become a key participant in energy policy development.

Current Status

Despite Deputy Secretary of Defense input to the NSC in July 1976 and the expression of Secretary of Defense views to the Assistant to the President for National Security Affairs and the Administrator, FEA in November 1976, there is as yet no evidence that national security considerations are being seriously reflected in national energy policy development.

Recommended Action

Strong DoD initiative to restore DoD to a principal role in development of energy policy. Opportunity to do so should be gained in connection with the new Administration's restructuring of the federal energy structure.

PROGRAMS/PLANS TO CONVERT FROM GAS/OIL TO COAL WHERE PRACTICAL

Problem

The Energy Policy and Conservation Act (EPCA) of 1975 has called for an increase in the use of coal by utility systems and in industrial-size plants. Details for the implementation of this goal for the nation and specifically for federal agencies are yet to be finalized.

Associated with the accent on coal is the increasing shortage of natural gas to meet the nation's needs which is coupled with the very high cost of petroleum products and their decreasing availability from domestic sources.

Most DoD heating plants are relatively small and are of the packaged type equipment which is designed for oil and gas only and whose abrupt conversion to coal is very expensive. Also, the environmental problems with high sulphur coal remain along with the more than three-fold investment advantage of gas and oil over coal.

Background

Pursuant to Executive Order 11507 which required all air pollution abatement projects to be completed or underway by December 31, 1972, plans were made to convert from coal to oil at a number of DoD installations. Then, fuel oil shortages prompted a moratorium on these conversions in May 1973. Then the Energy Supply and Environmental Coordination Act (ESECA) authorized a program to switch utilities from oil and gas burning to coal. ESECA was extended in December 1975 by EPCA and expanded to include large industrial oil users. Environmental constraints have delayed this program considerably. Also, a conversion program for federal government installations has not been developed or promulgated. On balance, the resulting extent of conversion to coal is unclear.

DoD Position

DoD policy currently specifies a solid fuel (coal, refuse, etc.) burning capability for new or replacement boilers in heating plants of 100 million BTU/HR output capacity or greater. Natural gas is prohibited for new heating plants or boilers of over 5 million BTU/HR output capacity without ASD(I&L) approval. Further DoD initiatives in this area which require additional funding should await the development of a federal program.

ENERGY CONSERVATION

Problem Minimize energy consumption by its more efficient usage without reducing the necessary level of military readiness or associated training

Background

- September 1973, Defense Energy Task Group was established to analyze complex energy related issues in the DoD and to determine DoD's energy management structure.

- November 1973, Defense Energy Task Group Phase I report "Management of Defense Energy Resources" approved.

- January 1974, the Directorate for Energy, reporting directly to the ASD(I&L), was established as the primary focal point in DoD for energy matters.

- August 1974, the Secretary of Defense implemented recommendations contained in the Phase II report "Management of Defense Energy Resources" for maintaining momentum of DoD energy programs.

- October 1974, DoD holds worldwide energy conservation seminars with DoD and representative civilian defense contractor personnel.

- December 1974, DoD energy savings of 25% for FY 1974 compared to 1973 highlighted FEA's first annual report on the Federal Energy Management Program.

- January - April 1975, DoD installations in CONUS and Hawaii hosted Federal Executive Board energy conservation survey teams. As a result of this program, FEA characterizes DoD as the "bellweather agency" in energy conservation programming and management.

- July 1975, DoD energy reduction for FY 1975 amounted to 26% over FY 1973.

- July 1976, DoD energy reduction for FY 1976 amounted to 7.3% less than FY 1975, the current baseline.

- November 1976, the President commends Federal agencies for their conservation efforts and establishes goal for FY 1977 of using no more energy than was actually used in FY 1975.

DoD Position

Maintain total nonrenewable energy use within DoD at the rate of consumption experienced in FY 1975 (increases in consumption required for maintaining readiness and for required increases in the tempo of operations are not included in the energy conservation program).

Current Conservation Actions

- Continue to reduce energy consumption by undertaking self-amortizing retrofit projects to existing facilities (Defense Energy Conservation Investment Program). This program is funded at $130.4 million in FY 1976, $146.3 million in FY 1977, and [illegible] million in FY 1978.

- Continue to monitor energy consumption utilizing the Defense Energy Information System (DEIS).

ECONOMIC ADJUSTMENT

1. SUBJECT OF INTEREST. The impact of Defense realignment actions (RIFs, base closures and contract cutbacks) on individuals and communities.

2. BACKGROUND. Public sensitivity to Defense realignments usually reflects the relative severity of the local job loss and the extent of the impact on the local economy. Congressional reaction often mirrors the number of civilian job losses in the individual's district. While job loss is certainly a serious personal concern for those affected, the number of jobs lost is not necessarily a valid index of the severity of the local economic impact.

3. DoD POSITION. The potentially adverse economic effects of Defense realignment actions are a factor of consideration in the decision-making process. Every practical consideration is given to implementing such actions in a manner that will minimize the impact. When a serious impact is unavoidable, the DoD takes the lead in bringing federal government resources to bear on alleviating the problems.

a. Individuals. DoD Program for the Stability of Civilian Employment, which is carried out in cooperation with other federal, state and local agencies, has provided new jobs for 145,000 or 62% of 232,000 employees affected by Defense realignments over the past ten years. Fifteen percent of those affected retired, 8% resigned and the remaining 15% were involuntarily separated.

b. Communities. Assistance to seriously affected communities is provided through the President's Economic Adjustment Committee (EAC). (The Committee of 20 federal departments and agencies is chaired by the Secretary of Defense. The Office of Economic Adjustment (ASD I&L) serves as permanent staff). Since 1970, EAC has assisted 141 communities in 41 states, Puerto Rico and Guam. EAC utilizes on-going federal resource programs to assist local leaders develop and carry out community adjustment projects. The objective is to generate new job opportunities and alleviate related social and economic problems. Wherever possible, former military bases are converted for productive civilian uses, i.e., airports, schools, hospitals, recreational areas, industrial parks, etc.

4. CURRENT STATUS. At 44 locations which received major EAC assistance prior to 1975, the communities have continued to create new jobs to replace lost Defense jobs on a better than 1:1 ratio (101,000 gained vs 92,000 lost). Employment gains have been achieved through the establishment of new manufacturing plants (400), civilian airports (17), vo-tech and other schools (19), and other local government activities (20).

In December 1976, EAC was assisting 46 communities. Notwithstanding national economic difficulties, the generation of new job opportunities was keeping pace with the phase-out of Defense jobs in 20 of the current project locations (20,000 gained vs 22,000 lost). At other locations progress was limited for various reasons, including complications in the disposition of former Defense base property. It is anticipated, however, that the 1:1 ratio of job replacements will continue to be achieved at most major impact locations.

OASD (I&L)EA
1 December 1976

5

Commercial Items

1. Subject of Interest

DoD Management of Commercial Items.

2. Background

In the past, the policy on stockage of items centrally has been based primarily on the number of demands that have been placed on the central wholesale level inventory manager, the assumption being that, with sufficient demands being placed on the central system, it is economical to centrally procure, stock and issue most items. There have been some exception to this policy where the ready availability through the normal commercial distribution system seemed to dictate centralized management without stockage of certain categories of items. Thus, the DoD has developed call type contracts with distributors of automotive, materials handling, and construction equipment parts wherein overseas units may requisition centrally and receive materiel directly from contractors, with DoD having made no investment in inventory. Other DoD units procure these items locally.

3. Status

With the experience gained in support of overseas units centrally without inventory, it now appears feasible to make greater use of local commercial distribution systems; i.e., decentralize management of selected groups of items that are now centrally managed, while using the central manager's access to the nationwide commercial distribution system as a backup for those activities who do not have a satisfactory local source of supply.

A comprehensive study, "Materiel Support to Civil Engineers Operations" has recently been completed; also, other past studies on commercial administrative vehicles indicate that these two areas should be completely decentralized. Planning is underway to determine the best technique for identifying all items involved. This effort must also be integrated into an overall Office of Federal Procurement Policy (OFPP) objective of making greater use of the commercial distribution system. In addition, a comprehensive policy covering central/local management relationships and stockage policy for all items is in the process of being developed.

G. Minter
OASD(I&L)SR
30 Nov 76

Critical Items

1. Subject of Interest

DoD Management of Critical Items.

2. Background

As a result of continuous advancement in the design of military equipment or the development of a new mission for older equipment, many items experience more failures than originally anticipated. Also, a temporary peaking of equipment failures may occur after several years of satisfactory service. For these and numerous other reasons, DoD inventories are sometimes inadequate to support all requirements, and in order to intelligently distribute all available assets during a period of temporary shortage, an item is designated "critical." This designation normally results in complete centralized control of all assets and distribution of those assets in line with national priorities.

In the past, management of critical items has been the prerogative of each Military Service or Defense Agency. However, in the near future all items will be under integrated management, as opposed to multiple management by the Services/Agency. To accommodate this new situation, a DoD policy that will provide standard control, reporting, and distribution policies for all integrated managers and operational units is required.

3. Status

A project is underway to accumulate and evaluate the unique policies being used by each Service with the objective of developing a Department of Defense Instruction on the "Management of Critical Items" which would be implemented DoD-wide.

This Instruction will provide for DoD-wide visibility and control of critical items by the Integrated Manager and, through an improved support posture brought about by distributing scarce assets, insure that the operating forces of all the Services are supported in a manner consistent with our national priorities.

G. Minter
OASD(I&L)SR
30 Nov 76

The DoD Precious Metals Recovery Program (PMRP)

1. Subject of Interest

Promote the economical recovery of precious metals from all sources and provide the recovered precious metals, as needed, to DoD Components and authorized Federal agencies at recovery cost for use as Government Furnished Materials (GFM) in support of Defense contracts.

2. Background

Prior to 1 October 1974, three separate organizations were involved in the recovery of precious metals. On 1 October 1974, the Defense Supply Agency assumed single-manager responsibility for an integrated and worldwide PMRP.

3. Status

During FY 1976, DSA recovered almost $18 million market value of precious metals and furnished them as GFM at a savings to the Government of $16 million. It is expected that these figures will increase during FY 1977 as improvements in recovery techniques are introduced. Program costs were $2.1 million.

John G. Marcus
OASD(I&L)SR
30 Nov 76

Defense Retail Interservice Support (DRIS) Program

1. Subject of Interest

Promote economy of operations through the development of agreements to enable local military commanders to provide or obtain support for various functions associated with their missions.

2. Background

The DRIS Program was established so that administrative and logistical support services such as data processing, mail, fire and police protection, medical, vehicles, general supplies and dozens of other categories could be provided in a business-like way to eliminate duplication and reduce costs. Support services are normally between DoD Components but may also be between the Components and other Federal Agencies. Agreements are negotiated at the lowest possible level to insure that the requirements of the supplier and receiver are met. Support is normally provided on a reimbursable basis, with the receiver being required to program, budget, and fund for it. The supplier bills for identifiable net additional costs related to the support provided.

3. Status

As of September 30, 1976, there were 4,390 DRIS agreements on record which were worth $174.7 million. These figures have remained steady for the past few years as factors such as budget and manpower reductions, which limit the capability of a supplier to perform, have been introduced. Efforts are underway to find ways to improve the DRIS Program's effectiveness.

John G. Marcus
OASD(I&L)SR

30 Nov 76

Defense Personal Property Disposal Program

1. Subject of Interest

Maximize economical and efficient utilization and disposal of Department of Defense excess personal property worldwide, under single agency management.

2. Background

The Director, Defense Supply Agency (DSA) administers the Defense Personal Property Disposal Program under DoD-wide procedures developed jointly by the Military Services and DSA. Worldwide disposal functions are managed by DSA through the Defense Property Disposal Service (DPDS) which supervises approximately 200 Defense Property Disposal Offices.

This responsibility also includes the identification and control of surplus Munitions List Items (MLI) to insure that those which are classified as lethal are demilitarized.

3. Status

During FY 1976, property valued at $1.2 billion was utilized within DoD, $570 million was utilized by other Federal agencies or donated to the States and other eligible organizations, and $1.5 billion was sold. The cost of running the program exceeded proceeds from the sale of surplus property by approximately $10 million. This deficit is expected to increase to / million annually during the FY 1978-82 period. Various management actions have been started or are planned to reverse this trend.

John G. Marcus
OASD(I&L)SR
30 Nov 76

Secondary Item War Reserves

1. Subject of Interest

Improvement of material readiness through elimination of deficiencies for secondary item war reserves.

2. Background

"Secondary items" are the myriad of Defense-managed items not specifically designated as principal items. They include minor end items, spares and repair parts and expendable/consumable items. Out of the total 3.7 million items managed by the Department of Defense, approximately 3.5 million, or 95%, are classified as secondary items.

For a variety of reasons, the Department does not attempt to prestock, in peacetime, all secondary items that would be required in time of war. Those selected items that are stocked as war reserves represent the minimum requirement that must be prestocked in peacetime to meet our wartime needs. They are required to provide a readily accessible and effectively balanced source of essential materiel with which, together with peacetime stocks, to support combat operations until the increased wartime consumption can be satisfied from production.

War reserve materiel stocks are positioned in peacetime to achieve the optimum balance between initial support of forward deployed forces and their planned reinforcements and the need to provide flexibility to support other forces in contingencies worldwide. For theaters of critical interest to the U.S., the Services preposition the minimum war reserve stocks that would be required to support the forward deployed and reinforcing units until such time that a resupply flow into the area of conflict can be established; Other War Reserve Materiel Stocks are located in the Continental U.S. where they can be shipped to any theater in which they might be required.

3. Status

In an effort to improve the material readiness of our operating forces, the Department has initiated a five-year program [illegible] a large part of the existing secondary item war reserve deficiencies [illegible] approximately $3 billion. The approved [illegible] program contains [illegible] million for secondary item war reserve [illegible]; for [illegible] Department is requesting an additional [illegible] million.

[illegible]
[illegible]
[illegible]

Department of Defense Stock Funds

1. Subject of Interest

Scope of DoD Stock Fund Operations

2. Background

Pursuant to the authority contained in the National Security Act of 1947, as amended (10 USC 2208) the Secretary of Defense has established stock funds in each of the military services, in the Defense Supply Agency (DSA) and in the National Security Agency (NSA). Stock funds finance the procurement of materiel that upon issue become expenses of the consuming agency. Generally, the items included in the stock funds consist of supplies, minor items of equipment, and parts and components used in the manufacture, assembly or repair of end items of equipment. The consuming agency reimburses the stock fund for materiel when received. These reimbursements in turn finance the replacement of the inventory.

Normally, stock funds are revolving (working capital) funds which recover their costs and finance inventory replenishment through sales. The same quantity of items required to support peacetime operations are, however, inadequate to finance increased wartime activity levels. Therefore, in addition to stock fund inventories maintained to support peacetime customer issue requirements, selected stock fund items and associated inventories are maintained as war reserves; these inventories represent the minimum stocks that must be prestocked in peacetime to meet the anticipated increased consumption in wartime.

3. Status

For FY 1977, the Department forecasts $17.6 billion for stock fund disbursements; total collections are anticipated to be approximately $17.7 billion.

In early Fiscal Year 1975, the Department recognized that the stock funds' capability to internally generate the cash required for war reserve investment was virtually exhausted and that, in any event, the pace at which deficiencies were being eliminated was inadequate. Thus it was determined that, in the future, any essentially fixed investment in war reserves which could not be satisfied with internally generated cash should be financed through requests for direct Congressional appropriation to the stock fund. For FY 1977, the Congress has approved $219.8 million for procurement of stock fund war reserves; the Department's FY 78 request will be [illegible] million.

[illegible]
[illegible]
[illegible] Nov 76

Retail Inventory Management and Stockage Policy (RIMSTOP)

1. Subject of Interest

Improved management of retail level inventories of secondary items.

2. Background

In recent years, DoD has devoted a great deal of time and effort toward improved management, requirements computations, and policies at the wholesale level of the DoD supply system. However, it was noted that there is approximately $6 billion of inventory carried at the intermediate and user levels where a wide range of management and stockage policies are employed. By memorandum dated 20 April 1974, the Deputy Secretary of Defense outlined specific objectives to be achieved for below wholesale level and created the Retail Inventory and Management Stockage Policy (RIMSTOP) Working Group to accomplish the task. The basic objectives were to (1) provide more effective supply support to all users, (2) reduce the investment in secondary items where practical, (3) optimize the echelons of inventory, (4) retain more items under the positive control of the wholesale Inventory Control Points (ICP), and (5) reduce overall order and ship time. The RIMSTOP group was to produce proposed DoD policy issuances which would attain these objectives.

3. Status

The RIMSTOP Working Group has made their final report which includes recommended management policies and a standard requirements computation methodology for both consumable and reparable secondary items. These proposed policies are presently being provided to the Military Services/ Defense Agencies for comments and coordination. Implementation of proposed policies to achieve a standard DoD stockage policy will result in more effective supply support at the user level throughout DoD.

LTCol L. Wellman
OASD(I&L)SR
30 Nov 76

Management of Reparables

1. Subject of Interest

Improve DoD Management of Reparable Component Items by Developing New or Revised Policies.

2. Background

Reparable items represent a significant portion of the investment of secondary item procurement and depot repair costs. Because of the large dollar inventory investment ($15 billion) and the annual cost to procure ($1.5 billion) and to repair ($1.6 billion) these component items, their importance for materiel readiness, and the complexity of item management, it is imperative that rigid inventory management and accounting procedures be used to efficiently control these items through the complete cycle of requirements determination and materiel flow.

In January 1975 the Reparable Item Policy Coordinating Group (RIPCOG) was established for the purpose of providing an appropriate permanent focal point for overall coordination of all related actions for improving DoD reparable item management. Each Service has assigned a representative to participate in the Group's efforts. OASD(I&L) provides the Group Chairman.

3. Status

A new Issuance, to be developed in coordination with the Services, will concentrate on improvements in the computation of repair requirements, reduction of repair cycles, new forecasting techniques, the timely return of unserviceable items and the use of economic airlift. Working on a continuing basis with the Services, with OASD(I&L) leadership, this Group will develop a more uniform and cost beneficial approach to the management of this major segment of the DoD supply system.

James H. Reay
OASD(I&L)SR
30 Nov 76

Central Supply Operations

1. Subject of Interest

Scope of Central Supply Operations Activities in the DoD.

2. Background

A significant portion of the annual Defense Operations and Maintenance (O&M) expenditures and manpower requirements are devoted to the operation of the central supply activities which provide logistics support to the combat-oriented military forces.

In FY 1978 the Army, Navy, Air Force, Marine Corps and Defense Agencies will expend about $3.7 billion to operate the Central Supply System. About 144,000 military and civilian personnel will be needed to perform the varied activities included in the logistics system.

The Central Supply System includes the operation of supply depots, inventory control points, procurement activities and the associated command and logistics support activities.

3. Status

The Defense Central Supply System has experienced considerable manpower and real dollar reductions since the cessation of the Southeast Asia operation. At the same time a general decrease in workload has occurred, however, in many instances the workload decrease has not kept pace with resource reductions. Numerous policy and procedural improvements have been implemented or are planned. An overall reevaluation of the size, organization and scope of the Central Supply System is needed.

J. REAY
OASD(I&L)SR
30 Nov 76

Integrated Materiel Management

1. Subject of Interest

Elimination of Duplicate Inventory Management Responsibilities in DoD.

2. Background

Single DoD manager assignments have been made for the 3.3 million consumable items used by DoD components. This program was completed in 1973. For many thousands of nonconsumable items, the several Services developed separate item management arrangements as the Service's need for the item arose. As a result, today some 40,000 plus nonconsumable items are managed by more than one Service. In order to eliminate this duplication of management effort, Deputy Secretary of Defense Clements directed a Joint Logistics Commanders' task group to continue the effort to assign single Service managers for all nonconsumable items.

A concept of operations paper covering a proposed two-phased approach, intended to achieve Secretary Clements' management objective was prepared by the JLC Task Group.

In order to insure continued progress towards eventual achievement of this management objective, the first phase of the proposed JLC plan was approved for development and implementation. This phase covers assignment of Integrated Managers and development of wholesale level responsibilities and procedures. Approval of Phase I permitted the JLC task Group to proceed on this project with a minimum of delay. Concurrent with the approval of Phase I, the JLC was directed to proceed with development of a Phase II Plan.

Phase II is the expansion of the Phase I implementation program whereby wholesale stock, store and issue functions for affected items are assigned to a single manager for DoD wholesale financial and asset control. This assignment includes (1) a single DoD wholesale stock, (2) sole development of budgeting and funding of Depot Repair Requirements, (3) single budgeting and funding of requirements to support wholesale stock, (4) credit exchange, (5) critical item management and (6) wartime surge requirements.

3. Status

The Phase II Plan has been approved by OASD(I&L) with a completion date of May 1978.

James Reay
OASD(I&L)SR
30 Nov 76

INTERAGENCY FOOD QUALITY ASSURANCE PROGRAM

1. Subject of Interest

The Office of Federal Procurement Policy (OFPP) has recognized that Federal agencies procuring food have established various quality assurance programs which overlap and duplicate each other as well as supplant quality protection afforded the general public by statute.

2. Background

OFPP recognizes that much of the duplication in food quality assurance efforts is attributed to the absence of a central coordinating responsibility. Accordingly, OFPP requested the U. S. Department of Agriculture to assume full responsibility for developing an executive branch plan for a Government-wide quality assurance program for food procured by Federal agencies. The Department of Defense (DoD) has been requested, along with Commerce, Health, Education & Welfare, Interior, Transportation, General Services Administration, and Veterans Administration, to assist in this undertaking.

3. Status

The DoD is an active member of the Interagency Food Quality Assurance Plannning Committee and has assisted in developing the committee's Charter. The Charter has been received and is expected to be approved by the Assistant Secretary of Defense (Installations & Logistics) for the DoD. Work is ongoing in devleoping the planning committee's organization and taskings for the proposed task groups. OFPP has requested that the plan for the Government-wide quality assurance program be submitted by 1 April 1977 for approval.

Cdr John M. Wyatt
OASD(I&L)SS
30 November 1976

MILITARY STANDARD CONTRACT ADMINISTRATION PROCEDURES (MILSCAP)

1. Subject of Interest

A recent General Accounting Office (GAO) Draft Report was issued on this subject.

2. Background

Military Standard Contract Administration Procedures (MILSCAP) are Defense standard procedures for interchanging contract related data in automated forms. These procedures involved directions for formatting and exchanging data between automated activities. In May 1973 further Defense-wide implementation of MILSCAP was halted. The action resulted from the failure of Department of Defense (DoD) Components to implement major automated systems as scheduled. In September 1975 the Office of the Assistant Secretary of Defense (Installations & Logistics) directed: (a) basic reforms to the standard procedures; (b) an evolutionary approach to future MILSCAP implementation based on demonstrated needs and capabilities; and (c) use of standard procedures whenever data are exchanged in automated format. GAO has submitted a Draft Report (OSD Case #4210), subject: Need to Improve Department of Defense Automated Information Handling Activities for Contract Administration. The Report claimed that the DoD after spending $47 million in design and development canceled the system. The GAO Report asked for a full-blown cost benefit analysis before any future action is taken. In discussions with GAO we indicated that in citing the $47 million figure, GAO has confused MILSCAP which are data interchange procedures with the automated systems they were intended to service. For example, of the $47 million, $35 million involve Army and Defense Supply Agency systems, many aspects of which are operational. We also make it clear that MILSCAP had never been canceled. Portions of MILSCAP implemented prior to May 1973 remained in effect, and implementation of additional portions was now proceeding on a phased basis.

3. Status

GAO is in the process of finalizing its report. Indications are that while the report will call for tighter controls than are currently being applied, it will endorse the use of standard procedures and will not attribute the $47 million cost to MILSCAP. DoD Components are proceeding with the implementation of key MILSCAP features.

John P. Bartley
OASD(I&L)SS
30 November 1976

REDUCTION IN NUMBERS OF ITEMS IN THE FEDERAL SUPPLY CATALOG

1. Subject of Interest

New items enter the Federal Supply Catalog at the rate of approximately 280,000 per year. The Department of Defense (DoD) administers the Federal Cataloging Program and, as such, serves Civil Agencies and Foreign Subscribers to the Codification Program. The proliferation of items results in voluminous data files, increased costs in cataloging and management, and, in the case of stocked items, increased storage and warehouse maintenance costs. Other than screening for prevention of duplicate items entering the system, DoD has little control over catalog entries for other than DoD activities.

2. Background

Several General Accounting Office studies have expressed concern over the growth of the number of items in the catalog. DoD has a number of programs designed to reduce the total number of items managed by the DoD. Item entry control programs include: Military Parts Control Advisory Groups which encourage the use of standard parts in design of new equipment; catalog screening and technical reviews to prevent duplicate items from entering the system; and new innovations in the form of parametric and characteristic screening to identify similar items which may be used in lieu of entering new items. Item reduction programs aimed at eliminating items already in the system include: standardization studies designed to reduce the range of items stocked to perform a given function; the Defense Inactive Item Program which identifies and eliminates items no longer needed; and various catalog clean-up programs designed to discover and eliminate duplication of items in the system.

3. Status

These programs have been somewhat curtailed over the last two years during the implementation of the Defense Integrated Data System (DIDS). DIDS has now been implemented and actions have been taken to revitalize these programs. Significant progress in reducing items managed is expected over the next two years.

H. Robert Dunn
OASD(I&L)SS
30 November 1976

SERIAL NUMBER CONTROL OF SMALL ARMS

1. Subject of Issue

To establish a joint/integrated system for the control of small arms by serial number within the Department of Defense (DoD).

2. Background

In view of the interest that evolved during hearings by the Senate Committee on Government Operations in 1972 regarding asset control, the Office of the Assistant Secretary of Defense (Installations & Logistics) tasked the Army, in conjunction with other DoD Components, to develop a joint system to improve the control of small arms. A Joint Requirements Group was established to prepare the plan and oversee the development and implementation of the system. The DoD Central Registry was established at the U. S. Army Armament Command on 21 March 1975 employing an IBM 360-65 computer with application programs previously developed by the Air Force. The initial registration of small arms in the hands of troops began immediately.

3. Status

The DoD Central Registry contains records of 4,664,530 weapons (generally small arms of .50 caliber and below but certain other lethal weapons are registered). The initial registration is virtually completed and will be followed by the registration of depot stocks; originally scheduled for completion by March 1978, the program has been accelerated with a new completion date of October 1977. An estimated 1.5 million weapons are yet to be registered.

H. Robert Dunn
OASD(I&L)SS
30 November 1976

FEDERAL CATALOG PROGRAM (FCP)

1. Subject of Interest

The Federal Catalog Program (FCP), administered by the Secretary of Defense, provides a single item identification for each item used and stocked by the Federal Government. There are 5.8 million such items of which 3.8 million are DoD items. These items are identified by a 13-digit National Stock Number which is also used by NATO. The U. S. Federal Catalog System has been adopted by NATO and the net effect is a common logistics language between all member nations. Also included in the use of the FCP are several non-NATO friendly foreign nations, such as the Governments of the Republic of China and Saudi Arabia.

2. Background

In 1952 Congress enacted Public Law 436 (codified as 10 U.S.C. 145) which directed the Secretary of Defense to develop a single catalog system for the Federal Government. This system was to provide a single stock number for each item repetitively procured, stocked, and used by all agencies of government, military and civil. Over the years this system has evolved to where the Defense Logistics Services Center (DLSC) in Battle Creek, Michigan, has become the central repository and data bank for all items of supply within the Federal Government. This data bank has complete information on each item in the system, containing data elements such as descriptive and performance data, size, weight, cube and other relative information essential to the Federal Catalog System.

3. Status

Emphasis now is on optimization of the Federal Catalog Program. All catalogs are produced on microfische with a net savings in production costs of 66 percent over hard copy costs. The Defense Integrated Data System (DIDS) has been implemented and this accomplished the integration of all data into a common file for use by all functional managers. Our most significant goal at this time is to reduce the number of DoD items to 3.6 million by the end of FY 77 (a reduction of 200,000 items).

Paul F. Judge
OASD(I&L)SS
30 November 1976

MILITARY STANDARD LOGISTICS SYSTEMS (MILS)

1. Subject of Interest

The MILS provide a basic structure of standard data systems which permit compatible and uniform communications between Services/Agencies logistics activities. The Defense Supply Agency has been tasked as System Administrator to exercise direction and control over these systems.

2. Background

The Defense-wide MILS are uniform systems employing standard data elements, codes, formats and procedures to enable the logistics systems of the Military Services and Defense Agencies to interface and operate as a total DoD system. Currently, there are 10 standard logistics systems in operation:

a. Military Standard Requisitioning and Issue Procedures (MILSTRIP)
b. Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)
c. Military Standard Transportation and Movement Procedures (MILSTAMP)
d. Military Standard Billing System (MILSBILLS)
e. Military Standard Contract Administration Procedures (MILSCAP)
f. Military Supply and Transportation Evaluation Procedures (MILSTEP)
g. Department of Defense Activity Address Directory (DODAADS)
h. Military Assistance Program Address Directory (MAPAD)
i. Military Standard Petroleum System (MILSPETS)
j. Defense Automatic Addressing System (DAAS)

The first system to be implemented was MILSTRIP which became effective on 1 July 1962. This system eliminated 16 different requisitioning systems that had been in use by the Services/Agencies. At present, there are approximately 28 million requisitions processed annually under MILSTRIP throughout the DoD.

3. Status

The procedural guidance in the governing Directive has recently been revised to strengthen the role of the System Administrator, establish focal point committees and provide added responsibilities for the Services/Agencies.

Paul F. Judge
OASD (I&L) SS
30 November 1976

THE DEFENSE INTEGRATED DATA SYSTEM (DIDS)

1. Subject of Interest

The Defense Integrated Data System (DIDS) was implemented in April 1975 with its data base at the Defense Logistics Services Center (DLSC), Battle Creek, Michigan. It provides a highly sophisticated, centralized, mechanized information center of management data used in common by the logistics systems of the Military Departments, Department of Transportation, General Services Administration, the Defense Supply Agency and friendly Foreign Countries.

2. Background

The DLSC was established as a field activity of the Defense Supply Agency (DSA) in 1962, with functions based upon the mission of its predecessor activity, the Armed Forces Supply Support Center. The number of functions performed by DLSC in support of the overall DoD logistics mission have continued to expand. The DLSC data file size increased from approximately 1.5 billion characters in 1963 to 3.9 billion characters in 1971. Transaction volumes increased from approximately 5 million per year in 1963 to more than 30 million transactions in 1971. In a period of eight years DLSC had exceeded the capacity of three major ADPE configurations. Within DLSC the cataloging, provisioning screening, marketing and utilization functions were being processed by separate systems within the present computer environment. Much of the data utilized by each of these systems was duplicative or overlapping.

3. Status

DIDS is operational but is still experiencing some software and hardware problems. Future efforts are being concentrated on the optimization of programs. Total cost of the system was $75 million.

Paul F. Judge
OASD (I&L) SS
30 November 1976

DOD/USDA QUALITY ASSURANCE TEST

1. Subject of Interest

Senate Subcommittee criticism of the Department of Defense (DoD) meat quality assurance inspections, specifications, and procurement practices and procedures dictates a need for exploring alternatives designed to improve and increase the effectiveness and economy of subsistence support.

2. Background

Veterinary personnel of the Armed Forces presently conduct in-plant quality assurance inspections of meat procured by the DoD using military specifications as standards for the inspections. Hearings conducted by the Chiles Subcommittee on military meat purchasing revealed that the military personnel were often untrained, poorly supervised, and susceptable to bribery and fraud due to their pay not compensating for living and working in high cost of living areas. The hearings also indicated that inspectors and suppliers belived that military meat specifications were unduly restrictive and unnecessarily complex, causing high prices and acceptance of low quality meat products. The General Accounting Office has also been critical of the DoD's meat specifications.

3. Status

In August 1976 DoD requested the U. S. Department of Agriculture (USDA) to participate in a test which would utilize USDA inspectors for in-plant quality assurance inspections for meat products purchased under commercial meat specifications. A joint Services, Defense Supply Agency, USDA committee has been formed to develop a test plan and to conduct such a test. Results of the test are expected by October 1977.

Cdr John M. Wyatt
OASD(I&L)SS
30 November 1976

BEEF PROCUREMENT PROBLEMS

1. Subject of Interest

Investigations of the Department of Defense (DoD) meat procurement practices and procedures have indicated that a high percentage of the beef products received were nonconforming with specification requirements. There has been fraud and collusion between DoD personnel and the suppliers.

2. Background

In July 1975, the Senate Subcommittee on Federal Spending Practices, Efficiency and Open Government conducted an examination of diced meat purchased by the DoD. This meat was found to be in gross nonconformance with specification requirements. This revelation has caused a complete review of the DoD's meat procurement practices and procedures.

3. Status

The DoD Task Group on Subsistence Procurement, formed to study the current system, has provided 84 recommendations for improvement. In addition, the Army General Officer Ad Hoc Committee on Subsistence has offered 85 recommendations. The Defense Supply Agency and the Services have been tasked to implement these recommendations by 30 June 1977. The Defense Investigative Service continues ongoing investigations of DoD meat suppliers and indictments are expected in the near future on those suppliers suspected of wrongdoing.

Cdr John M. Wyatt
OASD(I&L)SS
30 November 1976

25

MAINTENANCE OF CONTINGENCY SEALIFT CAPABILITY OF THE MILITARY SEALIFT COMMAND (MSC) CONTROLLED FLEET

Issue: What should be the level of contingency response capability in the Military Sealift Command (MSC) controlled fleet?

Background:

- Cessation of sealift to Vietnam in April 1975 significantly reduced overall sealift movement requirements.

- In July 1975, MSC determined that only 20 dry cargo ships could be economically supported with projected DoD cargo in FY 76.

- Navy requested authority to maintain a minimum MSC controlled fleet of 27 ships based on contingency requirements.

  -- Ships excess to those required for DoD cargo to be held in ready reserve status to support non-mobilization contingency requirements.

  -- Readiness cost of ships held in reserve estimated at about $7 million per year.

DoD Position: In October 1975, Defense approved retention of 27 ships in the MSC controlled fleet based on:

-- DoD cargo requirements estimated at 20 ships.

-- A controlled fleet of 27 ships including up to 7 in ready reserve constitutes reasonable MSC support of the first 10-20 days of a contingency.

-- Ready Reserve Ships would be available to load within 10 days.

-- The MSC Industrial Fund supported the reserve ships in FY 76/7T. In FY 77 and beyond, reserve ship costs will be borne by the Navy O&MN appropriation and MSC will bill readiness costs on a reimbursable basis.

-- Reserve ships should not be used in normal cargo operations unless commercial service is not available.

-- The minimum size of the MSC controlled fleet is evaluated annually.

Current Status: The MSC active dry cargo controlled fleet is at 27 ships force level, with from 1 to 7 ships held in a 10-day reduced operational status.

OASD(I&L)TD
30 November 197[illegible]

JOINT NAVY/MARITIME ADMINISTRATION EFFORTS

1. Issue: Provide update on selected programs including utilization of civil service manned Navy auxiliaries or chartered commercial shipping in underway replenishment and other Navy support roles and programs of mutual interest.

2. Background:

- The DOD is heavily dependent on the U. S. Merchant Marine to project and support U. S. Land/Air Forces and supplement fleet support capabilities, which necessitates close cooperation between the Navy and Maritime Administration (MARAD).

- Continuing budgetary constraints on manpower and fleet support resources have dictated increased Navy reliance on non-military sources to cover mobile logistics support force requirements.

- In 1971-72 Navy developed, tested and proved the Charger Log concepts of merchant marine manned ships performing both full time and opportune underway replenishments to fleet ships.

- Under the Merchant Marine Act of 1936, MARAD is the source of shipping to meet military requirements.

3. DOD Position: Continue to investigate and develop programs in all areas of mutual Navy-MARAD interest, including more effective methods of utilizing merchant ships to meet common-user sealift contingency requirements and for fleet support to achieve economies in manpower and funds.

4. Current Status:

- Approved Programs: (1) Establishment within the National Defense Reserve Fleet (under MARAD management) of a responsive contingency Ready Reserve Force (RRF) of approximately 30 dry cargo ships, which will be manned and on-berth for loading within 10 days of notification; and (2) Military Sealift Command (MSC) civil service marine personnel manning of eight oilers, one refrigerated ship, five ocean-going tugs and two cable-laying ships by end of FY-78.

- Under Study: (1) U. S. Navy-merchant ship communications; (2) Navy-MARAD shipbuilding mobilization base; (3) State and federal maritime school naval science curriculum; (4) Improved National Defense Features on U. S. Flag merchant ships; and (5) joint Navy-merchant ship exercises.

JOINT NAVY/MARITIME ADMINISTRATION EFFORTS (CONT'D)

- On-going: (1) U. S. Flag Merchant Ship Locator Filing System (USMER) ensures certain national agencies and military commands are informed of the movements of U. S. Flag merchant vessels throughout the world; (2) MSC manning of eight oilers, one refrigerated ship, two cable-laying ships and four ocean tugs; (3) opportune underway refuelings with MSC and chartered tankers (and Royal Fleet Auxiliary-MSC tankers for astern refueling training); (4) Navy-MARAD Policy Planning Group; (5) MARAD-Navy Shipbuilding and Ship Repair Committee; (6) Navy-MARAD Design Team; and (7) informal Defense-Commerce Working Group.

- Recently Completed: (1) Formal establishment of Navy-MARAD Policy Planning Group; (2) Navy-MARAD joint study on the value of high speed to merchant ship survivability; (3) Navy-MARAD-OMB Five Year Coordinated Shipbuilding Study; and (4) Navy-MARAD Memorandum of Agreement for Ready Reserve Force.

OASD(I&L)TD
30 November 1976

AIRLIFT PIPELINE LOGISTICS CONCEPT

Problem: To determine whether additional items of supply can be identified within DoD military supply systems which could be more economically procured, stocked and distributed if they are routinely transported by air vice surface mode.

Background: The concept of substituting fast reaction transportation for excess stocks has been in existence for many years. In 1955 the Air Force determined that significant savings in overall costs could be realized by buying and stocking fewer high-cost reparable aircraft engines and moving all such engines via air transportation. As the follow-on to the DoD Air Logistics Pipeline Study, the House Armed Services Committee (HASC) requested that the Army initiate a test to explore the potential for savings through the expanded use of airlift for overseas logistic support.

DoD Position: In 1976, the Army was requested to use their previously planned test of the Air Lines of Communication (ALOC) concept, which was developed as part of an overall logistics improvement program, as a vehicle for examining the premise that savings are possible through more use of airlift for normal logistic support.

Current Status: The ALOC test will begin January 1, 1977 and will last for 6 months. Under this test, all Class IX (repair parts) will be airlifted to Germany using approximately 3 C-141 missions per day. Following the test, the Army will make an after-action analysis and furnish OASD(I&L) a report that can be used for future decisions on the desirability of expanded use of air logistics support. This report is due in September 1977.

OASD(I&L)TD
30 November 1977

PRESIDENT'S MARITIME PROGRAM AND DEFENSE SEALIFT/ STRATEGIC MOBILITY REQUIREMENTS

1. Issue: What is impact of the President's Maritime Program (PMP) on Defense Sealift/Strategic Mobility Requirements?

2. Background: Although enactment of PMP into law in 1970 provides for construction of 300 new merchant ships over a period of 10 years, significantly less than 300 ships will be constructed because of increasing ship size and higher cost, the latter further aggravated by the effects of inflation. Additionally, the PMP extension of Construction Differential Subsidy funds to bulk carriers for the first time in 1970 resulted in a dramatic shift away from construction of ships of direct military value and construction initially was concentrated on very large crude carriers (VLCC), ultra-large crude carriers (ULCC) and liquified natural gas carriers (LNG). Because of differing commercial and military requirements, therefore, few ships were constructed or are being constructed to replace older ships of the type vital to the DOD, particularly in time of war or national emergency. However, the current trend appears to be shifting away from VLCC/ULCC because of a worldwide tanker surplus and construction of militarily suitable ships appears much more likely. The attractive tentative Maritime Administration construction plans currently under study envision the following:

FY-77

2 Containerships
4 Lighter-Aboard-Ship (LASH) Carriers
2 Heavy Lift Ships
*2 Liquified Natural Gas (LNG) Carriers
4 Reconstruction of Containerships

14

FY-78

2 Containerships
2 Breakbulk Ships
*2 Liquified Natural Gas (LNG) Carriers

6

FY-79

4 Containerships
2 Roll-on/Roll-off (RO/RO)
*1 Liquified Natural Gas (LNG) Carrier

7

GOVERNMENT TRANSPORTATION RATES-
EXEMPTION FROM REGULATORY CONTROLS

2

Problem - Preservation of reduced and/or negotiated rates for the U.S. Government under Section 22 of the Interstate Commerce Act.

Background - Section 22 provides for the granting of free or reduced rates to the Government by surface common carrier transportation companies in the U.S. The basic provisions were contained in the original act of 1887 and, although attacked on many occasions, remain substantially unchanged. While there is some question as to how much the Government saves through the use of this section, it is of importance to DoD because of its potential for flexibility and adaptability, as well as providing negotiating incentives to offset advantages available to commercial shippers but not to the Government. In reference to dollar savings to DoD under Section 22, the figure of one-quarter billion dollars was used freely in House floor debate without serious argument.

Lately, Section 22 has been attacked primarily because of allegations of noncompensatory rates to the carriers involved and subsidization to the Government by private shippers because fo lower government rates. There is strong indications that neither of these conditions exist to any significant degree. Nevertheless, Section 22 came dangerously close to repeal in the 93rd Congress, and it will probably be up again in the 94th.

DoD Position - Section 22 of the Interstate Commerce Act should not be repealed. In practice, we believe the rates are at a compensatory level and not so low as to force subsidization of government transportation costs by private shippers. Section 22 does provide advantages to government rate negotiators which only offsets disadvantages due to the unique characteristics of DoD traffic.

Status - Repealing legislation did not pass the 93rd Congress, but it will probably come up again in the next Congress. Meanwhile, both OSD and MTMC have completed information studies. DoD conclusions are supported by independent GAO reports.

OASD(I&L)TD
30 November 1976

RENEWAL OF NATIONAL DEFENSE RESERVE FLEET (NDRF)

Issue: The NDRF consists of approximately 130 dry-cargo ships of World War II vintage which are obsolescent and comparatively inefficient. These ships had been scheduled for retention only through FY 77, however, the Maritime Administration (MARAD) now considers they can be retained through the 1970's and possibly beyond. In any event, positive action toward eventual replacement of some or all of these ships is necessary.

Background: There is a requirement for ships to provide deployment and support capability from the NDRF as was done in the Korean and Vietnam contingencies. The active tramp fleet has declined to less than 30 ships. Berthline ships committed under the Sealift Readiness Program provide a potential contingency surge capability, but extensive removal of these ships under conditions short of full war would lead to extensive losses of shipping markets, thus, resulting in a long-run reduction in the full mobilization base represented by the U.S. merchant marine. Therefore, the NDRF represents a surge capability which should be retained.

At present, in the U.S. merchant marine there are between 100 and 150 breakbulk ships of relatively recent construction which can be expected to be gradually supplanted over the next several years by high productivity modern ships. These ships can be acquired for the NDRF by purchase or trade for equivalent scrap value of older ships in the MARAD fleet.

DoD Position: Positive action is required for revitalization of the NDRF over the next five years. To this end, DoD should support MARAD in developing plans and acquiring the necessary legislation to replace the older NDRF ships as more modern ships become available.

Current Status: Limited trade-in legislation has been enacted to enable MARAD to acquire mariner class ships but expires January 2, 1977. Legislation was introduced in the last Congress to extend the MARAD authority both in time and ship types. This legislation was not enacted. DoD will support MARAD on a similar legislative proposal to the next Congress.

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PRESIDENT'S MARITIME PROGRAM AND DEFENSE SEALIFT/
STRATEGIC MOBILITY REQUIREMENTS
(CONT'D)

*These ships have little direct military utility. However, they are ships which owners and operators can expect to employ profitably and their construction contributes to maintenance of the necessary shipbuilding base.

3. DOD Position: Navy position is that the remainder of the 10 year span of the PMP must produce a more varied mix of merchant ships than the first six years of the Program if there is to be significant joint Navy/Commercial use. Follow-on resupply in the rapid deployment concept requires general dry cargo ships to supplement the mission of military sealift and airlift. Since about 95% of contingency resupply cargo is expected to go overseas by sealift, the Navy supports the modernization of the shipping industry and the advancement of innovative designs necessary for these ships to meet military cargo lift requirements.

4. Current Status: In the current environment ships useful to the Navy often are not profitable. Profitable employment of ships of high military utility is required to attract owner/operator interest in new construction. The decline in total number and tonnage of the types of merchant ships attractive for DOD sealift caused by the apparent difference in requirements for Navy and commercial use may be reversed if the tentative encouraging MARAD program is implemented.

- At the end of 1978, on the basis of today's orderbook and delivery schedules, U. S. shipbuilders will have only nine merchant vessels under construction.

- In 1975 only 5.1% of waterborne cargo that moved in our foreign trade was carried in U. S. flag merchant ships, a decrease from 6.5% in 1974.

- The Services are attempting to offset the decline in numbers of ships by seeking optimization methods in utilizing available sealift.

SPACE AVAILABLE TRAVEL OF DOD PERSONNEL

Issue: The Surveys and Investigative Staff of the House Appropriations Committee released a report in March 1973 wherein it was concluded that the Secretary of Defense should be directed to curtail to the fullest extent possible the provision of costly space available air travel by military personnel and their dependents.

Background: During the period of February 1972 through March 1973, the investigative staff of the House Appropriations Committee reviewed the use made of military and commercial aircraft operated by the Military Airlift Command for transporting active duty and retired military personnel and their dependents on a space available, non-reimbursable basis. The report concludes that this space available transportation is costing the Government many millions of dollars each year, that the system is being abused, that the special reservation system for senior officers should be terminated, that retired personnel should be excluded from space available travel and that space available travelers should be required to pay a pro rata share of the cost of that transportation.

DoD Position: The DoD has stated that space available transportation results as a by-product of airlift capability procured or scheduled to meet projected official airlift requirements of the Military Services. When forecast official passengers fail to generate the space thus left unused is made available to space available travelers. There is no added cost to the DoD. Senior officers are not granted reserved spaces for space available travel but are merely permitted to have their names put on the waiting list for such travel in advance of their arrival at the aerial port. This privilege is granted in recognition of the difficulties attendant to scheduling of leave for senior officers in positions of responsibility. The uncertainty and inconvenience of space available travel, the fact that the transportation is of no added cost to DoD and the fact that such travel has come to be regarded as an important fringe benefit makes charging the traveler a fee for such travel undesirable from DoD's point of view. However, it has been agreed that henceforth MAC will assess each space available traveler the $3.00 tax for international air movement.

Current Status: A revised Chapter 4 of DoD Regulation 4515.13R covering Space Available Travel has been prepared by OASD (M&RA) and coordinated with the Services and is now being published by the Department of Air Force in a new edition of the referenced regulation. This regulation is being further modified to reflect the inclusion of Air Force tactical aircraft in the Industrial Fund as of 1 October 1976.

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to accept only a portion of these CONUS postal functions. We intend to pursue the matter with USPS in further discussions covering possible changes in the 1959 postal agreement between our two agencies. Recently, the House Subcommittee on Postal Facilities, Mail and Labor Management has suggested that we postpone any major changes until the General Accounting Office (GAO) can complete a review of the cost implications of the SAC recommendation.

Current Status: We are awaiting reaction of the SAC regarding the joint DoD/USPS report and further guidance from the House Subcommittee of the House Post Office and Civil Service Committee with respect to assumption of stateside postal functions. The LMI study of management of the MPS is on schedule.

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DEFENSE POSTAL OPERATIONS

Problem: The Department of Defense (DoD) obtains domestic official mail service from the United States Postal Service (USPS) for DoD, its departments, and the defense agencies in the same manner as other Federal agencies. In addition, the DoD operates the Military Postal System (MPS) as an oversea extension of the USPS. The MPS provides postal support to other government agencies, primarily the Department of State. Both the Senate Appropriations Committee (SAC) and the House Post Office and Civil Service Committee (HPO&CSC) have shown increased interest in the management of Defense Postal Operations.

Background:

- DoD postal service policy is a responsibility of the Assistant Secretary of Defense (Installations and Logistics). The ASD(I&L) also is responsible for DoD liaison with the U.S. Postal Service. Defense postal service management is decentralized; each of the Military Departments maintains an office for the direction of its postal activities, both within CONUS and overseas. The decentralized organization of the MPS has remained relatively unchanged since World War II. DoD worldwide postal operations cost about $300 million per year ($100 million for oversea mail transportation, $40 million for defense postal personnel and $150 million for domestic (indicia) mail service from USPS).

- In reviewing the DoD Appropriations Bill of FY 1976, the SAC deleted certain military manpower spaces and directed that DoD negotiate with the USPS for them to assume certain postal functions which were being performed by military personnel at military installations with the United States. In reviewing the DoD Appropriations Bill of FY 1977, the SAC restored certain manpower spaces and directed that a joint DoD/USPS report be submitted covering agreement to transfer certain functions. The report was submitted on October 19, 1976.
- In September 1976, the House Subcommittee on Postal Facilities, Mail and Labor Management of the Committee on Post Office and Civil Service conducted hearings on Military Mail. Representatives of the DoD, USPS and transportation companies testified at these hearings. A report has not yet been issued by the Subcommittee.

- In October 1976, the Logistics Management Institute (LMI) was tasked to evaluate the present organization and management of the MPS, both domestically and overseas. A final report is due by August 31, 1977.

DoD Position: We concurred with the SAC recommendation that the USPS take over certain stateside military postal operations in areas where they have a statutory obligation to provide service, however, the USPS agreed

PBEIST (PLANNING BOARD FOR EUROPEAN INLAND SURFACE TRANSPORT)

Problem: Planning Board for European Inland Surface Transportation (PBEIST) action toward coordinated transportation movement requirements.

Background: PBEIST is one of several NATO civil emergency planning agencies and is organized under the Defense Planning Committee. In the general area of Civil Support to Military Preparedness, PBEIST over the years has done very little. Much has been accomplished in standardizing transport operations, collecting highly useful planning information, and achieving agreement on emergency problems such as border crossing points. In addition, a Central European Wagon Pool (railway cars) was organized for wartime or emergency use. PBEIST serves as a very useful forum for the exchange of transport information. The U.S. Representative to PBEIST is furnished by OASD(I&L)TD. In the past, U.S. forces have negotiated for host nation support on a bilateral basis. This is adequate for securing the use of fixed facilities and most services. However, transportation movements that cross several international borders should be programmed on a multinational basis.

DoD Position: In November 1973, DoD (U.S. Representative) suggested at the plenary session that PBEIST undertake a pilot study of transportation movement requirements across the BENELUX LOC in the event of a reinforcement of Central Europe. This would provide an integrated movement program coordinated with all the nations concerned. Host nation support could then be negotiated bilaterally. This could result in a reduction of the amount of U.S. military transportation resources now perceived as necessary to operate the BENELUX LOC in an emergency.

Current Status: The Planning Board for European Inland Surface Transport (PBEIST) initiated a study group in January 1975 which presented its study results to PBEIST in May 1976. Essentially, the study reported that host nation resources were adequate to support both military and civil requirements. Additionally, some constraints were identified, such as the availability of certain specialized equipment, which could have an adverse impact on network capability. The study group was directed to continue evaluation of these constraints for feasible solutions. It is anticipated that the data generated by the study group will be made available to NATO military authorities for their use in more detailed transportation planning including consideration of the vulnerability of the BENELUX LOC to

interdiction by enemy action. Based on the PBEIST study, it is now possible to place specific requirements on host nation resources with assurance that ample capability exists.

In addition to the BENELUX LOC study, PBEIST has under consideration two additional groups to evaluate the Northern and Southern flank LOCs respectively. Although the U.S. presence currently is minimal on these flanks, it is believed that similar planning benefits can be achieved for the nations involved.

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STRATEGIC MOBILITY STUDY

Problem: To identify the mobility forces required for this country to meet its NATO commitments.

Background: Since the FY 1974 supplemental budget request, DoD has sought substantial increases in strategic mobility resources. These increases are necessary to move the General Purpose Forces to Europe in a timely manner in the event of a Warsaw Pact invasion. Currently, because of numerous factors the PACT would enjoy a significant force advantage because of our inability to rapidly deploy our forces. Although we have had some success in obtaining funds for the necessary improvements, some elements in Congress are still not convinced that we have the coordinated program necessary to effect the required improvements. Consequently,in the SASC report on the FY 77 budget as well as a GAO report on airlift requirements, the SECDEF was requested to direct an overall coordinated study of mobility requirements for submission with the President's FY 78 budget.

Status: On July 12, 1976, Secretary Rumsfeld directed the Joint Chiefs of Staff to take the lead on the requested study. Under the monitorship of OASD(I&L) and (P&E), a study team consisting of members of OJCS and the Services was formed. Service inputs to the study have been received and computer simulations on the data have been made. The results of these simulations are now being analyzed and the first drafts of the report are being prepared. The OJCS has been requested to furnish OSD with a Service-coordinated final report on January 3, 1977. The report will then be coordinated within OSD for subsequent forwarding to the Congress in late January 1977.

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REPLACEMENT SHIPS FOR THE MILITARY SEALIFT COMMAND (MSC) CONTROLLED FLEET

Issue: As government-owned ships in the MSC nucleus fleet become obsolescent, acquisition of replacement ships by build and charter should be an option available to DoD, in addition to appropriation funding for new construction and chartering of existing ships.

Background: Because of special military requirements, such as size and type of cargo handling equipment, the availability of suitable replacement ships on the charter market is frequently non-existent.

The most cost effective way to fund new acquisitions is to offer sufficient inducement, in the form of a long-term charter contract, to a private operator to build and operate the ships.

To date, 28 ships have been so acquired by MSC since its establishment in 1949. The most recent build and charter additions are nine "Handy-Size" (25,000 deadweight tons) tankers delivered in FY 75/76.

The House Armed Services Committee (HASC) has asked that DoD submit a proposed bill to give legislative authority to this type of transaction.

The OMB rejected the responsive DoD proposal in November 1975. Subsequently, in March 1976, OMB advised DEPSECDEF that request for reconsideration was not approved.

DoD Position: Build and Charter is a valuable method of acquiring ships for the MSC controlled fleet, and legislation recognizing the technique should be proposed by DoD, as requested by the HASC.

Current Status: In the absence of enabling legislation for build and charter, an expensive ($45,000,000) rehabilitation program is being planned for two obsolescent cable-laying ships that should be replaced. In order to avoid such expenditures, and to provide build and charter as a continuing DoD option when required, enabling legislation is again under review. Further action is being held in abeyance pending completion of the review process.

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30 November 1976

DEPOT MAINTENANCE COST ACCOUNTING

1. Issue

Depot maintenance consumes over $5 Billion of resources annually. Until recently DoD has not had a cost accounting system capable of producing complete, accurate, and timely cost and production data identified to weapon systems supported.

2. Background

In 1971 the DepSecDef and the ASD(C) testified before the Appropriations Sub-Committee of the House that the DoD goal was to have uniform cost accounting in depots performing like operations. Congressional interest was further indicated in House Report No. 92-587 on Military Construction Appropriations during 1972 which states: "The Committee expects the Department of Defense and the Services to develop accounting systems that will allow them to compare the costs of doing work at various Department of Defense organic facilities, and between organic and contractor operated facilities." Development of the uniform system began at that time. Significant differences in the service's procedures complicated the development and necessitated considerable revision and testing of the uniform system.

3. DoD Position

To fully implement a uniform cost accounting system for depots performing similar maintenance functions.

4. Current Status

A DoD Handbook providing standard and uniform depot maintenance cost accounting procedures has been developed, was issued in October 1975, and tested at selected locations in FY 1976. Army and Navy implemented the revised procedures October 1, 1976. Air Force programs implementation by April 1, 1977 of an interim system and full implementation of all procedures by July 1, 1978 (in conjunction with an overall revision of their depot maintenance accounting system).

OASD(I&L)
December 1, 1976

USE OF CONTRACTOR AND GOVERNMENT RESOURCES FOR MAINTENANCE OF MATERIEL
(DoD Directive 4151.1)

1. Issue

The DoD utilizes both in-house and commercial sources for accomplishing equipment maintenance. Consistent with national policy set forth in OMB Circular A-76, maintenance workload programs are performed in-house when: (a) in-house performance is necessary to maintain or strengthen mobilization readiness, and (b) procurement from a commercial source would result in higher cost to the Government. A recent Presidential Management Initiative to increase contracting has focused more attention on this topic, with a view toward increased contracting out of depot level maintenance.

2. Background

To prevent unneeded proliferation of in-house facilities, while assuring the capability to respond to mobilization requirements, DoD policy provides quantitative guidance for establishment and retention of in-house depot maintenance capacity. The commercial sector is often critical to the DoD policies of accomplishing depot maintenance in-house.

3. DoD Position

Assure all maintenance workload distribution alternatives are fully considered and that those alternatives selected for distribution of maintenance workload programs each year provide for retention of a balanced industrial base that can respond to mobilization needs and produce the greatest return to the Government for dollars expended in accordance with existing policy directives.

4. Current Status

DoD is developing improved planning guidance leading to refined policies for depot sizing and source of repair to assure that in-house capability and capacity retained are consistent with OMB Circular A-76 policy and applicable DoD guidance.

OASD(I&L)
December 1, 1976

APPLICATION OF RELIABILITY CENTERED MAINTENANCE STRATEGY

1. Issue

For their newer aircraft, the commercial airlines have developed and adopted a new maintenance management approach which has been of significant benefit. Implementation of the approach for DoD weapons system maintenance requires considerable effort and some initial expense.

2. Background

In the last few years an operations research approach to aircraft maintenance has been adopted by commercial airlines resulting in improved systems availability, decreased support cost and improved safety. The airlines have referred to their new philosophy as "MSG-2." Pan American Airlines reports saving $11 million over a five year period, while TWA reports saving $100,000 per year per wide bodied jet by using MSG-2. The "MSG-2" approach involves restudy of the reliability, the criticality, failure modes, and the maintenance processes required for each component of the aircraft. In adopting this concept in DoD, the aircraft manufacturer has more capability for accomplishing the study and has been contracted to accomplish the necessary analysis for initial applications. The cost benefits accrue through a reduction in the frequency or depth of scheduled maintenance, increased system availability and increased operator confidence. O&M funds have been budgeted in recent years to have the studies accomplished through contracts. The technique applies to, and is being implemented upon all types of DoD combat systems (not just aircraft). In view of its general applicability, the technique is now referred to as "Reliability Centered Maintenance."

3. DoD Position

To implement Reliability Centered Maintenance for all weapons systems.

4. Current Status

Navy has completed initial engineering analysis and is implementing RCM strategy on P3C, S3A, F4J, and on some aircraft engines; and two classes of submarines. Air Force has completed the study of the B52 airframe and is proceeding with its other weapons systems. Army is implementing the technique for its helicopters. Other weapons systems will follow.

OASD(I&L)
December 1, 1976

Problem: Reduction of Outyear Operating and Support Costs for Newer Weapons

Background: Until 1975, there was no attempt to institute management of operating and support (O&S) costs of new weapons by specific attention during the development phase. The resultant operating and support costs with few exceptions just "happened" and there has been a gradual creep in the fraction of the budget needed for operations and support (on the order of 10% increase for 1961 to 1976) while at the same time readiness declined. Commencing in 1975 a series of major initiatives was undertaken to develop OSD and Service capability to consider and influence operating and support cost implications during the weapon development process. (Performance, R&D costs and unit production costs now receive emphasis; but O&S costs which don't equal both the others).

Issue:

1. Whether to increase and accelerate effort to get control of and influence future operating and support costs.

2. Whether to emphasize these efforts to Congress now or in the future.

DoD Position: With continued DoD and Service priority, some capability to manage outyear O&S costs can be achieved in two years; but without priority little progress will be made because of inherent difficulties and the downstream nature of the problem. Consideration should be given to increase the DoD resources devoted to the problem. Congress should be made aware of our serious intent but should be clearly educated on the difficulties.

Current Status: In February 1976, the Deputy Secretary of Defense announced policy of managing outyear costs, with the objective of reducing the fraction of budget allocated to these and directed Services to establish and institute procedures in support thereof. This includes the specific objective whenever possible of designing new systems to cost less to operate than their predecessors.

Since 1975, there have been started several methodologic improvements needed: to get O&S cost visibility for current weapons (1975 MBO 9-2 Visibility and Management of Support Cost); to improve O&S cost estimating (I&L sponsored revisions to CAIG O&S guides for ships and aircraft); to get industry involvement (1976 NSIA task force on LCC and the DoD Trial on warranties) and to revise the acquisition directives to emphasize LCC. In addition, several major DSARC programs are demonstrating approaches to establishing management thresholds on personnel, spares, as well as reliability and maintainability. Major areas now being structured for demonstration are DSARC reviews of early logistic planning; development of relations between O&S cost and readiness; and structuring FYDP and budget data to give visibility of O&S costs.

IMPROVEMENT IN LOGISTICS

1. Subject of Interest.

Management of Major Weapon System Modification Programs.

2. Background.

Several major weapon systems modification programs are receiving significantly more attention from Congress due to their large dollar amounts or they fall within "special interest" categories. OSD(I&L) is monitoring these modification programs to ensure that they are cost-effective and interface with other acquisition initiatives.

3. DoD Position.

OSD will continue to closely monitor the Services' modification programs to determine if they should be nominated for a DSARC or Program Review. High value programs that are not nominated for a DSARC or Program Review are continually monitored to ensure that they are being properly managed.

4. Current Status.

Modification programs in DSARC review:

- C-5 wing modifications
- CH-47 helicopter

Modification programs being monitored:

Naval ship modification program

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DEPARTMENT OF DEFENSE METRICATION POLICY

1. Problem, Issue, or Subject of Interest

U. S. conversion to the metric system will have a significant effect on the Department of Defense.

2. Background

The Metric Conversion Act of 1975, PL 94-168, established a board to coordinate the voluntary conversion to the metric system. Many companies and even entire industries, such as the automotive industry, are already converting to metric usage. In the DoD portion of a study submitted to the Congress in 1971 by the Department of Commerce, it was estimated that conversion would cost the DoD $18 billion over a 30 year transition period. An interim DoD policy memorandum was signed by Secretary Clements on June 10, 1975, providing for use of the metric system whenever practical. This policy states that the DoD will generally follow industry's lead in conversion but requires that use of metric units be considered in design and development of new weapon systems, especially those to be used within NATO.

This interim policy was transcribed into a draft DoD Directive which received publicity within industry. The International Brotherhood of Electrical Workers objected to our policies as being too aggressive in letters to the ASD(I&L) and to Chairman Price of the House Armed Services Committee. Labor has consistently been negative to U. S. conversion, primarily on the basis of the cost of handtools and a fear of increased imports. At the request of Mr. Price's staff, we met several times with labor representatives and worked out agreements on directive language which preserve the original intent of the policy. This process delayed the Directive for several months.

3. DoD Position

The DoD requires a positive metric policy such as that represented by the draft DoD Directive.

4. Current Status

The Directive has been approved by the ASD(I&L) and DDR&E and is awaiting signature by SecDef or DepSecDef. Metric measurements are already being used on the Roland Missile and Hydrofoil Ship, and are planned for some new weapon systems such as the Viper and Hellfire missile systems and the ASH program.

I&L
26 November 1976

SPECIFICATIONS AND STANDARDS APPLICATION IMPROVEMENT PROGRAM

1. Problem, Issue, or Subject of Interest

Studies by the Defense Science Board Task Force on Specifications and Standards concluded that a significant cause of unnecessary cost escalation in the acquisition process is with the application, interpretation and demonstration of compliance and enforcement of specifications and standards in RFPs and contracts.

2. Background and DoD Position

A study by a task force under the Defense Science Board was undertaken to examine the impact of specifications and on material acquisition with the objective of reducing weapons systems costs. They concluded the following: (a) that improved controls over the application of specifications and standards are needed; (b) that these documents do not in themselves drive costs, but such escalation does occur through their misapplication, interpretation, enforcement and demonstration of compliance in acquisition programs; (c) that a finite group of "non-product" documents are the true cost drivers and should not be contractually invoked without a coordinated "scrub and tailor" process; (d) there is need for strong centralized management of these "cost driver" documents; (e) that an improved dialog must be developed with contractors to identify opportunities for reducing costs through better application/tailoring of specifications and standards; and (f) that an improved feedback system is required to couple contract experience with document preparers. Based upon these findings a program has been undertaken dealing with the improved application and tailoring of specifications and standards in acquisition.

3. Current Status

Policies and procedures to control the blanket application of specifications and standards and to require cost-effective tailoring have been issued within DoD. A DoD Directive amplifying these policies is targeted for issue by January 1977.

New techniques for structuring military standards are being evaluated. The departments are applying the tailoring format concept to selected documents to prove out a standard methodology that can be adopted uniformly. Initial results are expected during 1977.

Proposed changes to the ASPRs have been formulated to bring about a more positive and improved dialogue with industry during the acquisition process.

Action has been taken to introduce the philosophy of specifications and standards application into course curriculum at DoD training and educational centers to expose present and future DoD program managers to the DoD policies governing application/tailoring in the acquisition process.

I&L
2 December 1976

SINGLE MANAGER ASSIGNMENT FOR CONVENTIONAL AMMUNITION

1. Issue of Special Interest

To centralize management of conventional ammunition within DoD.

2. Background

In 1968, LMI conducted a study of the condition and operation of DoD ammunition facilities. As a result of the study, the Services recommended that a joint panel be formed to standardize and increase compatibility among the Services. In 1971, the Services established the Joint Conventional Ammunition Production Coordinating Group (JCAP/CG) to handle ammunition production.

While the joint panel study was in progress, the GAO conducted a review of ammunition logistics in the DoD. GAO recommended that SECDEF establish central management for all ammunition either by creating a new ammunition organization or by assigning this responsibility to one Service. ASD(I&L) advised GAO that, first, DoD would give the JCAP/CG an opportunity to demonstrate its ability to improve ammunition management and that he would conduct a formal review of JCAP/CG's performance and potential during July 1975.

During 1975, ASD(I&L) appraised informally the performance of JCAP/CG and decided that the Army should serve as the Single Manager for Conventional Ammunition. DoD Directive 5160.65 was approved and issued by DEPSECDEF on November 26, 1975. It assigns Army as the Single Manager for all DoD functions of procurement, production, supply, and maintenance/renovation of all DoD conventional ammunition the continental United States.

On 27 February 1976, the implementation plan for the Single Manager for Conventional Ammunition was finalized. On 9 July 1976, it was presented to OSD with individual Service positions. On 7 September 1976, the Deputy Secretary of Defense, Mr. Clements, by memorandum to the Secretaries of the Military Departments resolved the remaining issues and asked that the Single Manager proceed with a two-phased implementation plan. The first phase, beginning 1 October 1976, includes phased transition of the procurement, production, maintenance/renovation, storage and inventory/transportation management functions. The second phase of implementation, to occur in FY 79 and 80, is to include expanded responsibilities for the Single Manager.

3. DoD Position

Strengthened centralization direction and control are needed to make desired improvements in conventional ammunition logistics planning and operations. Army, as the Single Manager, can provide the desired centralized management.

4. Current Status

The necessary budgetary documents to effect the implementation of the Single Manager are now undergoing preparation and review. The resulting transfer of personnel and funds will be audited during FY 77 to determine if any adjustments should be made during the apportionment review of the FY 78 budget.

I&L

2 December 76

GOVERNMENT-OWNED INDUSTRIAL PLANT AND EQUIPMENT

Background: The Department of Defense owns some $18 billion of Industrial Plant and Equipment (at acquisition value). Replacement costs would be somewhere in the order of $80 to $100 billion. Much of this investment is in the form of wholly government-owned arsenals and depots (Government-owned-Government-operated (GOGO) facilities). Nevertheless, a very significant portion is composed of facilities (plant and equipment) which are co-located with private defense contractors' facilities. These consist of both Government-owned Contractor-operated (GOCO) plants and DoD-owned equipment in Contractor-owned Contractor-operated (COCO) plants. Todays Government-owned industrial base came into being by vast expansions to support World War II, Korea and Vietnam as a result of private businesses reluctance and inability to finance the facilities. Clearly, the DoD has more regulatory control over GOGO facilities than those provided to augment a private capacity. The Defense Industrial Reserve Act of 1973 (P.L. 93-155), The Arsenal Acts, OMB Circular A-76 and Defense Mobilization Order (DMO) 10, dated Nov 9, 1976 set the basic policies for this area.

DoD Position: All of our actions are in line with the intent of the Defense Industrial Reserve Act of 1973 (Public Law 93-155, Sec 809). This act charges the Secretary of Defense with the responsibilities of:

1) assuring that an essential nucleus of Government industrial plants and equipment are maintained to support a national emergency or in anticipation thereof, 2) disposing of plants and equipment that are excess to stated requirements, 3) placing maximum reliance on private industry for support of defense production and 4) assuring that the retained industrial facilities are maintained in a high state of operational readiness.

The ownership of Government-owned industrial plants & equipment have been significantly reduced as a result of placing maximum reliance on the private sector. The retention goals and objectives of the Defense Industrial Reserve Act require and are obtaining increased emphasis. Actions have been initiated to identify the minimum essential nucleus of plants and equipment to be maintained under Government-ownership. This review includes plants and equipments in active use and in idle status in support of national emergency requirements. Equipment that is retained must be updated (modernized) in order to increase productivity.

Current Status: We are reducing the DoD ownership of Government facilities in the possession of contractors, identifying critical essential sectors where government equipment should be modernized, increasing incentives to encourage private investment and have initiated numerous actions to improve the management of the industrial facilities area. The main problems relative to captial facilities are the retention of capability for peacetime and emergency preparedness needs and the modernization, rehabilitation and disposition of existing facilities. OSD focal point for Government-owned industrial property has been established.

NATO STANDARDIZATION AGREEMENTS

1. Problem, Issue, or Subject of Interest

NATO's Military Committee continues to stress the improvement in interoperability among forces as the key aim of NATO standardization effort. The Congress and various other sources also call for improvements in standardization within NATO, especially in the materiel area. NATO Standardization Agreements (STANAGS) which already exist are not being implemented effectively.

2. Background

The planning and production of STANAGS for the future is considered to be the key of NATO's future standardization effectiveness, especially in the area of materiel. The existing 600 STANAGS, which number only about 300 in the materiel area, is insufficient to support the materiel needs of NATO at present and in the future. The U. S. is supporting existing NATO planning groups to encourage the preparation of future needed STANAGS.

Until today, much of NATO standardization efforts have been aimed at complete systems, the 1975 agreement on the F-16 as a replacement for the F-104G is an example. Now, basic materials and building blocks used by NATO nations in system design are also being considered for standardization. It is felt that this will ultimately improve the desired degree of interoperability among systems used by NATO nations, and assist joint production programs.

3. DoD Position

The Defense Materiel Specifications and Standards Office (DMSSO) is assisting in (1) improving the management of materiel standardization within NATO, (2) developing a central monitoring system which will improve implementation of STANAGS, and (3) conducting independent studies which will be used to recommend to NATO what additional STANAGS are needed, especially those related to Assemblies, Components, Spare Parts and Materials (ACSM).

4. Current Status

Studies aimed at planning STANAGS related to ACSM will be presented to NATO early in 1977. Procedures are being established to identify and correct instances where STANAGS are not effectively implemented by NATO countries.

Wartime Scenarios - Industrial Base Relationship

ISSUE: Whether or not the Industrial Base should be institutionally addressed as a specific element in the deterrence of conventional warfare?

BACKGROUND: The current industrial preparedness program focuses on two groups of items (major systems which are not stocked as War Reserve Materiel (WRM) and those items which are stocked as WRM, i.e., spares, ammunition, tanks, and tactical missiles). Prior to FY1975, investments in the industrial base were routinely considered for WRM items through the industrial program. These investment decisions dealt with such measures as retention and modernization of government-owned production facilities, multiple sourcing, and the prestockage of manufacturing materials and components. The investment decision was generally made on the basis of the D to P Concept which balances the amount of required WRM with available production capacity. Thus, the D to P Concept provided the conceptual tie between the wartime scenarios and the industrial base. The key factor in applying this Concept as the basis for making industrial base investment decisions for WRM items is that the duration of the planned conflict needs to be long enough (normally 12 to 18 months) to allow for the analysis of alternative industrial base postures.

As a result of the FY1975 DoD decision to opt for the short war in terms of logistics support, the net effect was to bias the investment decision. While the prestockage of WRM provides immediate response of the combat forces, there is no conceptual planning being implemented to ensure a continuous flow of materiel support as the prestocked WRM is exhausted - thus, the existence of a logistics, or production, gap the point in time when the prestocked WRM and any on-order or on-hand peacetime assets are exhausted.

DoD POSITION: The current DoD position is to size WRM inventory objectives on a short-war, logistics support philosophy. Though the strict short-war planning baseline results in little emphasis on the wartime production support role of the industrial base, the current DPPG does provide for the consideration of "investment hedges" and "contingency" planning which could be applied to industrial base investment decisions.

STATUS: The future role of the industrial base as an element of wartime materiel support is the topic of a pending resource analysis of a planning concept recently identified by a Defense Science Board Task Force. The essence of this proposed planning concept is the sizing of the industrial production response based on the maximum output of a production facility instead of being limited to dynamic wartime materiel requirements. Conceptually, implementation of this concept would provide production support not only for the intermediate conventional conflict which would last longer than the prestocked WRM could support, but also for the longer mobilization type conflict which would require greatly increased production output of major systems as well as logistics support.

Industrial Base Considerations in the Acquisition Process

SSUE: Whether or not specific industrial base considerations should be brought into the mainstream of the DSARC systems acquisition process?

BACKGROUND: Traditionally, Defense acquisition and procurement policies have assumed the continual availability of a key national resource - the defense industrial base. As a result of the post-Viet Nam reduction in defense market demand (from $42 billion in FY1968 to about $18 billion in FY1975 in constant FY1977 dollars for DoD procurement outlays), the defense industry is faced with considerable excess production capacity at the prime aerospace contractor level and possible under-capacity at critical points in the lower tier, subcontractor base as well as the prime contractor level in the shipbuilding sector. The results have been increasing production unit costs at both the prime contractor level (not only from increased technological sophistication, but also from the increased overhead charges associated with carrying the excess production capacity) and the subcontractor level (in terms of limited numbers of qualified producers being able to demand essentially monopoly prices).

In terms of surge production capability, the apparent reduced numbers of qualified subcontractors and the increasing use of foreign parts producers constitute potential production bottlenecks if the industrial base is required to accelerate production to support a military crisis.

Recent studies have shown considerable differences in terms of profits realized and investment capital generated between the various defense industrial sectors. In addition, there appears to be considerable inconsistencies with respect to our business relationships with our prime contractors versus subcontractors.

DoD Position: Current DoD acquisition and procurement policies generally treat all prime contractors uniformly. Furthermore, DoD has generally accepted a "hands-off" policy concerning the subcontractor base.

STATUS: Several studies are currently in progress to analyze the viability of some of the more important defense sectors (e.g., aircraft and helicopters, aircraft engines and missiles, and shipbuilding) as well as the subcontractor base. The results of these studies will be integrated into a comprehensive report on the defense industrial base. This report should be ready in early 1977 and will identify and document specific problem areas within the industrial base. By specifically defining these problem areas, policy alternatives can then be generated to improve DoD business practices and strengthen the defense industrial base.

DEFENSE INDUSTRIAL BASE POSTURE

1. Background. A viable industrial base is a major element of our national strength and deterrent posture. Maintaining the capability of that industrial base to respond to potential peacetime, surge, and under the declaration of a national emergency, continues to be a major consideration in our defense program. In some specific areas, especially at the subcontractor level, we have experienced a shrinking and gradual erosion of the defense industrial base. Some sectors of our defense industrial base do not have the capability or the desire to respond to defense requirements. Current PPGM tends to restrict support of the industrial base and required production flexibility needed to respond to various emergency situations including the requirement to provide a "surge" of defense production for a relatively short time.

2. DoD Position. As ready forces are reduced, as a result of arms limitations agreements, a modern efficient industrial base capable of rapid response to Defense requirements in an emergency, becomes more important to national security. The Assistant Secretary of Defense (Installations and Logistics) has established new Management by Objectives (MBO) to increase effectiveness of the Industrial Preparedness Program (IPP). Some of the steps being taken are: (1) Expand IPP down through component/part level to include more subcontractors and vendors; (a) Expand efforts to stock pacing components and materials versus end items; (3) Establish early warning system for DoD (supplier closedowns and material shortages); (4) Provide for more production equipment modernization and increased capital investment incentives for our contractors: (5) Integrate IPP effort with current procurement in the System/Project Management Offices of Services; (6) Reimburse contractors for Industrial Preparedness Planning of selected critical items, especially at subcontractor level; (7) Establish specific production surge criteria and identify critical systems & subsystems.

3. Current Status. The DoD components are conducting a study covering stockage of pacing components and materials, the first phase has been completed, implementation of required actions will be accomplished by late 1977. A DoD directive covering an early warning system has been issued and will be implemented by April 1977. Our new programming guidance now provides for more production equipment modernization. Integration of IPP into System/Project Management Offices will be completed by December 1977. The DoD Components have been authorized to reimburse contractors for their planning effort under IPP in selected areas. A DoD steering group covering "Industrial Base" responsiveness has been established by DepSecDef. This group will review overall costs and benefits of different industrial preparedness policy options to meet surge and mobilization requirements. The group will also review specific surge planning criteria and items to be covered by this effort. The group will address required changes in our policies, planning processes and PPGM direction for DoD components.

OASD(I&L)WP

EXPORT CONTROL OF STRATEGICALLY SIGNIFICANT TECHNOLOGY

Background - OASD(I&L)WP is responsible for making recommendations on the advisability of licensing the export os US manufacturing technology. This office has been active in the review of manufacturing technology export license requests and is a member of the interagency technical advisory committee on export of numerically controlled machine tools, which requires essentially the full time of one individual.

In March 1975 a Defense Science Board Report (the "Bucy Report", chaired by J. Fred Bucy, President of TI) recommended an overhaul of the DoD policies on export control. The report suggested that the current DoD procedure was inordinately product oriented and as a result allowed excessive leakage of technological know-how. Consequently a DoD steering group, chaired by ODDR&E, was set up to recommend changes to the system. As a result of the activity in export control, this office is a member of the DoD export control steering group.

The current export control system is based on three embargo lists (the international list, the munitions list and the atomic energy list). These lists contain the technical parameters for products over which the COCOM nations (Coordinating Committee; NATO plus Japan less Iceland) voluntarily impose export control. US participation is basically administered by the Department of State and Commerce with input from ISA in DoD. The trend over the years has been toward greater East West trade, with our allies in particular favoring a relaxation of controls. A new round of COCOM list review negotiations will begin in the fall of 1977.

It would be reasonable to expect the DoD steering group to recommend a shorter control list with more emphasis on the identification and control of technological data along with recommendations to provide more technical evaluation earlier in the review of cases. The steering group effort however is very splintered with groups and subgroups addressing elements of the question in a poorly integrated fashion. In addition there are vested interests in the participating organizations which impede agreement on restructuring of the control system.

Although Congressional interest exists, DoD is uncommitted to implement the Bucy report by any particular time. The present goal is to have an agreed restructuring by June, 1977, so as to mesh with the COCOM negotiations. Barring intervention, it appears unlikely that this schedule will be met.

DOD MANUFACTURING TECHNOLOGY PROGRAM

ackground: The Manufacturing Technology Program (MTP) is a "Procurement" unded program (FY77 $114 M, FY78 $132 M, FY81 est $200M) designed to assure that the necessary manufacturing technology is available for the timely, economical and efficient production of DoD materiel. The projects are production oriented and designed to "bridge the gap" from R&D advances into full-scale production. Projects are only funded after basic concepts have been demonstrated on a laboratory basis, i.e., it is not an R&D program. Roughly 600 projects are active at any one time.

The program has received considerable interest and support from DepSecDef Clements during the past two years. The increased budgets reflect his emphasis on manufacturing cost reduction. His 11 April 1975 "Cost Reduction Initiatives" memo to the Service Secretaries stressing the importance of the MTP has been a major motivating factor throughout the Services and the Defense contractor community. Literally hundreds of copies of this memo have been widely distributed throughout industry, the Department of Defense and other Government agencies.

While the current program covers many technical fields, one of the major efforts underway is the Integrated Computer Aided Manufacturing (ICAM) Program sponsored by Air Force. Secretary Rumsfeld recently approved funding for this five-year, $75 million program which is intended to increase our aerospace contractor productivity by increasing the use of computers and computer technology in the aerospace industries. It is a major effort and has received widespread industry interest and support.

While each Service coordinates its internal MTP, Tri-Service coordination is accomplished through the MT Advisory Group (MTAG). MTAG consists of an Executive Committee (OSD and Service I&L representatives) and six technical subcommittees (Service technical experts): metals, non-metals, electronics, munitions, inspection and test, and Computer Aided Design/Computer Aided Manufacturing. The Executive Committee provides policy guidance and the subcommittees perform technical coordination between the Services. MTAG also provides a DoD interface with industry. Roughly 150 industry representatives representing 10 industrial societies attended the Nov 76 MTAG Annual meeting where Secretary Clements was the banquet speaker. This interaction is designed to promote widespread diffusion and application of the results of the DoD Manufacturing Technology Program in U.S. Defense industry. The return on investment for this program has been very impressive - there are instances where it has been as high as 100 to 1.

Priorities and Allocations

1. Priorities and Allocations authority under the Defense Production Act (DPA) of 1950 (as amended).

2. Background: Title 1 Section 101 of the DPA of 1950 (as amended) authorizes the President to require acceptance and performance of defense contracts and orders and to allocate materials and facilities in such manner as he shall deem necessary or appropriate to promote the national defense. The Director, Federal Preparedness Agency, General Services Administration (FPA, GSA), provides policy guidance and direction for the use of these authorities in the Executive Branch. FPA has delegated to the Bureau of Domestic Commerce, Department of Commerce (BDC/DOC) the authority to perform necessary functions subject to the provisions of Executive Order 10480. BDC further redelegates authority to the DoD, FSS/GSA, ERDA and FEA. This delegation authorizes the claimant agencies (DoD) to apply priority ratings for the procurement and provisioning of material on a preferential basis for items considered essential for the national defense such as programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, space, and directly related activity. ASD(I&L) has been assigned the responsibility to provide policy guidance for the administration of the priorities and allocations program for DoD. Procurement actions are identified with an industrial priority rating, either DX or DO, based on criteria reflecting National and Defense urgencies. If schedules cannot be met or material is not available through the normal operations of the system, Special Priorities Assistance (SPA) actions are initiated. SPA is a management technique used to alleviate production and delivery constraints by giving preference to the most urgent requirements. Master Urgency determinations are maintained by ASD(I&L) to identify relative priorities of the most essential military items. OASD(I&L) has objected to recent past attempts by policy & resource agencies to curtail DoD use of this essential authority. In this regard, a close interagency working relationship must be maintained to assure that mutual interests are optimized.

3. DoD Position: The Department of Defense has found the Defense Materials Systems (DMS) and the Defense Priorities System (DPS), and particularly the SPA program, to be absolutely essential in assuring timely acceptance and deliveries of our contracts and orders in peacetime as they have proved to be during national emergencies. These systems must be maintained in an operational status to insure adequate industrial production readiness.

4. Current Status: On 17 December 1975 the DPA was extended to October 1977. Reports on DPA activity are submitted upon request and at the direction of the Congressional Joint Committee for Defense Production. DPA will be considered for extension by the Congress in September 1977.

OASD(I&L)WP

NATIONAL STOCKPILE OF STRATEGIC AND CRITICAL MATERIALS

Subject of Interest: Reassessment and Issuance of Stockpile Planning Guidance.

Background: The National Stockpile is managed by the Federal Preparedness Agency (FPA) of the General Services Administration. It consists of 93 minerals, metals, and other industrial materials stored at 122 locations in the U.S. The aggregate value of the stockpile as of June 1976 was $7.4 billion. The purpose of the stockpile is to prevent dependence upon foreign sources for raw materials during a war or national emergency.

A Presidential decision in 1973 drastically revised stockpile planning assumptions and guidelines causing all but $700 million of the $6.7 billion of materials held in inventory at that time to be declared excess. However, the OPEC embargo, accompaning material shortages and mounting Congressional criticism that the new stockpile objectives were inadequate put a halt to proposed disposals of raw materials. In August 1975 a reassessment of stockpile planning guidance was directed by President Ford. This study was done in two phases by representatives of Defense, State, Treasury, Interior, Commerce, OMB, Council for International Economic Policy and was chaired by the Director of FPA. The study was forwarded to the President in August 1976. It recommended substantial changes to previous policy.

On 1 October 1976, public announcement was made of new policy guidance which was approved by the President. This new policy calls for a stockpile capable of supporting U.S. Defense requirements: (a) during a major war; (b) over a 3-year period: (c) assuming large scale industrial mobilization; and (d) providing at the same time for a broad range of basic civilian economic needs to insure a viable wartime economy. New stockpile inventory objectives (goals) were established which generally exceed the current inventory. However, there are still large excesses of many materials.

DoD Position: The DoD supported the new stockpile policy pending the results of a study on total national strategy (which is now in process). We should continue our support of a concept of using sales receipts for acquisition of needed materials.

Status: Acquisition and disposal of various materials are required. FPA is now processing a materials program to OMB. National Defense budget dollars apply. Congressional approval will be required and may be difficult to obtain especially for sales. We are working towards stockpiling materials in their most economic operated form (i.e., Amonium Paratungstate instead of Tungsten ore). We want to use our Industrial Preparedness Program surge concepts to help identify major candidates for upgrading - - those which will substantially reduce production leadtimes.

1. Productivity Enhancement, Measurement and Evaluation

2. Background. The improvement of Defense productivity is essential to maintaining the efficiency and effectiveness of DoD support activities and to compensate for inflation and increasing weapon systems costs. Individual service efforts to improve productivity have occurred since the turn of the century. Executive Order 10072 of 1949 formalized this effort for the Executive Branch. In 1965 the Secretary of Defense directed DoD-wide actions to provide industrial and management engineering, output measurement, and selective productivity measurement for specified industrial-type activities. The program to measure and improve the productivity of the Federal sector was formalized in 1973 following a joint study by OMB, GAO, and CSC which proved its feasibility. In keeping with the provisions of this program, the DoD Productivity Program was institutionalized by a Directive and Instruction in August of 1975. The responsibility for the Federal program was assigned, in November 1975, to the National Center for Productivity and Quality of Working Life which was established by Public Law 94-136.

3. Current Status. The present DoD program is directed at improving Defense productivity through three distinct but related actions--enhancement, measurement and evaluation. Enhancement which is accomplished through the application of modern industrial and management engineering disciplines, includes (1) identification and funding of opportunities for productivity enhancing capital investments; (2) systematic improvement of work methods and procedures; and (3) the effective use of work measurement. Measurement is accomplished on a functional basis through the reporting of defined outputs and inputs. For FY 75, more than 40% of the Defense civilian work force and 10% of the military were included in the productivity measurement phase. Productivity evaluation is performed at all organizational levels and, at the DoD level, by OASD(I&L) in cooperation with the Bureau of Labor Statistics. Defense showed an overall index of 106.4% reflecting a 4.1% increase reversing a five-year downward trend. A Government-wide productivity improvement goal of 2% established by the recent Presidential Management Initiatives has been translated to one of the DoD Management Objectives for FY 77. During FY 77, funds in excess of $25 million have been targeted for the purchase of productivity enhancing equipment which will return the costs involved within two years. Budget guidance for each of the services calls for $10 million annually for this purpose through 1981. Industrial fund managers may also use operating funds to purchase this type equipment costing up to $100,000 per investment. Outgrowths of the productivity program include a standard time data program to promote work measurement efficiency and, for selected activities, the use of job enrichment and other behaviorial science techniques to enhance worker productivity. The technical expertise and many of the enhancement techniques developed in the DoD program are now being applied to DoD efforts directed toward the improvement of the productivity of Defense contractors.

CONTINUITY OF OPERATIONS PLAN (COOP)

1. Emergency Preparedness functions are assigned to the Secretary of Defense by Executive Order 11490 as amended by Executive Order 11921. The ASD(I&L) Emergency Coordinator functions in accordance with the responsibilities described in DoDD 3020.26 titled "Continuity of Operations Policies and Planning" dated 3 July 1974.

2. Background: The President, by authority vested in him and pursuant to Reorganization Plan No. 1 of 1958, the National Security Act of 1947, as amended, the Defense Production Act of 1950, as amended, and the Federal Civil Defense Act, as amended, has assigned emergency preparedness functions to the Department of Defense and other agencies by Executive Order 11490. EO11490 is concerned with the emergency national planning and preparedness functions of the several departments and agencies of the Federal Government which complement the military readiness planning responsibilities of the Department of Defense; together, these measures provide the basic foundation for our overall national preparedness posture, and are fundamental in our ability to survive.

The Office of the Secretary of Defense Continuity of Operations Plan, (OSD-COOP) provides the guidance and direction to appropriate offices and departments to assure that the performance of essential DoD functions and operations can continue without unacceptable degradation or interruption. The ASD(I&L) Emergency Coordinator, assigned to the Production Resources Directorate, is assisted by a cadre of key personnel who provide the interface with offices in the OSD and outside agencies for purposes of establishing plans, identifying necessary data and participating in exercises to assure that all resource and logistics functions are considered.

3. DoD Position: Adequate resources shall be provided to insure that ASD(I&L) emergency functions will be identified and exercised.

4. Current Status: Plans are being formulated to participate in Prime Target 77 and Rex 77.

DSARC Process

One of the DASD(MA)'s most important responsibilities is his involvement in the Defense Systems Acquisition Review Council (DSARC) Process. The attached schedules and directives describe the DSARC, which is the formal, institutionalized process for OSD management review of major weapons system programs. They likewise describe the key decision milestones at which major weapon system programs are reviewed by the ASD(I&L) and the other DSARC principals.

As the principle advisor to the ASD(I&L) on these matters there is extensive involvement on the part of the DASD(MA) in DSARC reviews and related staff preparatory efforts.

The DASD(MA) actually pre-briefs the ASD(I&L) and others as appropriate, on the major issues for each DSARC and recommends the I&L position on each. Extensive staff analysis and evaluation, formal reviews by the Cost Analysis Improvement Group (CAIG), and comprehensive test and evaluation assessments are all considered by the DASD(MA) in formulating his recommendations.

Typical issues for a Milestone III DSARCs may include:

1) <u>Cost</u> - is it affordable and cost-effective?
   - have design-to-cost goals been met?
   - have operating and support cost estimates been prepared and does this system compare favorable with existing systems or other candidates for this mission?

2) <u>Production Readiness</u> - are the contractors ready to begin production?
   - has appropriate production planning been accomplished?

The issues, decision alternatives and other information pertinent to the DSARC decision are summarized in the Decision Coordinating Paper (DCP) which is initially drafted by the Service, then reviewed and revised by the OSD staff. The DSARC chairman is ultimately responsible for seeing that this document is signed by the DepSecDef, and the ASD(I&L), functioning as the chairman for production decisions, relies on the DASD(MA) and his staff to insure the document is properly prepared and coordinated.

In summary, the DSARC process entails several months of effort for the DASD(MA) and his staff, from the initial framing of the issues to the signed decision paper and DCP. By weighing the inputs from his staff and other OSD staff elements, and providing advise to the ASD(I&L) on all aspects of this process, the DASD(MA) plays an extremely important role in influencing the entire Defense acquisition process.

PROFIT '76

1. Subject of Interest: The purpose of the Profit Policy Study, entitled Profit '76, was to determine defense contractors' profit on both defense and non-defense business, to examine the relation of earnings to capital investment in assets designed to increase productivity and lower cost, to recommend to the Secretary of Defense any changes in profit policy required to strengthen our competitive industrial base, and to promulgate a new profit policy with the implementing directives.

2. Background: The profit policy study has been completed. A review was made of prior studies, which had recommended that the defense contractor's investment should be considered. A survey of procurement personnel indicated the need to recognize and reward investment. Financial data from defense contractors indicated a lack of investment in productive facilities. A new profit and pricing policy has been promulgated in Defense Procurement Circular (DPC) 76-3. The new policy provides that the imputed cost of facilities capital will be considered allowable in most negotiated contracts. Procedures have been established so that, on the average, the contracting officer's prenegotiation profit objective takes into account (and offsets) the cost increase attributable to the imputed cost of facility capital. The level of facility investment will be recognized by DoD contracting officers in reaching a pre-negotiation profit objective under the weighted guidelines method.

3. DoD Position: These policy changes should help remove obstacles to cost reducing facility investment decisions by industry which should reduce the prices paid for weapon systems and hardware.

4. Current Status: These policy changes were effective on 1 October 1976. The results will be monitored and evaluated over the next three years.

OASD (I&L) PF
7 December 1976

CONTRACTOR INVESTMENT POLICY

1. Subject of Interest: The DoD Investment Policy Study Group was formed to find ways to encourage cost-reducing capital investment by contractors.

2. Background: The Group (which includes representatives from OASD(I&L), the Services and DSA) was asked to examine four questions: (1) What opportunities or need for additional contractor capital investment exist? (2) What (in addition to profit) motivates contractor capital investment? (3) What resources are required and where will the funds come from for this investment? (4) What policy changes are required?

3. DoD Position: Opportunities for increased contractor capital investment which would benefit DoD do exist; however, contractor motivation to invest in DoD business is inhibited by concern over the lack of program stability and opportunity to earn an appropriate return in comparison to the risk involved. Various investment incentive techniques (in addition to profit) can be used, on a case by case basis, to encourage the appropriate levels of contractor capital investment. Both multi-year contracting and special termination provisions (which permit Government acquisition of capital equipment investment when a program is cancelled) reduce the concern over program stability and risk. Use of an award fee and sharing the investment savings with a contractor provide the contractor with the opportunity to earn an increased return, when a benefit to the Government can be shown.

4. Current Status: The DoD Investment Policy Study Group provided language to change the Armed Services Procurement Regulations and formalize the policy on the special termination provisions for capital investment. The Group is issuing a report to answer the four questions and to provide information which will help to incorporate appropriate capital investment incentive techniques in DoD contracts on a case by case basis. In addition, the report will identify legislation needed to create additional techniques for encouraging contractor cost-reducing capital investment.

OASD(I&L)
7 January 1976

COST ACCOUNTING STANDARDS (CAS)

1. Subject of Interest: Cost Accounting Standards (CAS) promulgated by the CAS Board are mandatory for negotiated defense contracts. The Standards are an administrative workload to the DOD and Defense contractors; because they require changes to existing procurement regulations, require changes to contractor's accounting systems, require contract price adjustments, require additional effort by auditors and contracting officers to insure compliance and require training to make DOD personnel competent to deal with the new rules.

2. Background:

CAS Board Is Not An Executive Agency: The CAS Board is established as a legislative agency and is heavily influenced by the wishes of individual members of the Congress.

CAS Exemptions: The CAS Board has granted exemptions to CAS for certain procurements which are handled like advertised procurements, but are technically designated as negotiated procurements (small business set asides, restricted advertising, etc.). We have requested exemptions for companies with less than 5% defense business.

Waiver Problem: The CAS Board criteria for granting waivers to its requirements have virtually eliminated the placing of contracts with contractors who refuse to accept the CAS clause. Even foreign contractors are required to demonstrate why they cannot comply before any part of the CAS regulations are waived.

Waivers vs. Defense Production Act: During hearings in August 1975 Senator Proxmire expressed the opinion that the DOD can use the Defense Production Act to force contractors to accept a Defense contract which includes the CAS clause. The Director of the Federal Preparedness Agency, General Bray, has taken the position that the Defense Production Act does require contractors to accept Defense orders and deliver required material, but there is no requirement for contractors to accept CAS or other contractual provisions. The Department of Justice is presently reviewing this matter and is expected to issue its position in the next few days. If the Bray position is upheld the DOD will probably be unable to contract for essential supplies if the contractor refuses to accept CAS and the Board refuses to grant a waiver.

Administrative Problems: DOD procurement personnel have been faced with many new problems as new Cost Accounting Standards continue to be promulgated. A special working group has been tasked with identifying these problems and preparing interim

guidance papers. This group is presently detailed full time on this project.

3. DOD Position: The issue of using the Defense Production Act to force contractors to accept contracts with the CAS clause will eventually have to be resolved. The DOD has not taken a position on this pending publication of the Department of Justice's position. Assuming that the Bray position is upheld the alternatives are to revise the Defense Production Act in order to require contractor acceptance of CAS, get CAS Board agreement to waive CAS in these situations, or get legislation exempting such procurements from CAS. We are committed to the implementation of CAS in every contract where it is applicable, but we must obtain waivers or exemptions if necessary to obtain essential materials. The lack of DOD authority to waive CAS is a threat to our ability to maintain operational readiness. This was demonstrated two years ago when serious delays were encountered in placing contracts for petroleum products, because oil companies would not accept CAS and the CAS Board would not grant waivers.

4. Current Status: As a result of our request the CAS Board has been studying the effect of an exemption for contractors with minor (5% or some other selected criteria) amounts of CAS covered contracts. The Board expects to review the results of the study in its December meeting. The DOD Working Group has prepared and published seven guidance papers. Others are being prepared for early issuance. The few contractors who are reluctant to accept CAS are being handled on a case-by-case basis.

COMPETITION IN DEFENSE PROCUREMENT

1. Subject of Interest. Extent of competition in defense procurement and actions to sustain or increase such competition.

2. Background. Through the years there has been criticism from the Congress that DoD should procure more items on a competitive basis. Overall competition, both price and technical, in FY 1976 was 56.9% a noticeable improvement over FY 1975 which was 54.2%. This also compares favorably with FY's 1973 and 1974 which were 57.6%.

Price competition alone, while it has not reflected a favorable trend over the past four years, has turned up slightly in FY 1976 to 30.1% as compared to 30.0% in FY 1975.

The overall competitive area is shown in the following chart with the type of competition expressed as a percentage of total procurement dollars awarded (obligations).

	FY 1975		FY 1976	
PRICE COMPETITION		30.0%		30.1%
Formal Advertising	8.5		8.2	
Other Price Competition (Negotiated)	21.5		22.1	
OTHER COMPETITIVE PROCUREMENT		24.2%		26.8%
Technical and Design Competition	8.4		12.5	
Follow-on After Price Competition	2.4		2.3	
Follow-on After Design Competition	13.4		12.0	
TOTAL VALUE OF PURCHASES BASED ON COMPETITION		54.2%		56.9%
BALANCE -- AREA OF LIMITED POTENTIAL FOR COMPETITION		45.8%		43.1%

3. DoD Position. Despite considerable success in obtaining competition, as indicated above, many procurements have little potential for competition. These include such items as nuclear aircraft carriers, operation and

maintenance of government-owned ammunition facilities, and utility services. While DoD desires to introduce competition as early as possible in a procurement program, we often continue with the item developer until the item has been proved and the design is stable. However, competitive prototyping such as in the Air Combat Fighter has indicated the usefulness of early competition in appropriate cases.

Where we cannot effectively obtain competition, our procedures are designed to assure that the equipment is obtained at the lowest possible cost. Contractors are required to submit detailed cost data, which is subject to an audit, price analysis and technical evaluation, and skilled negotiators attempt to obtain a fair and reasonable price.

FOREIGN MILITARY SALES (FMS) OFFSETS

1. Subject of Interest: A summary of the principal offset agreements currently in effect between the DoD and other nations, resulting from Foreign Military Sales (FMS) of U.S. defense equipment. Comments are also provided on the future use of such agreements.

2. Background: There are currently in effect six principal offset agreements between the DoD and foreign nations which have resulted from the sale of U.S. defense equipment to those countries. These agreements, generally known as Memorandums of Understanding (MOUs), are of two basic types: system specific; or generalized. System specific MOUs establish reciprocal procurement offset goals as the result of a foreign government's purchase of specified U.S. weapon systems. These include:

--U.S. - Norwegian MOU (TOW missile system, armored trucked vehicles, etc.).
Executed February 1968; amended in December 1973. Offset is 25% of Norwegian purchases. DoD has primary responsibility to fulfill the offset. One-half the original offset amount of $50 million is outstanding. The MOU was to expire 31 December 1976, but an amendment is being processed extending it until 31 December 1980.

--U.S. - Australian Agreements (FFG-7 patrol frigates and other items).
Executed April 1973 and August 1974. Offset is 25% of amount Australia buys from the U.S. Effective period of agreement is 5 years after first delivery. Benefiting U.S. contractors have primary responsibility to meet offset; DoD to supplement if necessary. FMS of 2 FFGs has only recently been concluded. Therefore, little offset has been accomplished to date.

--U.S. - Consortium MOU (F-16).
Executed June 1975. General Dynamics has primary responsibility to fulfill offset within the F-16 program; DoD to supplement if necessary. Differs from other agreements in that this is for coproduction. 10% of U.S., 40% of consortium, and 15% of third country aircraft are to be produced in consortium countries.

December 7, 1976/OASD(I&L)PP

--U.S. - Swiss MOU (F-5).
Executed July 1975. Northrop and GE have primary responsibility to fulfill offset outside the F-5 program; DoD to augment if progress is unsatisfactory after first two years. Offset is 30% of $500 million F-5 purchase to be completed within eight years. Most of offset remains outstanding (approximately $11 million has been identified to date).

Generalized MOUs are long-term agreements for reciprocal trade in the defense sector which include provisions for blanket waiver of "Buy National" restrictions. The following agreements are of this type:

--U.S. - Canada Defense Production Sharing Program.
Executed July 1956; amended June 1963. Long term agreement to completely offset Canadian purchases. DoD has primary responsibility for offset. Balance of trade currently in favor of Canada (due to large volume of U.S. purchases during Vietnam conflict), but expected to shift based upon recent Canadian purchases.

--U.S. - United Kingdom MOU.
Executed September 1975; terminates 1 January 1985. No "balance" specified. While primary responsibility rests with respective defense industries to seek opportunities to compete, DoD will be required to expend considerable effort to facilitate the agreement, particularly in the early years. A primary purpose of this agreement, from the U.S. standpoint, was to obviate the need for offsets on individual items of defense equipment. However, this objective is not explicit in the final agreement.

3. DoD Position: The DoD prefers that FMS be negotiated without offset procurement arrangements wherever possible, and that offset be considered on a case-by-case basis only where necessary to conclude a FMS considered to be in the national interest. Accordingly, system-specific offset agreements involving U.S. Government participation, particularly when major trade partners such as our NATO Allies are concerned, should be entered into only as a last resort.

4. Current Status: DoD is currently pursuing numerous actions to facilitate effective implementation of existing, as well as any future, offset agreements.

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50% Price Differential Added to Foreign Bids for Evaluation Purposes

1. Subject of Interest: DoD has been reexamining its method of evaluating foreign bids to determine if its alternative method (not required by law) which adds 50% to the price of a foreign bid (excluding duty) should be continued.

2. Background:

Present Armed Services Procurement Regulation (ASPR) procedures give preference to domestic bids by adjusting foreign bids either by excluding any duty and adding 50% to the basic foreign bid price, or by adding 6% to the foreign bid price, including duty. The method which results in a greater price for the foreign bid is then used for evaluation purposes in comparison with domestic bids. In cases where the low acceptable domestic bidder is a small business firm or a firm in a labor surplus area, a 12% factor is applied to the foreign bid, including duty, in lieu of the 6% factor, further favoring domestic sources.

The 50% evaluation factor was adopted as an interim measure in 1964 to alleviate the impact of DoD expenditures on the unfavorable U.S. balance of payments and gold flow prevalent at that time. All other agencies of the Federal Government depend solely on the 6% (12%) price differential(s) based on Executive Order 10582.

3. DoD Position: Since 1973, the U.S. has no longer exchanged gold for dollars and the dollar has been floated against other major currencies. Increased dollar expenditures abroad now lead, sooner or later, to changes in the exchange rate which will result in an automatic adjustment of the balance of payments. Therefore, measures as stringent as the 50% Price differential may no longer be necessary.

There is no doubt that the continuation of the 50% differential increases the cost of goods and services to DoD and the U.S. taxpayer. There is also the possibility that technically superior products are being overlooked because of the high differential. In addition, a number of small business machine dealers throughout the country have requested that we reconsider our current policy. All of these factors contributed to the decision to reconsider DoD's alternative 50% price differential.

December 7, 1976/OASD(I&L)PP

4. Current Status: All major elements of OSD have concurred with a recommendation to eliminate the alternative (50%) method used in evaluating foreign bids both for items to be used within the U.S. (Buy American) and outside the U.S. (Balance of Payments).

The recommendation is to be submitted to SecDef for approval of the change as of 30 June 1977. Letters notifying Congress of this decision would be sent upon SecDef approval.

THE OFFICE OF FEDERAL PROCUREMENT POLICY (OFPP)

1. Subject of Interest: To establish a system of coordinated, and to the extent feasible, uniform procurement regulations for the executive agencies.

2. Background: OFPP was established by Public Law 93-400 as a result of the recommendations of the Commission on Government Procurement. The Administrator of OFPP is assigned the responsibility for the implementation of those Commission Recommendations acceptable to the executive agencies. The subject of interest is the basic Commission Recommendation upon which the implementation of the balance of the Recommendations rests. The Administrator of the OFPP is Mr. Hugh Witt, former Principal Deputy to the Assistant Secretary of Defense (I&L). OFPP has developed proposed OFPP Regulation No. 1 that would make the Armed Services Procurement Regulation (ASPR) applicable to DoD and NASA and the Federal Procurement Regulation (FPR) applicable to the civilian agencies. The proposed regulation would require the publication of identical ASPR/FPR changes to either regulation and eventually identical regulations. OFPP is to be consulted on significant issues and to resolve irreconcilable differences.

3. DoD Position: Based on our experience with the OFPP system to date we have taken the position that the proposed OFPP Regulation is not workable. In several instances we have been unable to resolve differences between the ASPR Committee and the FPR Staff; after months of effort in another instance the ASPR Committee and the Director, FPR developed uniform coverage in coordination with OFPP and a final OFPP review of the material resulted in a delay in March 1976 that has not yet been resolved by OFPP. As an alternate approach to OFPP Regulation No. 1 we are proposing that a Federal Procurement Regulatory Board be established to oversee the publication of uniform procurement regulations. We are recommending that DoD chair and have a majority on the Board. We recommend that DoD chair the Board because of approximately 28 years experience in the operation of the ASPR Committee. The civilian agencies have no equivalent system because the Director of the FPR issues the civilian regulations after development by a member of his staff. We are proposing that DoD have a majority on the board because we have the greatest dollar volume and the most complex procurements of all the executive agencies.

4. Current Status: We have been discussing our approach with OFPP and trying to obtain their concurrence before submitting our position in writing.

December 7, 1976/OASD(I&L)PR

COMMERCIAL/INDUSTRIAL ACTIVITIES

1. Subject of Interest. The purpose of the Commercial/Industrial Activities Program, as stated in OMB Circular A-76 and implemented within Defense by DoD Directive 4100.15 and DoD Instruction 4100.33, is to foster maximum use of the private sector in lieu of building up or maintaining existing in-house performance of commercial type activities.

2. Background. Over a period of time, because of economic emergencies and the emergencies of war, the Government has created business type enterprises which represent competition with the private sector. A very large portion of the Government business-type activities originated in World War I, the Depression, and World War II. Both Hoover Commissions dealt with the problem of Government competition with private industry. Starting in 1955 the Bureau of the Budget issued a series of bulletins addressed to the heads of the Executive Departments and Agencies to carry out the general policy that the Federal Government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary channels. OMB Circular A-76, which was revised in August 1967, is the current statement of National Policy.

The Office of Federal Procurement Policy was established by Public Law and one of the functional responsibilities of that office is surveillance throughout the Executive Department of the policies stated in OMB Circular A-76. In this connection the Office of Federal Procurement Policy has reviewed and updated the cost figures to be used in making cost comparison studies such as the cost of Civil Service Retirement. They have also taken action to highlight specific areas for added attention such as Audio Visual, Automatic Data Processing services and Equipment Maintenance. In July of this year OMB launched a series of efforts under the general title of Presidential Management Initiatives which will improve the management of government activities and accomplish cost savings.

3. DoD Position. The Department of Defense has implemented the National Policy stated in the above cited Circular. The Department of Defense strongly supports the policy of making maximum use of the private sector subject to the limitations of military requirements for in-house performance.

In FY 76 we initiated a MBO to initiate a new effort to thoroughly energize the procedures and to analyze performance in this area to assure full compliance with the policy.

4. Current Status. A vigorous effort is underway to fully implement the policy stated in OMB Circular A-76 within the Department of Defense. To accomplish this we have reviewed our implementing instruction DoDI 4100.33 and are now revising it to incorporate needed changes. The 1976 Commercial and Industrial Activities Inventory data from the Military Departments has been received and is being processed by the ADP servicing organization.

OASD(I&L)
6 December 1976

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MINORITY BUSINESS ENTERPRISE PROGRAM

1. Issue: The DoD has a continuing concern in assisting in the effective implementation of the President's Minority Business Enterprise Program.

2. Background: This program involves, among other matters, entering into noncompetitive contracts for supplies, services, and construction requirements with the Small Business Administration (SBA) pursuant to Section 8(a) of the Small Business Act. The SBA, in turn, subcontracts these defense requirements with approved minority-owned or minority-operated business firms. These contracting arrangements frequently require the payment of business development expenses (premiums). This is an additional amount above the probable competitive market price. Currently, the SBA funds all such premiums.

3. DoD Position: The DoD will continue to examine the effectiveness of its participation in this program with the view of enhancing defense procurement opportunities for minority individuals and minority-owned business firms.

4. Current Status: From 1 July 1969 through 30 June 1976, the DoD has awarded 3,157 contracts under Section 8(a) procedures to the SBA totaling $763.9 million (based on SBA statistics). This compares with all federal agency awards (including DoD) of 11,142 contracts valued at $1,417 million during the same period. We expect the DoD contribution to this program to continue in the same relative amount.

OASD(I&L)PS
6 December 1976

SMALL BUSINESS PROGRAM

1. Issue: To implement, within the DoD, the national policy with respect to small business as defined in the Small Business Act and the Armed Services Procurement Act.

2. Background: The Small Business Act provides that, "It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government (including but not limited to contracts or subcontracts for maintenance, repair, and construction) be placed with small business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation."

3. DoD Position: The Armed Services Procurement Regulation implements the law and provides detailed policy and procedural guidance for procurement officials in the DoD and states in part that, "It is the policy of the Department of Defense to place a fair proportion of its total purchases and contracts for supplies, research and development, and services (including but not limited to contracts for maintenance, repairs and construction) with small business concerns." To provide impetus to execution of this policy, annual goals are assigned to each of the Services and the DSA covering prime contract awards to small business firms. For FY 1977, the departmental goals assigned for the small business share of awards to all business firms are as follows: Army, 28.6%; Navy, 15.1%; Air Force, 11.8%; DSA, 42.9%. The overall DoD goal is established at 20.3%.

Continuous liaison is maintained with the interested committees of Congress. For the past few years, our Small Business Program has been characterized by the exploration of new initiatives to further the national policy on this matter.

4. Current Status: Since FY 1966, the small business share of defense procurements had declined in each succeeding year from a high of 21.8% in FY 1966 to a low of 17.0% in FY 1971. Since then, we have reversed the trend achieving 18.0% in FY 1972; 20.5% in FY 1973 and FY 1974; 20.7% in FY 1975; and 20.8% in FY 1976.

OASD(I&L)PS
6 December 1976

CAPT R.O. HURT, SC, USN
NAT 02H, EXT 23329
7 December 1976

NAVY SHIPBUILDING CLAIMS

BACKGROUND: In recent years there has been a significant increase in the number and dollar value of claims and appeals asserted by Navy shipbuilding contractors. The magnitude of these claims has required the devotion of considerable resources (technical, business, audit and legal). Since 1971 the Navy has settled over $1 billion in shipbuilding claims, however, the backlog of unsettled claims now is in excess of $2 billion. As shown on the attached summary, TAB A, the major claims problem currently exists with Newport News, Litton Systems, and General Dynamics.

ACTIONS TAKEN TO SETTLE CLAIMS: Last Spring the Deputy Secretary of Defense tried to utilize Public Law 85-804 to resolve shipbuilding problems and, at the same time, have the claims of the major shipbuilders withdrawn. Newport News and Litton did not accept the offer of the proposed Public Law 85-804 settlement. (Two other shipbuilders accepted). In July 1976, the Navy established a Navy Claims Settlement Board (NCSB) headed by a Flag Officer, to resolve claims submitted by the Newport News Shipbuilding and Dry Dock Company. The Chairman of the NCSB is empowered to conduct negotiations with the contractor, and, upon settlement, execute the necessary contractual modifications. The settlement of shipbuilding claims remains an extremely high priority item in the Department of the Navy.

ACTIONS TAKEN TO MINIMIZE SHIP-BUILDING CLAIMS: Expanded and liberalized the use of price escalation in long-term contracts.

Increased flexibility in type of contract used, including use of cost reimbursable contracts when cost risk is great.

Adoption of more stringent change review criteria serving to eliminate changes except those which are essential or offer significant benefit.

Improved scheduling of GFE.

Partial adjudication of changes.

Strengthened in-process verification of lead yard working plans by non-lead yard shipbuilders.

Established dedicated claims prevention teams at major commercial shipyards.

Instituted Claims Avoidance Seminar at the Navy Logistics Management School.

CURRENT STATUS OF MAJOR SHIPBUILDING CLAIMS

COMPANY	SHIPS	CLAIMS CEILING PRICE ($ - MILLION)	STATUS
Newport News Shipbuilding & Dry Dock Co. (Tenneco Corp. Subsidiary)	CGN 36, 37	$151	In negotiation
	CGN 38-40	$160	Preparation for negotiation nearing completion
	SSN 686, 687	$ 90	" "
	SSN 688	$ 79	" "
	SSN 689, 691, 693, 695	$192	" "
	CVAN 68-69	$221	Presently scheduled for negotiation within six months
TOTAL	14	$893	
Ingalls Shipbuilding Div. of Litton Systems, Inc.	LHA 1-5	$701	In litigation
TOTAL	5	$701	
Electric Boat Div., General Dynamics	7 SSN 688's 11 SSN 688's	$121 $423	Claim team being established. Evaluation to begin 12-15-76
TOTAL	18	$544	
GRAND TOTAL	37	$2.14 Billion	

TAB A

MILITARY CONSTRUCTION PROGRAM

1. Issue. The acquisition of modern facilities to house, train and support U.S. defense forces totaling some 3 million military and civilian personnel in the Army, Navy, Marine Corps, and Air Force is a vital element in maintaining a modern combat ready force capable of responding strongly and decisively to threats to National security. It must be strongly supported and continued if the United States is to maintain its National goal of a Defense Force second to none.

2. Background. The construction required in this effort touches every aspect of military activities, roles and missions, and spans the full spectrum of military facilities from barracks and dining facilities to training structures and ranges, research and test facilities and all the other myriad operational and maintenance structures necessary to deploy and effectively support the sophisticated weapon systems now in the Services inventories. One basic factor pervasive to all the Military Departments which reinforces the need and essentiality for a continuing program of facilities modernization is the creeping obsolescence which has progressively degraded a large part of the Defense facilities base structure.

   Unfortunately by far the greater part of facilities available to the Services were constructed before or during World War II, many of mobilization or temporary character, and these have long ago outlived their useful or economic life. They are incapable of adequately supporting a highly trained modern defense force equipped with the advanced technology weapons of today. Based on recently updated facilities inventories there is an aggregate $25 billion of facility deficiencies in the military services today, and this total is subject to further increases under the twin pressures of rising construction costs and additional facilities within the total inventory exceeding their economic life each year. Strong measures must be taken to liquidate these crippling inadequacies if the Defense Department is to avoid acceptance of an obsolescent base structure as a way of life for the indefinite future.

3. Defense Position. The Department of Defense believes it essential that this serious shortfall be overcome by a time-phased program which would assure modernization of its facilities base over the next decade. To accomplish this, and considering long-range National inflationary pressures and yearly increases in obsolescence, it will be necessary to apply approximately $4.5 billion of budget resources annually to this program.

4. Current Status: The Defense Military Construction Program over the past five years has averaged $2.0 to $2.5 billion annually, an inadequate level of funding which has resulted in further erosion of an already militarily unsatisfactory position. The backlog of facility deficiencies has risen from approximately $22 billion in FY 1971 to $25 billion in FY 1977.

ISSUE PAPER

Subject: DoD Base Realignment Program

Background: In support of its role of ensuring the security of the nation, the Department of Defense controls 5,941 military installations and properties in the United States and overseas. These contain some 28 million acres of land and improvements (25.7 million in the United States and 2.3 million overseas) acquired at a cost to the US Government of some $42 billion dollars. Of these properties, 745 are considered to be principal installations (440 in the United States and 305 overseas). These installations are used to support the operations and missions of a defense force consisting of some 2,083,581 military and 916,685 US civilian personnel.

In order to manage this base structure, a continuous review is conducted with the objective of maintaining an optimum balance between national defense current, long range and contingency requirements and the installation, properties, personnel and funds available to meet these requirements. Some of the factors which have a direct and immediate impact on military real property requirements are advances in weapons technology, modernization of troop training methods, advances in communications and navigation systems, budget and personnel constraints imposed by the Congress and/or the administration and changes in the international situation. As a result of this management effort, over 3,100 base realignment actions have been accomplished since 1969 which have resulted in estimated annual savings of some $5.1 billion. During this period there has been a reduction of 1535 (20.5%) installations and properties, including 161 principal installations.

Outstanding Issues: In March-April 1976, each of the Military Departments announced a number of candidate base realignment actions which were to be studied. It is anticipated that the required studies will be completed and recommendations will be forwarded for Secretary of Defense decision early next year as follows, with other actions being forwarded subsequently as the studies are completed:

Action	Estimated Decision Date
Craig Air Force Base, AL, closure	February 1977
Webb Air Force Base, Texas, closure	February 1977
Loring Air Force Base, Maine, reduction in operations	February 1977
Kincheloe Air Force Base, Mich, closure	February 1977
Richards-Gebaur Air Force Base, Reduction	February 1977
NAS Corpus Christi - Reduction to Naval Air Facility	March 1977
Fort Indiantown Gap, PA, Army closure	March 1977
Fort Devens, MA, Reduction/Closure	April 1977

MILITARY FAMILY HOUSING PROGRAM

1. Issue - To assure that members of the Armed Forces have suitable housing for their families.

2. Background - DoD policy is to rely on the local housing market in communities near military installations as the primary source of family housing for military personnel. Ability of the communities to meet the military need is determined by special surveys using established criteria for suitability. Where the local market can provide suitable rental housing, military owned, leased, or sponsored housing is not programmed. Where the local market is limited or non-existent (e.g. Fort Polk, Louisiana; Fort Stewart, Georgia; Naval Complex, Bangor, Washington), or where housing is avilable but the location, quality or cost creates an undue hazard or hardship, consideration is given to programming resources to meet the demonstrated need.

   Data developed from DoD surveys are projected and applied against long-range military strength for the installation under review, and include expected growth of community support (if applicable) and downward adjustment of housing needs, generally by 10 percent, to account for minor fluctuations. The latest available surveys indicate a buildable programmable deficit for eligible personnel of about 4,900 units after the FY 1977 projects. This deficit is mainly for new or built up installations such as Fort Polk and the Naval Complex, Bangor, Washington.

   Of about 1,139,000 military families included in our world-wide requirement, some 30% occupy on-post assets (27% forfeit BAQ, and 3% pay rent); about 70% live in the community. In FY 1975 DoD-wide on-post assets were utilized as follows:

		(000)	Percent
Total DoD-wide on-post assets		383	100.0
Inactive		18	4.8
Vacant due to maintenance or turnover		13	3.3
Occupied by:	Civilians	7	1.8
	Families of Absentee Sponsors	2	0.5
	"Ineligible" Military	11	3.0
	"Eligible" Military	332	86.6

3. DoD Position - To continue to rely on the community as the primary source of housing, but to program resources to meet demonstrated needs where shortfalls exist. In this regard, legislation drafted by DoD was adopted as part of the Housing and Community Development Act of 1974. Known as Section 318, implementation would mitigate the need for programming DoD resources for family housing at remote military installations, by allowing HUD to insure new housing in communities previously considered "uninsurable."

4. Current Status - Prior to 1976 HUD had refused to implement the provisions of Section 318 by saying the authority is defective. DoD developed new legislation to meet HUD objections, obtained OMB clearance, and proposed it as part of the Administration's program in FY 1977. The Senate rejected it in Conference Committee action. It will be resubmitted by HUD for FY 1978.

OASD(I&L)IH

BACHELOR HOUSING PROGRAM

1. Issue - To assure that members of the Armed Forces have suitable housing for themselves.

2. Background - Former bachelor housing criteria permitted programming of on-base quarters without regard to determinations of military necessity. During FYs 1973-1976 Congress appropriated $1 billion to construct new and replacement bachelor housing, and $500 million to modernize existing facilities. Though significant adequate assets have been added to the bachelor housing inventory, in recent [illegible] sizable numbers of bachelors have left government quarters and [illegible] into the community without benefit of Basic Allowance for Quarters (BAQ). The recent increases in military compensation coupled with changes in life style and the individual's desire for privacy and security of belongings apparently make living in private housing more attractive than anticipated under past programming policies.

In 1976, revised guidance for determining bachelor housing requirements was issued. It was intended to:

a. Assure that needs are evaluated realistically to preclude use of critical resources on housing which may not be fully utilized;

b. Provide for increased reliance on the civilian community for housing personnel in grades E-5 and above;

c. Prohibit construction of facilities in CONUS and Hawaii for unaccompanied married personnel (geographic bachelors), except at isolated, remote locations;

d. Recognize the requirement for on-base housing for recruits, trainees, and some other bachelors where military necessity or lack of private housing is involved; and

e. Require that construction of new housing or modernization of existing facilities be programmed on the basis of economic analyses supporting the least costly alternatives.

Funding and operation of bachelor housing is not centrally managed within DoD. Recent DoD studies and GAO reports reflect an urgent need for management controls similar to the funding, inventory [illegible] ment, and cost accounting systems used for management of family housing.

3. DoD Position - To continue to provide military quarters where essential for training, discipline, contingency operations, and other reasons of military necessity, but to increase reliance on the local housing market in communities near military installations in the United States for personnel in grades E-5 and above.

4. Current Status - DoD Instruction [illegible] is being revised to [illegible] firm guidance for a conservative approach to the programming of [illegible] housing. At the same time, [illegible] to assure improved utilization of existing facilities.

[illegible]
[illegible]

FUTURE MILITARY HOUSING POLICIES

A joint OSD-OMB DRAFT Report on the Military Housing Program was completed in October 1975. The report covered housing programs and related compensation policies and was initiated by the Secretary of Defense and the Director of OMB in September 1974. The study group estimated that it cost DoD between $3.9 and $4.25 billion to provide housing or housing related allowances to military personnel in FY 1974. Significant policy changes have been, or are being, made. The primary recommendation of the study was to divorce housing from compensation, and to rent existing assets at fair market rental (FMR) rates. As recommended in the study, and as directed by the President, the DoD is to attain FMR by 1984. An FMR concept encompasses the following policy changes:

a. Basic Allowance for Quarters (BAQ) would become the primary entitlement of military personnel, vice housing as is now the case, and accordingly, would be paid to all members of the Armed Forces;

b. FMR would be paid by all occupants of DoD housing (excludes field and sea duty quarters and those in "hardship" areas which would be rent free). Maximum rents would be established for certain housing, e.g. oversize billet quarters;

c. The base used for calculating Station Housing Allowances (SHA) overseas would be changed from the BAQ to the average rental value of CONUS military housing, which would also be used to limit rental charges for government housing overseas;

d. Assignment to government housing would either be mandatory for all personnel, or optional except for key and essential personnel. In either case, FMR would be paid by the occupant. Which option is employed depends upon a Secretary of Defense decision;

e. FMR will be phased in over a five-year period; and

f. A housing management account (HMA) would be established with a subaccount each for bachelor and family housing. Receipts generated from housing would flow to the HMA and be used to offset requests for appropriations. Congressional review would still be required as well as line item authorization for new construction.

The data base used in determining the viability of the FMR concept is being refined to accommodate a selective appraisal of the existing inventory, and to price out the costs associated with various options for implementation. The refined data and implementing options are to be presented to the Secretary of Defense in mid-December 1976 for decision. In the interim, draft legislation is being developed so that a SecDef decision in December will permit introduction of needed legislation with the FY 1978 legislative package.

OASD(I&L)IH
November 24, 1976

ENVIRONMENT

1. Subject: DoD Compliance with Pollution Abatement Laws

2. Background: Recent environmental legislation (e.g., Safe Drinking Water Act) provides for state primacy in administering the implementing programs, thus subjects Federal Agencies to state and local procedural (administrative) requirements. The state and local standards, or state/local interpretations of administrative requirements, are being applied to the operation of combat equipment. Pollution abatement laws and standards of foreign countries are often incompatible with U.S. standards, around which military equipment may have been designed. Legislation requires DoD to identify pollution abatement deficiencies and to request funding for their timely correction.

3. DoD Position: To comply with all substantive requirements of applicable U.S. Federal, state, local pollution abatement laws. To comply with host country standards of general applicability. To seek appropriate exemptions for compliance with those U.S. and foreign environmental standards which would degrade significantly performance of combat equipment. Concern over erosion of Federal supremacy, plus the difficulty of complying with the variety of state/local administrative requirements, leads us to seek appropriate legislative relief on procedural matters.

4. Current Status: The Safe Drinking Water Act and the Clean Air Act amendments under consideration by Congress, levy state procedural mandates on DoD.

   California, among other states, is applying environmental standards to the operation of combat equipment. State has also initiated suit against DoD on emissions (smoke) from jet engine test cells, as stationary sources. The next hearing is scheduled for February 1977. Loss of this suit would result in $350 million in modifications to test cells.

   Japan, FRG, are applying environmental standards to U.S. combat equipment. Japan wants Navy ships to cease discharging into Japanese waters. U.S. program for appropriate ship alternation will not be complete until 1981.

   Budgetary ceilings have caused deferments in results for funds to correct pollution abatement deficiencies, increasing the likelihood of court challenges. DoD compliance programs are comparable to those in the civilian sector, both in overall compliance and in the timetable for future compliance.

I&L (Mr. H.R. Smith)
1 December 1976

ENVIRONMENT

1. Subject: Interpretation of National Environmental Policy Act (NEPA).

2. Background. NEPA requires the preparation of a formal environmental impact statement (EIS) for major actions that may [illegible] affect the quality of the human environment. Comments received in the public review process are to be considered in the decision-making. No decision on these actions is made until the final EIS is filed with the President's Council on Environmental Quality (CEQ). The three issues of primary concern pertain to the interpretation of the Act with respect to:

- Base closure/mission realignment proposals
- The DoD appropriation process
- DoD activities in foreign countries

Primary Congressional interest has been with regard to realignment and closure proposals.

3. DoD Position. Not all realignment or closure actions require an EIS. The action must be major and significant or environmentall controversial.

NEPA does not apply to the appropriation act itself but rather to individual actions that make up the request.

In foreign countries, NEPA does not require the formal preparation and processing of an EIS. From a policy standpoint, we do require that major actions be environmentally assessed.

4. Current Status: Courts have ruled in our favor in several closure/realignment challenges. Congress has incorporated additional guidance concerning NEPA analyses in section 610 and 612 of the Military Construction Act.

The Department of Interior was directed by a district court to prepare a formal EIS on its appropriation request for their refuge operations. The action was upheld on appeal to circuit court. Navy is currently being challenged on a similar basis regarding the operation of Beckman range, HI.

CEQ's position is that NEPA does apply to U.S. actions in foreign countries. DoD opposes this position.

[illegible]
[illegible] December [illegible]

SAFETY AND OCCUPATIONAL HEALTH

1. Subject: Implementation of the Occupational Safety and Health Act (OSH Act)

2. Background: PL 91-596 (OSH Act) implemented by Executive Order (EO) 11807 requires heads of Federal Agencies to establish and maintain effective and comprehensive occupational safety and health programs. Detailed guidelines are set forth in 29 CFR 1960.

   In January 1976, following hearings, the House Committee on Government Operations issued a report (HR 94-784) criticizing Federal Agencies' implementation of the Act.

   GAO, in a similar, critical report recommended that Department of Labor be given inspection authority over Federal Agencies. The major labor unions concur with this recommendation.

3. DoD Position: Expedite implementation of the Act; resist Department of Labor inspection authority.

4. Current Status: In March 1976, Assistant Secretary of Defense (I&L) was designated departmental safety and occupational health official; responsibility was elevated to the Deputy Assistant Secretary level (Environment and Safety); and a permanent director of safety policy, GS-16, was hired. A series of initiatives has ensued.

   DoD Safety and Occupational Health Policy Council has been formed, comprising representatives of OSD and all DoD components.

   A series of DoD directives, instructions, policy memoranda have been issued to implement EO 11807 and 29 CFR 1960, covering standards, reporting, inspections, abatement, etc.

   Close working relations have been established with Congressional Committee staffs, other government departments and agencies, and labor unions.

   We still lack definitive program and fiscal guidance from OMB which addresses the considerable costs to abate physical hazards.

I&L (Mr. S. Nelson)
1 December 1976

DEFENSE AUDIT SERVICE

TRANSITION TEAM

BRIEFING MATERIAL

"Serving Management"

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HISTORY OF INTERNAL AUDIT

IN DOD

Responsibility of the ASD(C) for Audit Functions

Title 10, U.S. Code, Section 136

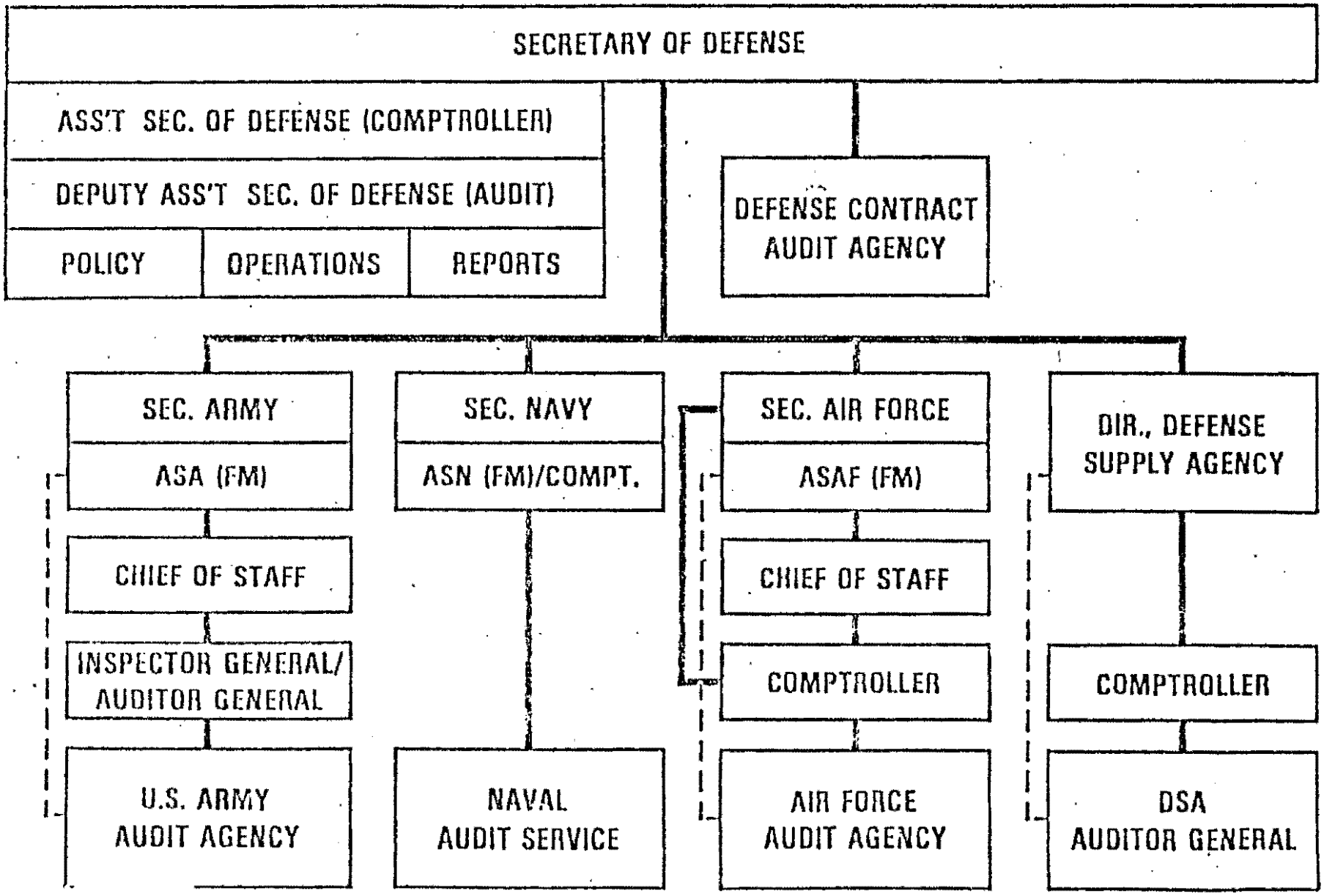
S 136. (b). ...one of the Assistant Secretaries shall be the Comptroller of the Department of Defense and shall, subject to the authority, direction, and control of the Secretary --

(3) establish and supervise the execution of principles, policies, and procecures to be followed in connection with organization and administrative matters relating to --

(D) internal audit

(Internal audit as used in the context of the code includes all auditing performed by DoD personnel.)

PLACEMENT OF AUDIT ORGANIZATIONS IN THE DEPARTMENT OF DEFENSE



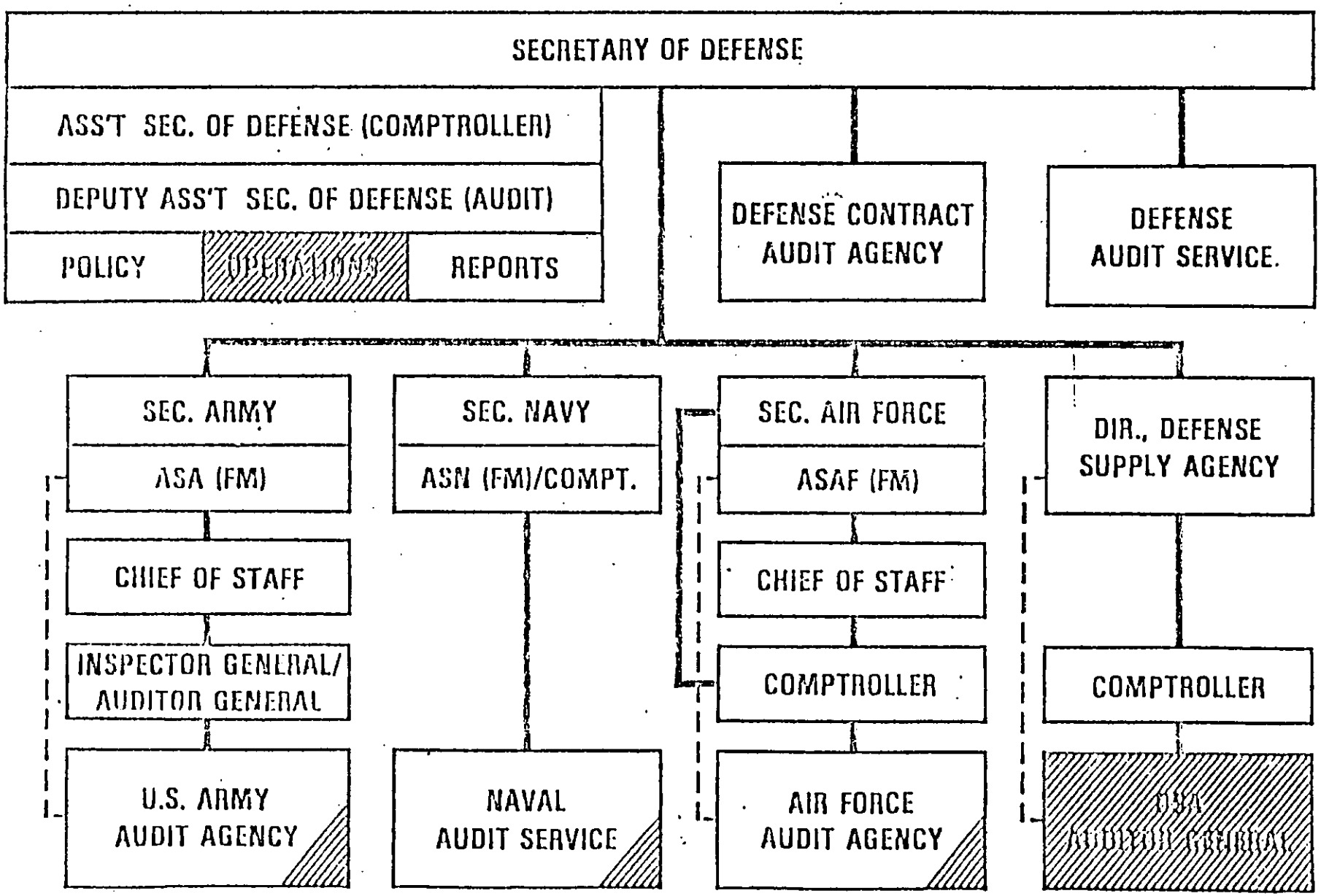
DECISION MEMORANDUM OF DEPUTY SECRETARY CLEMENTS

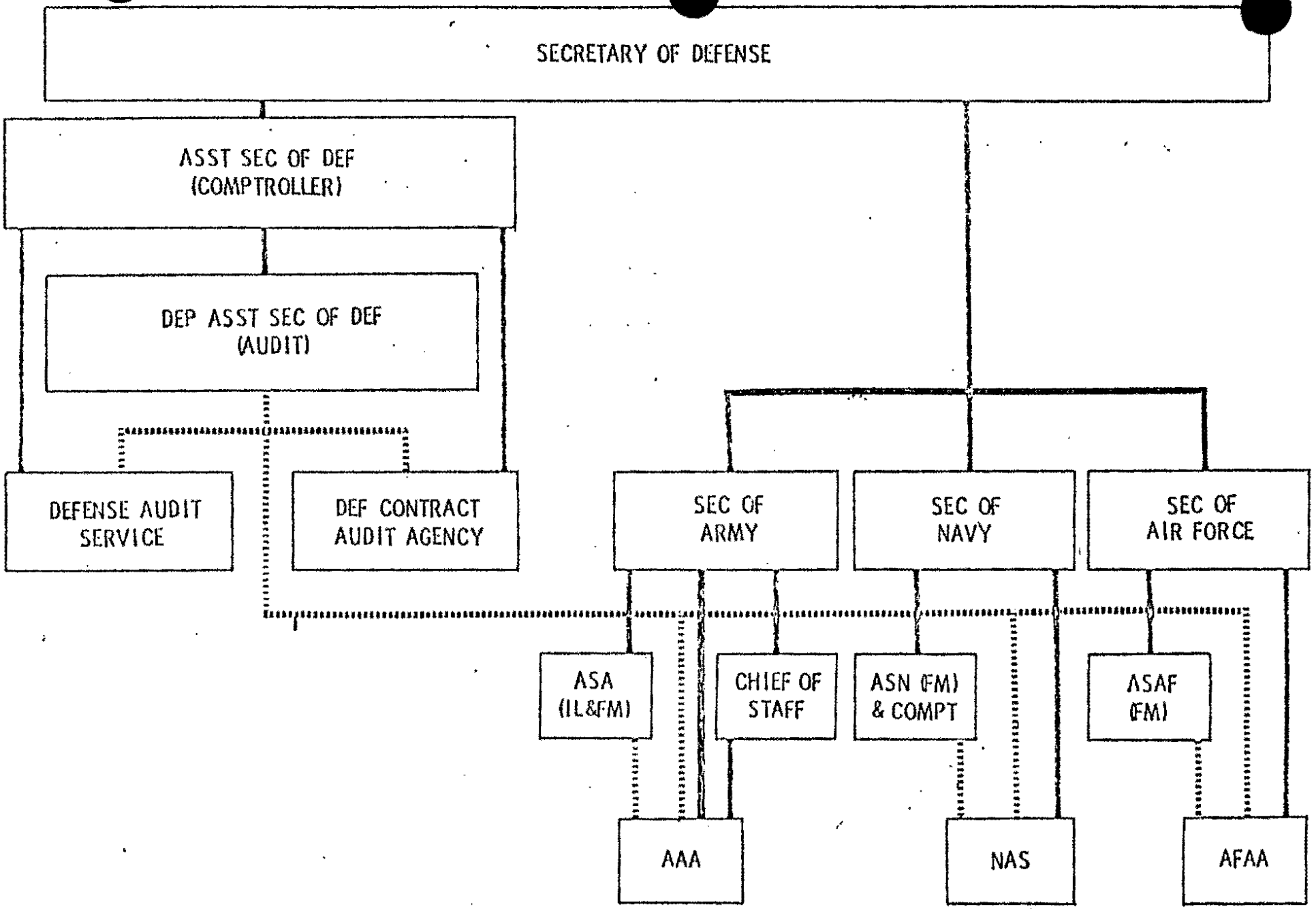
AUGUST 17, 1976

APPROVES PLAN TO:

- STRENGTHEN THE INTERSERVICE AUDIT PROGRAM
- STANDARDIZE THE AUDIT ARRANGEMENT FOR DEFENSE AGENCIES
- ESTABLISH AN INDEPENDENT CORPORATE AUDIT STAFF

PLACEMENT OF AUDIT ORGANIZATIONS IN THE DEPARTMENT OF DEFENSE




SECRETARY OF DEFENSE
ASST SEC OF DEF (COMPTROLLER)
DEP ASST SEC OF DEF (AUDIT)
DEFENSE AUDIT SERVICE
DEF CONTRACT AUDIT AGENCY
SEC OF ARMY
SEC OF NAVY
SEC OF AIR FORCE
ASA (IL&FM)
CHIEF OF STAFF
ASN (FM) & COMPT
ASAF (FM)
AAA
NAS
AFAA

October 14, 1976
NUMBER 5105.48

ASD(C)

Department of Defense Directive

SUBJECT Defense Audit Service (DAS)

References: (a) DoD Directive 7600.2, "Department of Defense Audit Policies," August 19, 1965
(b) DoD Instruction 7600.3, "Internal Audit in the Department of Defense," January 4, 1974

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense, the Defense Audit Service (DAS) is hereby established as an Agency of the Department of Defense under the direction, authority, and control of the Secretary of Defense.

II. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified/Specified Commands (hereinafter referred to as "DoD Components").

III. ORGANIZATION AND MANAGEMENT

A. The DAS shall consist of: a Director, a headquarters establishment, and such subordinate elements as are established by the Director, DAS, for the accomplishment of DAS's mission.

B. The Director, DAS, will be a civilian appointed by the Secretary of Defense.

C. The Director, DAS, shall report to the Secretary of Defense.

IV. RESPONSIBILITIES AND FUNCTIONS

A. The Director, DAS, shall organize, direct, and manage the DAS and all elements and resources assigned to the DAS.

B. In accordance with references (a) and (b) the Director, DAS, shall:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.

2. Plan and perform interservice audits in all DoD Components.

3. Plan and perform quick response audits on matters of special interest to the Secretary of Defense.

4. Plan and perform audits of the Security Assistance Program at all levels of management.

5. Plan and perform such other audits as requested.

C. The Assistant Secretary of Defense (Comptroller), shall provide staff supervision in the establishment and execution of principles, policies, and procedures.

D. All DoD Components shall provide, within the scope of their assigned functional responsibilities, appropriate assistance, and logistical and administrative support to the Director, DAS, as required to carry out the responsibilities of the DAS.

V. RELATIONSHIPS

A. The Director, DAS, shall:

1. Coordinate actions, as appropriate, with DoD Components having collateral or related functions.

2. Maintain active liaison for the exchange of information and advice with DoD Components, as appropriate.

B. Programming, budgeting and financing for support of DAS operations will be in accordance with policy guidance prescribed by the Assistant Secretary of Defense (Comptroller).

C. Field offices will be collocated with appropriate Defense Components where possible and full use made of established facilities and services in the Defense Components.

VI. AUTHORITIES

A. The Director, DAS, shall have authority for selection of personnel for appointment to the DAS.

B. In performance of his responsibilities and functions the Director, DAS, or his designees are authorized:

1. Direct access to and communications with other DoD Components and, after appropriate coordination, with other executive departments and agencies concerned with his assigned responsibilities and functions.

2. To obtain such information from any DoD Components as may be necessary in the performance of DAS functions. The sensitivity of any activity should not act as a bar to the prompt and effective conclusion of any audit evaluation. Properly cleared auditors of the DAS have a "need to know" about any activity which affects their evaluation of DoD operations.

VII. ADMINISTRATION

A. DAS will be provided such personnel, facilities, funds, and other administrative support as the Secretary of Defense deems necessary.

B. The Deputy Assistant Secretary of Defense (Administration) will provide necessary administrative support to the DAS.

VIII. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. In the event of conflict between this Directive and previous directives and instructions, the provisions of this Directive will govern. Two copies of implementing regulations shall be forwarded to the ASD (Comptroller) within 60 days.

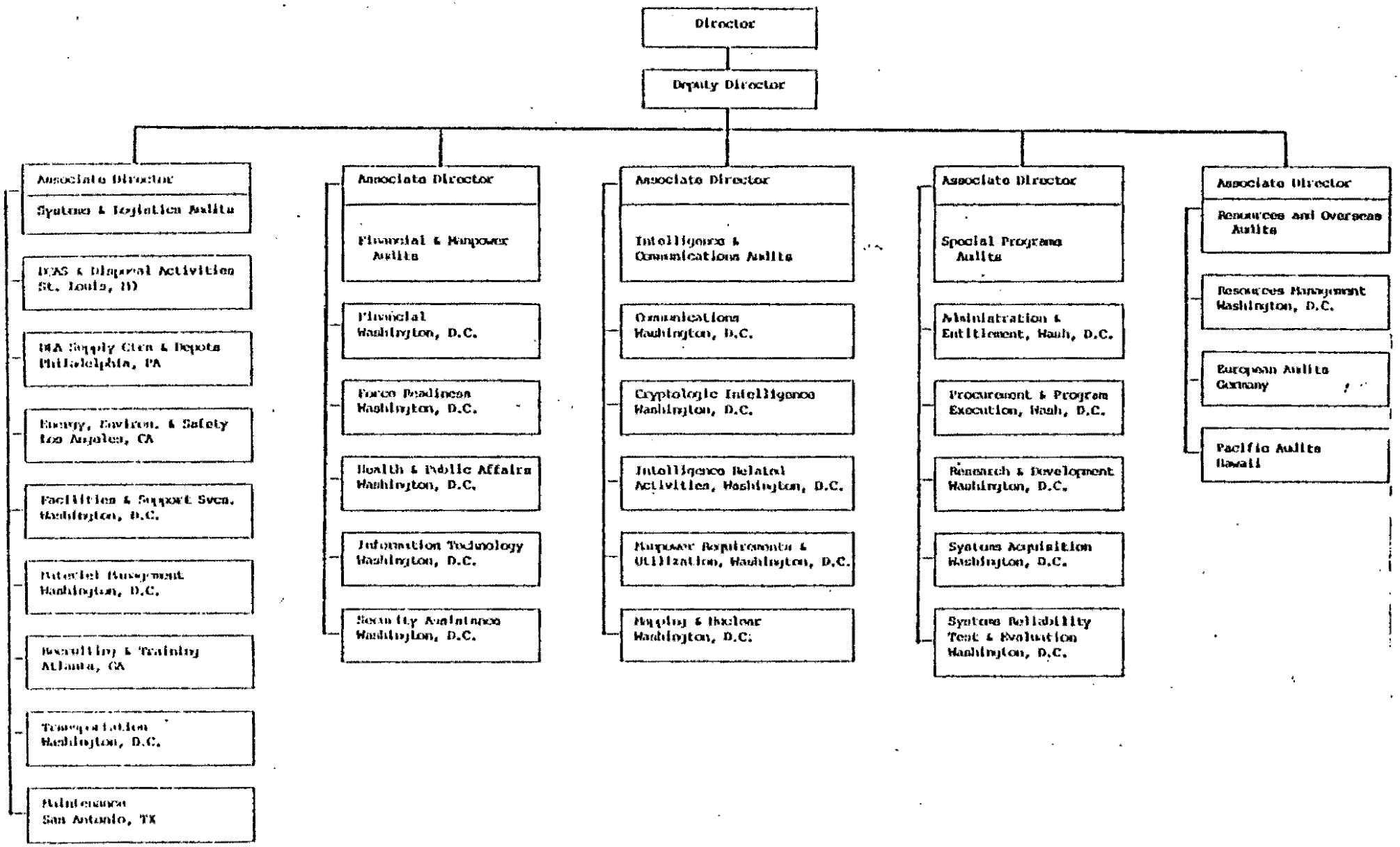
W. P. Clements Jr.
Deputy Secretary of Defense

ORGANIZATION STRUCTURE

DEFENSE AUDIT SERVICE
AUDIT RESPONSIBILITIES

- INTERSERVICE AUDITS
- SPECIAL AUDITS
- THE SECURITY ASSISTANCE PROGRAM
- CONTINUING AUDITS
  - OFFICE OF THE SECRETARY OF DEFENSE
  - ORGANIZATION OF THE JOINT CHIEFS OF STAFF
  - UNIFIED AND SPECIFIED COMMANDS
  - DEFENSE AGENCIES (DMA, DIA, DCAA, NSA, DARPA, DCA, DNA, DAVA, DSAA, DLA, AND DIS)

DEFENSE AUDIT SERVICE ORGANIZATION CHART



DESCRIPTIONS OF MAJOR ORGANIZATIONAL UNITS OF DAS

The following identifies DAS's major units of organization, together with a brief description of the major responsibilities of each. The lines of authority can be found in the organization chart preceding Chapter One.

Financial and Manpower Audits Division

Forces Management

This program encompasses audits of all aspects of organizing, equipping and training active and reserve combat forces. Reviews are directed toward the use made of resources provided to attain and sustain the required force structure. Systems such as the Force Status and Identity Report system and other authorization and capability reporting systems as well as contingency planning are included.

The development of unit training objectives, the extent to which those objectives are accomplished and the effectiveness of participation in field exercises are also included in this program.

Program elements 1, 2, 4 and 5 of the Five Year Defense Program and budget submissions will be covered by this group.

Health and Public Affairs

This program encompasses all aspects of the DoD medical care system including operation of hospitals and clinics; all medical (including dental) staffing requirements; and all related training requirements and facilities. Included would be requirements determinations, recruiting, assignment, utilization, classification and record keeping operations. Also included would be all aspects of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the Tri-Service Medical Information System (TRIMIS).

All aspects of Public Affairs are incorporated, including the American Forces Radio and Television Service, all audiovisual programs which include the production, distribution and depository functions of motion picture, television, audio, multi-media and still photo products for training and information purposes.

Also addressed are all aspects of the Department of Defense Dependents Schools System which operates 259 schools in 25 countries.

Financial Management

This area is concerned primarily with the systems, functions, and activities established to carry out the fiscal responsibilities of DoD. Generally, financial management will include all comptroller-type services and activities relating to programing, budgeting, accounting and reporting. Specifically, financial management covers the needs for, receipt, control, and disbursement of public funds. It covers programing to the extent that it is organized within the comptroller-area.

Financial management further covers the budgeting process through the formulation, approval and execution stages. It includes all facets of accounting systems including their approval by the Comptroller General as well as their operational aspects. It covers fiscal accounting and administrative control of funds, cost accounting, property accounting, and other types of accounting.

Financial management includes contract financing, cash management, payment of civilian and military pay and allowances, and overseas banking in DoD. Many funds and accounts are covered; for example, general funds; revolving funds such as stock funds and industrial funds; deposit funds; foreign currency accounts; and transfer appropriation accounts. Financial management incorporates all aspects of disbursing and also covers various types of reporting such as financial and budgetary reporting, and progress and statistical reporting.

Further, financial management includes the responsibility for assuring that legal and legislative requirements are met in the execution of programs using appropriated funds.

Information Technology

This program includes reviews of automatic data processing (ADP) functions such as information and word processing, administrative data processing, production control systems, computers integral to weapons systems, and related telecommunications processing resources. These reviews will include evaluations of automated systems (hardware and software) and will provide design personnel, system users and applicable management levels with timely recommendations to improve operational effectiveness and system efficiency.

Some reviews would include participation in the design, development, and testing of major DoD computer systems to assure that adequate controls and safeguards are designed into approved DoD systems. Other reviews would be made of operational, automated systems and data processing installations as well as ADP systems security and data privacy controls.

The program responsibilities include providing ADP support and assistance, as needed, to Defense Audit Service teams making audits in an ADP environment.

Security Assistance

The program consists of 5 major parts:

The Military Assistance Program (MAP) through which Defense articles and services are provided to eligible recipients on a grant basis.

The International Military Education and Training (IMET) Program through which military training is provided to selected foreign personnel on a grant basis.

The Foreign Military Sales Financing Program through which loans and repayment guarantees are provided to eligible foreign governments on a fully reimbursable basis.

The Security Supporting Assistance (SSA) Program through which economic assistance is provided, on a loan or grant basis, to selected foreign governments.

Foreign Military Cash Sales Procedures through which eligible foreign governments purchase Defense articles, training and services.

The functional area includes audits at all levels of management of the 5 major parts, which make up the Security Assistance Program. It includes the Security Assistance Progam responsibilities of the Military Departments, Unified Commands and Military Assistance Advisory Groups. Reviews in this area may cover the overall management of the program or segments of the program, specific case execution, or compliance and performance from the recipient in-country viewpoint.

Intelligence and Communications Audits Division

Communications

This program covers all aspects of the operational management, control, and supervision of DoD communications systems, activities, or services whether commercial or Government-owned. Included are the Defense Communications System (DCS), Communications Satellite System, and programs funded by the Military Departments; and all special purpose and dedicated networks, systems and programs that support the functions of command and control (including alert and warning) at both the strategic and tactical level. The area also includes responsibility for

internal audit coverage of the Defense Communications Agency (DCA) except audits of payroll and personnel that are covered through other functional programs.

Cryptologic Intelligence

This program includes signal intelligence and communications security for all of DoD. It encompasses the National Security Agency, as well as the crytologic mission operations of the Army, Navy and Air Force. Audits would cover all aspects of operational management and analysis of the effectiveness and efficiency of mission results in relation to the resources provided through the Consolidated Cryptologic Program and the Communications Security Program. In addition, audit responsibility also includes all areas supporting the mission operations of the National Security Agency. This involves supply management, comptroller services, maintenance, procurement, personnel, research and development, computer operations, communications and field activities.

General Intelligence

This program includes audits of the DoD-wide functions and activities involved in collecting, analyzing, and producing data for basic intelligence, current indications and warning intelligence, intelligence estimates, long-range threat forecasts and scientific and technical intelligence to support DoD requirements. Functions and activities involved in counter intelligence and photo interpretation are also included. Audits of operational management procedures and analyses of the effectiveness and efficiency of mission results in relation to the resources provided through the General Defense Intelligence Program are included. Excluded are audits of the Consolidated Cryptologic and Intelligence Related Activities programs not funded in the General Defense Intelligence Program. Also, excluded are reviews of basic support functions such as payroll, supply, and maintenance, that are covered through other functional programs.

Intelligence Related Activities

This program includes audits of the operational or mission aspects of tactical surveillance and warning systems, tactical battlefield support systems (e.g., reconnaissance assets), tactical ocean support systems, intelligence staff support, intelligence direct support systems, Reserve and National Guard intelligence activities, and intelligence training functions performed by the Military Departments. As part of this program function, we also review operational management procedures development of operational systems, interfaces with other National and Defense

intelligence programs, and the effectiveness and efficiency with which resources are used for intelligence related activities outside the National Foreign Intelligence Program. Also included in this function will be audits of intelligence activities of sensitive national programs for which DoD acts as executive agent. Excluded are basic support functions such as payroll, supply, and maintenance, that are covered through other program functions.

Mapping and Nuclear

This program includes the mission aspects of the DoD mapping, charting, and geodesy (MC&G) program and the DoD nuclear weapons program. The MC&G program involves Defense Mapping Agency activities and the Military Departments involved in validating requirements, tasking collectors, analyzing collection, producing MC&G products and distributing items produced. The nuclear program involves Defense Nuclear Agency activities and the Military Departments concerned with management of the DoD nuclear weapons stockpile including the operations of the consolidated nuclear weapons reporting system. The functions normally associated with integrated materiel management are included for MC&G and nuclear items. Those aspects of Research, Development, Test and Evaluation (RDT&E) programs involved with nuclear effects and MC&G programs are included here rather than in the RDT&E program. Excluded are support functions such as supply, maintenance, fund controls, appropriation accounting and property accountability that are covered through the other functional programs.

Manpower Requirements and Utilization

This program covers most aspects of the management of military and civilian manpower. General areas of audit responsibility include programing and budgeting of manpower resources, manpower resource management, force structure management, and manpower management information systems. Specifically included are all actions affecting the: manpower programs of the Military Departments, Defense agencies and OSD staffs; military or civilian space and/or man-year authorizations and associated funding programs; and activation, inactivation and changes to units and activities. Excluded areas include training, career development and personnel readiness.

Special Programs Audits Division

Systems Acquisition

This program includes the management processes through which major weapon systems as defined in DoD Directive 5000.1, are acquired by DoD. Reviews are based on threat assessments applicable to Defense Systems Acquisition Review Counsel (DSARC) Milestone 0 - Program Initiation, as well as OSD and Military Department subsequent reassessment requirements (DSARC Milestones I through III) as related to individual weapon systems. Included are matters such as trade-off analyses among alternative weapon systems, cost versus operational capability alternatives, DSARC issue items, production and life cycle costs, and qualitative and quantitative requirements determinations and justification as related to major weapon systems acquisition plans and programs.

Research and Development (R&D)

This area covers the mission aspects of basic and applied research and developmental and applied engineering. The operations of R&D activities and studies and analyses efforts are included in this program. Primary emphasis will be on the performance of mission tasks, the scheduling and programing of operations, the degree of control exercised in assuring validity of results, and the extent to which accomplishments are used to influence doctrine and acquisition decisions.

Systems Reliability, Test and Evaluation

This program includes reviews of the adequacy of DoD policies and procedures for determining the reliability and dependability of major weapons to perform according to plan under potential combat or hostile conditions. Assessments will be made of test and evaluation procedures including test range results employed to determine the feasibility of proceeding with procurement and deployment of new systems developed in research and development programs. Reviews will include a determination of methods used to resolve systems defects discovered during operational performance and the cost-effectiveness of alternatives selected to assure that mission accomplishments are not degraded under stress situations. Evaluations will also be made to determine that prompt disposition is undertaken on systems deemed too technically deficient to accomplish mission goals, or where the cost to correct mechanical deficiencies is too high.

Procurement and Program Execution

This program includes reviews of the adequacy of DoD policies, procedures and practices for acquiring approved major hardware and software systems, products, and services. These reviews will focus on evaluating the processes for DoD validation of requirements, determining that procurement schedules are realistic, and reviewing methods used to obtain timely acquisition. Emphasis will be placed on the adequacy of DoD administrative practices employed to forecast procurement, production and delivery dates; establish obligation and outlay targets based on these forecasts; and monitor the progress of program execution. The acquisition process will include reviews of procurement requests, invitations to bid, methods of contracting, and the negotiation, award and administration of contracts.

Administration and Entitlements

This audit program area encompasses the activities and functions involved in the (a) development and execution of the retired military pay and reserve programs; (b) determination and payment of entitlements to retired military personnel or their survivors, members of the Reserve Forces and the National Guard; (c) establishment and maintenance of data bases for retired military personnel, their survivors, the Reserve Forces and the National Guard; and (d) the administration of related programs. Reviews will include the planning, programing, budgeting and implementing of actions required to economically, effectively, and efficiently accomplish related program objectives. Reviews in this area are of an interservice nature and in some instances are of an interdepartmental nature. Effective working relations are required to be maintained with the Veterans Administration and the Departments of Commerce, Transportation, and Health, Education and Welfare.

Systems and Logistics Audits Division

Materiel Management

This program includes DoD-wide audits of activities and facilities dealing with all aspects of supply system operations and those dealing with logistics data systems. Included are supply operations and related accounting systems such as inventory control points managing wholesale inventories, depots, inventories in transit, installation level supply operations, and materiel in the possession of using and supporting organizations and units. Some of the functions are inventory control, storage and issue, requirements computations, war reserves, requisitioning, warehousing, stock balance and consumption reporting systems,

reutilization screening processes, the Federal Catalog program for identifying and cataloging items of supply, item standardization programs, and management of technical data items of supply. Excluded are individual weapon system acquisitions, transportation, maintenance and overhaul, procurement, contract administration, and property disposal.

Transportation

This program includes DoD-wide and interservice audits of all aspects of the programs, systems, and activities of the Defense Transportation System. Included in the transportation system are the operation, control, and supervision of all functions incident to the effective and economical procurement and use of transportation and traffic management involving the land, sea, or air movement of personnel and equipment using both military and commercial sources. The Program Director must work closely with other Government agencies and the public sector. Components of the Defense Transportation System are the Military Traffic Management Command, the Military Airlift Command, the Military Sealift Command and the Service Transportation Offices. Only those functions related to the mission of the DoD Transportation System are in the program. Excluded are the everyday housekeeping activities and functions performed by and for these components and those responsibilities directly related to the parent Service requirements unless specific requests dictate DAS audit involvement.

Facilities and Support Services

This program includes DoD-wide and Defense agency audits of:

- maintenance, repair and utilization of real property and equipment,
- military construction,
- housing programs (family, bachelor and leased housing), and
- support services.

Reviews will be made of the management of real and installed property from determination of the need of the property through maintenance, use and disposal. Some of the specific audit entities included are in-house construction; utility systems; maintenance

of land, buildings, facilities, and installed property; fire protection; family housing programs; and related costs and property accounting systems. This program also includes evaluations of the various services required to support the operations and maintenance of a military facility or organization. It includes audits of Service-wide operations, such as mess hall operations; appropriation-funded morale, welfare and recreation functions; quarters; religious activities; and retail store operations (such as clothing and commissary).

Defense Logistics Agency (DLA) Supply Centers and Depots

This program includes audits of major supply support missions assigned to 5 DLA supply centers (excludes Defense Fuel Supply Center) and 7 field depots. The supply management functions of the supply centers include requirements computation, supply control, provisioning, procurement, requisitioning processing, distribution, materiel management, standardization and inventory accountability. Areas of audit responsibility at the depot level include receipt, inventory management, warehousing and distribution. In addition to the 7 DLA-managed depots, the Program Director has responsibility for mission audits at those Service-managed depots that perform distribution missions for DLA-owned commodity materiel. Also included are audits of storage facilities for subsistence worldwide.

Recruiting and Training

This program includes DoD-wide audits of the recruiting, training and education of military personnel. It also includes DoD-wide audits of the education and training of civilian employees. The overall objectives of these audits are: to review and evaluate the effectiveness, efficiency and economy of the DoD management of personnel and resources used in recruiting, education and training; and to determine whether there is unnecessary duplication and/or potential for the consolidation or elimination of certain functions or activities.

Defense Contract Administration Services and Disposal Activities

This program includes audits in the following areas:

- Contract Administration. The activities involved in the administration of contracts, quality assurance, Government-furnished property administration and industrial security are included in this program. Reviews of deliveries, undelivered

items, contract financial status, program status, partial and advanced payment terms, and intransit inventory controls are included. This area includes reviews of DoD contract administration organizations. The establishment of requirements and the storage and distribution of materiel to meet the needs of consumers are not covered except when these matters are directly effected by contract administration practices and procedures.

- Property Disposal Activities. This program reflects the management and control of inventories accounted for in the Integrated Disposal Management System from receipt through disposition including in-transit accountability from the turn-in activity and to the receiving activity. Some of the identifiable functions are receipt and storage, utilization, donation, demilitarization, sales, downgrading to scrap, precious metals recovery, and ship and aircraft sales.

- Accountability and Security of Small Arms, Ammunition and Explosives. This program reflects the management and control of inventories from acquisition to use or disposal. Some of the identifiable functions are inventory control, storage and issue, security, requisitioning, and stock balance and consumption reporting systems.

Maintenance

This program includes the various systems facilities, services, and activities devoted to the maintenance, repair, and overhaul of equipment and supplies. It includes organic and contractual organizational, intermediate, and depot repairs. Also covered is the use of equipment and supplies by maintenance and repair activities. Maintenance operations funded by industrial funds are also in this program. Reviews will cover maintenance philosophies, and concepts developed during weapon and subsystem conception, design, test and operation. Some of the identifiable functions are depot maintenance, vehicular maintenance (for example, tanks, personnel carriers and trucks), ship overhaul, missile and other ordnance maintenance, maintenance of organizational materiel, and related cost and appropriation accounting for maintenance and repair activities. Maintenance of real property will not be included.

Energy, Environment and Safety

This program includes audits of programs under the cognizance of the Deputy Assistant Secretary of Defense(Energy, Environment and Safety). Energy programs include fuel supply assurance, development of alternate fuels, energy technology application, engineering and analysis, conservation investment, conservation management and training.

Enviromental programs require compliance with environmental laws and environmental protection agency regulations. The programs deal with air and water pollution abatement, hazardous materiel management, solid waste disposal, noise suppression, pesticide management, environmental impact statement, conservation of natural resources, and preservation of historic sites.

Safety programs require compliance with work place safety standards established in accordance with the Occupational Safety and Health Act of 1970. DoD safety policy requires safety training for employees, mishap investigation, standardized reporting of mishaps, and use of personal protective equipment if work place hazards cannot be eliminated. DoD safety programs also cover chemical weapon systems ammunition, explosives, hearing conservation, traffic safety, flight safety, nuclear safety and system safety engineering.

RESOURCES & OVERSEAS AUDITS DIVISION

Resources Management

This organizational element performs the following functions:

1. Directs all phases of the DAS personnel management and staff development activities.

2. Directs all phases of the DAS financial administrative activities. Manages financial activities such as development of the Program Objective Memorandum, formulation and execution of annual operating budgets, and financial reporting.

3. Directs the development of Agency-wide policy instructions in accordance with the objectives and concepts of operation established by the Director and/or Deputy Director.

4. Directs the DAS ADP program to include the development and maintenance of a management information system and maintaining a staff of auditor/ADP specialists trained to provide consulting service and assistance on ADP matters to the audit teams.

European Audits/Pacific Audits

This program area includes audits of Unified Command organizations and functions, audits of any Defense program, function. or system when audit scope is limited to the overseas theater, and special audits of activities within the theater in response to OSD or Unified Command requests. The Program Director represents the Director, DAS in dealings with the overseas Unified Command and the Military Departments overseas commands and activities. He acts as point of contact for all commands in the theater for ongoing audits.

DEFENSE AUDIT SERVICE

SEMIANNUAL AUDIT PLAN

FIRST HALF OF FISCAL YEAR 1981

"Serving Management"

August 27, 1980

DEFENSE AUDIT SERVICE

SEMIANNUAL AUDIT PLAN

FIRST HALF OF FISCAL YEAR 1981

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DEFENSE AUDIT SERVICE

SEMIANNUAL AUDIT PLAN

FIRST HALF OF FISCAL YEAR 1981

INTRODUCTION

PURPOSE

This semiannual audit plan is being distributed to all audit clients of the Defense Audit Service(DAS) and other interested activities to make known which audits have been scheduled by DAS for the first half of FY 1981.

This document also contains a fact sheet for each scheduled audit showing background, scope and planned objectives. Another semi-annual audit plan will be issued in March 1981, which will show scheduled audits for the second half of FY 1981.

MISSION

The mission of DAS is to:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.

2. Plan and perform interservice audits in all DoD Components.

3. Plan and perform quick response audits on matters of special interest to the Office of the Secretary of Defense.

4. Plan and perform audits of the Security Assistance Program at all levels of management.

5. Plan and perform such other audits as requested.

POLICY

It is DAS policy to adhere to the Standards for Audit of Government Organizations, Programs, Activities and Functions, established by the Comptroller General.

A U D I T P L A N

INTELLIGENCE AND COMMUNICATIONS AUDITS

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

IC DIVISION

Line No.	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 9/30/80)			
1.	Defense Mapping Agency Publications and Service	OIW-XXX		2/81
2.	Nuclear Weapons Effects Simulators	OIW-112		1/81
3.	Civilian Pay-National Security Agency-Phase II	OIK-118		12/80
4.	Physical Security-National Security Agency	OIK-054		11/80
5.	Consultant Services-National Security Agency	OIK-133		11/80
6.	Tactical Imagery	OIG-123		4/81
7.	DoD Bonus Program	OIJ-120		4/81
8.	Intelligence Training	OIG-122		4/81
9.	Manpower Requirements	OIJ-XXX		3/81
1	Tactical Command and Control	OIC-091		10/80
	1st Half FY 1981 Audits			
11.	Defense Mapping Agency Map and Chart Production	1IW-XXX	2/81	
12.	Management of Nuclear Material	1IW-XXX	1/81	
13.	Civilian Pay-National Security Agency-Phase III	1IK-XXX	12/80	
14.	Physical Security-National Security Agency-Phase II	1IK-XXX	11/80	
15.	Progress Payments-National Security Agency	1IK-XXX	12/80	
16.	Civilian Welfare Fund-National Security Agency	1IK-XXX	10/80	
17.	Intelligence Support to Test and Evaluation	1IN-XXX	10/80	
18.	DoD/GAO HOTLINE Operations	1IN-XXX	10/80	
19.	Electronic Warfare-Phase II (SOTAS)	1IC-XXX	10/80	
20.	Tactical Command and Control-Phase II	1IC-XXX	10/80	

F I N A N C I A L A N D M A N P O W E R

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

FM Division

Line No.	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 9/30/80)			
.	Logistics Support to European Forces	0FR-065		10/80
.	Supply Performance-Army Foreign Military Sales Cases	0FA-082		12/80
.	Military Exchange Systems	0FM-114		12/80
.	Fire Support Weapons-Europe	0FR-103		12/80
.	Audiovisual Support to Military Recruiting	0FM-XXX		10/80
.	Computer Readiness of CONUS Deployable Units	0FF-113		12/80
.	Foreign Military Sales Direct Cite Procurement	0FA-083		3/80
.	Israeli Air Base Construction Program	0FA-130		12/80
	Processing Commercial Accounts-DLA	0FH-124		1/81
	Dissemination of Classified Information	0FH-127		12/80
	1st Half FY 1981 Audits			
	Accounting Systems	1FH-XXX	10/80	
	Material Readiness of CONUS Medical Units	1FM-XXX	10/80	
	Reserve Component Personnel Data System	1FR-XXX	10/80	
	Munitions Program-PACOM	1FR-XXX	10/80	
	Unliquidated Obligations-DLA	1FH-XXX	10/80	
	Navy Cross-Disbursing for DLA	1FH-XXX	10/80	
	Supply Performance-Air Force Foreign Military Sales Cases	1FA-XXX	11/80	
	Government Furnished Material for Foreign Military Sales	1FA-XXX	12/80	
	Life-Cycle Management of the DoD Standard Warehouse and Shipping Systems	1FF-XXX	12/80	
	Battlefield Computer Systems	1FF-XXX	1/81	
	OCHAMPUS High Dollar Providers	1FM-XXX	1/81	
	Munitions Program-EUCOM	1FR-XXX	1/81	
	Security Assistance Program-Saudi Arabia and Egypt	1FA-XXX	1/81	

S P E C I A L P R O G R A M S

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

SP Division

ce	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 10/1/80)			
	Personnel Admin-Evaluation System	0A0-099		11/80
	Active Reserve Bonus Programs	0A0-102		12/80
	Test & Evaluation-Navy	0AD-100		12/80
	Life Science R&D Program	0AB-087		11/80
	Development Research-Army	0AB-XXX		2/81
	Theater Nuclear Weapon Systems Requirements	0AE-086		11/80
	Procurement Fund Requirements Weapons	0AE-078		10/80
	Small Business Procurement	0AP-XXX		2/81
	Integrated Logistics Support-Lamps III	0AP-089		10/80
	1st Half FY 1981 Audits			
	Systems Reliability-Air Force	1AD-XXX	10/80	
	Mission Element Needs Statement-Advance Tactical Aircraft	1AE-XXX	10/80	
	Integrated Logistics Support-Army Blackhawk System	1AP-XXX	10/80	
	DoD Medical Research Programs	1AB-XXX	11/80	
	Mission, Element Needs Statement(MENS) ASW Systems	1AE-XXX	11/80	
	Affirmative Action Program	1A0-XXX	11/80	
	Active Reserve and National Guard Payroll Controls	1A0-XXX	11/80	
	Test & Evaluation-Air Force	1AD-XXX	1/81	
	Development Research-Air Force	1AB-XXX	2/81	
	SAR System-Army	1AP-XXX	2/81	
	Tracked Vehicle Requirements	1AE-XXX	3/81	

S Y S T E M S A N D L O G I S T I C S

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

SY Division

Line No.	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 9/30/80)			
1.	Technical Data for Items of Supply	OSS-123		1/81
2.	Management of BOQs	OSI-086		11/80
3.	Leased Property	OSI-093		11/80
4.	DoD Paid Parking Program	OSI-136		2/81
5.	Defense Railway Fleet	OST-039		12/80
6.	Container Utilization-Phase I	OST-053		10/80
7.	Personal Property-Phase II	OST-131		2/81
8.	Container Utilization-Phase II	OST-XXX		5/81
9.	Military Personnel Retention (	OS4-079		11/80
10.	Guaranteed Training	OS4-125		4/81
11.	Flight Management Control System	OS6-108		12/80
12.	Productivity Enhancement	OS6-115		2/81
13.	Energy Technology	OS8-105		11/80
14.	Conservation Techniques	OS8-129		12/80
	First Half FY 1981 Audits			
15.	Integrated Management of Non-consumables	1SS-XXX	10/80	
16.	Retail Stockage Criteria	1SS-XXX	3/81	
17.	Inventory Control	1SS-XXX	2/81	
18.	Productivity Measurement in Real Property Maintenance Activities	1SI-XXX	11/80	
19.	Evaluation of Defense Retail Interservice Support Program	1SI-XXX	11/80	
20.	Adequacy of Military Family Housing	1SI-XXX	2/81	
21.	DoD Freight Classification System	1ST-XXX	3/81	
22.	Retention Policies and Procedures-Officers and Cadets	1S4-XXX	11/80	
23.	Graduate Education	1S4-XXX	3/81	
24.	Defense Activity for Non-traditional Education	1S4-XXX	3/81	
25.	Precious Metal Recovery and Utilization	1S5-XXX	10/80	
26.	Administration of Cost Accounting Standard 410-General and Administrative Expenses	1S5-XXX	10/80	

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981 (Continued)

SY Division

ne .	Title	Audit Number	Start Date	Estimated Completion Date
.	Engineering and Technical Services	1S6-XXX	10/80	
.	Aircraft Modification	1S6-XXX	1/81	
.	Occupational Safety and Health Training	1S8-XXX	11/80	
	Fuel Consumption Reporting	1S8-XXX	1/81	
	Controls Over Material Receipts and Payments for Fast Pay Contracts-DLA	1SL-XXX	10/80	
	Management of Subsistence and Clothing/Textiles at Non-DLA Activities	1SL-XXX	10/80	

E U C O M F I E L D O F F I C E

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

EUCOM Field Office

ine o.	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 9/30/80)			
..	Procurement Operations-EUCOM	0SX-107		11/80
.	Subsistence-DLA/USEUCOM	0SX-XXX		2/81
	1st Half FY 1981 Audits			
.	Property Disposal-DLA/USEUCOM	1SX-XXX	12/80	
.	Intelligence Operations-EUCOM	1IX-XXX	2/81	

P A C O M F I E L D O F F I C E

A U D I T S

DEFENSE AUDIT SERVICE

AUDIT PLAN

PERIOD: First Half of Fiscal Year 1981

PACOM Field Office

ine o.	Title	Audit Number	Start Date	Estimated Completion Date
	Carry-Over Audits (as of 9/30/80)			
..	Pacific Stars and Stripes	0FV-110		11/80
1.	Communications, Republic of Korea	0IV-116		1/81
3.	Bulk Petroleum, Republic of Korea	0SV-132		12/80
	1st Half FY 1981 Audits			
..	CHAMPUS Controls, PACOM	1FV-XXX	11/80	
1.	Management of DLA Subsistence Inventories in Hawaii	1SV-XXX	11/80	
..	DoD Construction Programs, Republic of Korea	1SV-XXX	11/80	
..	DoD Programs to Control Sales Exchange and Commissary Goods-PACOM	1SV-XXX	1/81	
.	Military Service Intelligence Operations-Hawaii	1IV-XXX	2/81	
.	High Frequency Communications Network-PACOM	1IV-XXX	2/81	

F A C T S H E E T S

INTELLIGENCE AND COMMUNICATIONS AUDITS

DMA Map and Chart Production

Background

The Defense Mapping Agency's primary mission is to produce maps, charts and other geodetic products for the DoD. The Aerospace Center in St. Louis, Missouri is primarily responsible for producing aeronautical products. The Hydrographic and Topographic Center in Washington, DC is responsible for producing hydrographic and topographic products. The audit will be limited to a review of the production of hard copies of maps and charts and will exclude production of digital data.

The production program begins with DMA selecting maps and charts for production. All maps and charts in the production process must be a validated requirement and reflected in the Mapping Charting, and Geodetic Area Requirements Document (Gray Book).

There are three kinds of production for maps and charts: compilation, recompilation and revision. Compilation relates to the production of a never before produced map. Recompilation refers to a map that has previously been produced but is outdated to the point that a whole new map needs to be produced. Revision relates to altering cultural details shown on a map and updating the map based on more current information.

Scope

The DMA FY 1980 map and chart program can be broken into the following categories:

- Aeronautical Products-$6.0 million
- Hydrographic Products-$10.2 million
- Topographic Products-$20.8 million

Objectives

The audit objective is to perform a program results audit to determine if DMA is satisfying the DoD program for maps and charts. We will also determine if the production program is performed in an efficient and economical manner.

Potential Benefits

A prior audit of DMA map and chart production requirements disclosed that many requirements were invalid. The proposed audit should disclose whether map and charts are being produced for invalid requirements.

PROGRAM DATA

Division/Line Number	IC/11
Program Director	J. Andrejko
Project Manager	H. Gallo
Start Date	2/81
Man-Days	635

Management of Nuclear Material

Background

Nuclear ordnance materiel consists of base spare parts and military spare parts. Base spare parts are funded by the Department of Energy and may be used by the military services only for maintenance and repair of war reserve stockpile material. Military spare parts are funded by DoD and are used for maintenance and repair of training weapons, test and handling equipment. When a DOE controlled spare part can be used on both war reserve weapons and on training devices, 2 NSNs will be assigned to the part. In 1972, the Defense Nuclear Agency was designated the integrated material manager for DOE nuclear ordnance items.

Scope

The inventory of nuclear ordnance items is estimated to be valued at over $50 million. The inventory comprises about 6,000 line items.

Objectives

The objective of the audit will be to determine how efficiently and effectively nuclear ordnance material is being managed.

Potential Benefits

In August 1973, we issued a report stating that $1.3 million could be saved by designating DNA as the single DoD manager and storage activity for nuclear ordnance items. No actions have been taken on our recommendation. The audit will determine the extent of savings that can presently be achieved by consolidating management of nuclear ordnance material.

Tentative Locations

Headquarters, Defense Nuclear Agency, Washington, DC
Field Command, Defense Nuclear Agency, Albuquerque, NM
Various Army, Navy and Air Force Installations

PROGRAM DATA

Division/Line Number	IC/12
Program Director	J. Andrejko
Project Manager	D. Wenger
Start Date	1/81
Man-Days	500

Audit of NSA Civilian Payroll
Phase III

Background

The NSA Civilian Payroll Accounting System is designed to compute pay and leave for civilians employed under 25 different pay schedules. Eleven payroll clerks, located at Fort Meade, are each responsible for handling individual employee accounts.

NSA's civilian payroll system, computerized in January 1957, has gone through various upgrades. The system currently utilizes an IBM 370-168 with remote terminal access for on-line interactive file retrieval, updating and processing. Approximately 170 computer and remote terminal payroll software programs have been written to process payroll data and to generate records and management reports.

Phase I of the Audit of NSA Civilian Payroll was made to evaluate the adequacy of mechanized internal controls within NSA's automated payroll processing system. Significant control weaknesses and deficiencies were determined to exist within the system which could result in erroneous or fraudulent data being processed without detection.

Phase II of the audit currently in progress, addresses the propriety and accuracy of employee pay and leave entitlements, fund transfers and manual internal controls. This phase is utilizing approximately 125 data retrieval programs developed to check compliance with regulatory requirements and to assist in detecting errors or potential fraud. Discrepancies are being identified using sampling techniques, when applicable, and projected error rates are being established. The impact of the automated internal control weaknesses addressed in Phase I will be quantified and additional weaknesses in manual internal control procedures could be identified.

Scope

Phase III of the Audit of NSA Civilian Payroll will address the adequacy of computer security, program documentation and program test and debug procedures and will also provide an assessment of the reliability of computer output. Based upon the cumulative results of the audit, an overall assessment of the adequacy of the NSA Civilian Payroll System will be provided.

Objective

The objective of Phase III is to ensure that sufficient controls exist in the system's design, programming and computer operations

to assure the reliability of computer output and to preclude fraudulent data from being processed into the system. Controls over input/output data, telecommunications, batch process, access, and data recovery will be evaluated. The overall security of the system will be evaluated to include controls over forms, checks, bonds, etc. Additionally, the extent and adequacy of program documentation and system test and debug procedures will be examined. Weaknesses in these areas were identified in Phase I of the audit.

Benefits

Will provide management with:

a. An assessment of the adequacy and existence of internal controls to preclude payroll fraud or abuse.

b. A comprehensive evaluation of their Civilian Payroll Processing System.

c. Information upon which to determine if sufficient justifications exist for implementing a new payroll system.

Program Data

Division/Line Number	IC/13
Program Director	F. Henderson
Project Manager	S. Santoni
Start Date	12/80
Man-Days	250

Audit of NSA Physical Security - Phase II

Background

The Physical Security Program for NSA involves the protection of agency personnel, equipment, property and classified material in various Government and contractor locations in CONUS and overseas. The Signals Intelligence and Communications Security missions of the Agency encompass compartmented intelligence operations which generate enormous volumes of classified material. Everyday, for example, NSA Headquarters destroys an average of 34 tons of classified paper material alone.

Protection of classified material against accidental or deliberate compromise is a primary concern of the NSA physical security program. The core of this program is represented by a guard force (Federal Protective Service at NSA Headquarters) which is supplemented by alarm systems, TV monitors, safes, badge, pass and key access control systems. Periodic inspections of Government facilities and contractors' plants are another part of this program. The ultimate protection however, remains with the security awareness of each individual employee and their supervisors.

The Office of the Deputy Under Secretary of Defense for Policy Review has requested we review certain aspects of the physical security program at NSA. They have expressed an interest in Agency procedures for: (1) handcarrying classified material; (2) transportation of classified material; (3) controlling classified material under "open storage" practices; (4) physical security of ADP systems; and (5) security of classified material in sensitive overseas areas.

Scope

Phase I of the audit of NSA physical security is addressing overall security planning, use of the Federal Protective Service, security violations and compromises and controls over the handcarrying of classified material. Phase II would address additional areas of the OSD audit request, supplemented by coverage of the NSA contractor physical security program.

Objectives

The objectives of the audit would be to: (1) evaluate the adequacy of certain aspects of the NSA Physical Security Program in response to the OSD areas of interest, and (2) evaluate the effectiveness of the NSA contractor physical security program.

The proposed audit would satisfy the intent of an OSD requested audit. The audit would not be geared to a dollar savings, but rather to the protection of classified material, the compromise of which could endanger the security and defense of the United States itself.

Program Data

Division/Line Number	IC/14
Program Director	F. Henderson
Project Manager	W. Franck
Start Date	11/80
Man-Days	250

Progress Payments - NSA

Background

A progress payment review was made about 4 years ago with about $19 million in findings. The Associate Director for Financial and Manpower Audits requested on July 2, 1978, that we do a follow-up review to determine if problems identified in the prior audit had been corrected.

As of March 31, 1980, the total value of contracts with progress payment provisions amounted to $474.4 million and the unliquidated progress payment balance approximated $200 million. It is very important that progress payments are properly made and only when authorized and, equally important, that they are properly liquidated when items are delivered to minimize interest cost to the Government.

Scope

The objectives of the audit are to evaluate the effectiveness of policies, procedures and controls and to determine if they are effectively implemented in paying and administering progress payments.

Program Data

Division/Line Number	IC/15
Program Director	F. Henderson
Project Manager	R. Levine
Start Date	12/80
Man-Days	250

Civilian Welfare Fund - NSA

Background

The National Security Agency Civilian Welfare Fund (NSA CWF) was established on January 28, 1955, under policies and procedures governing the nonappropriated fund system within the U.S. Army. Basic guidance for nonappropriated activities is outlined in Army Regulation 230-1 "Nonappropriated Funds and Related Activities," dated February 15, 1975. Property controls and procedures are prescribed in Army Regulation 230-65, "Nonappropriated Funds Accounting and Budgeting Procedures," effective August 1, 1977. Specific guidance governing civilian welfare funds is contained in Army Regulation 230-81, "Civilian Nonappropriated Funds and Related Activities," dated November, 1973.

The NSA CWF program consisted of special sale items, social and entertainment events, a library, and a ticket service. The primary source of revenue is dividends from the NSA Restaurant Fund. During FY 1979, the CWF received approximately $125,000 in dividend payments and approximately $136,000 is anticipated for FY 1980. The value of all CWF property is $117,783 with fixed assets totaling $94,025 and expendable property amounting to $23,758.

Scope and Objectives

The audit will determine whether NSA CWF operations comply with appropriate regulations and other applicable directives. Our review will include an evaluation of internal management controls, accounting procedures, and property controls for NSA CWF assets. The audit will cover the period October 1, 1978 through September 30, 1980, and include a selective examination of documentation and transactions considered necessary. The previous audit of the fund was performed for the period April 1, 1977 through September 30, 1978.

Program Data

Division/Line Number	IC/16
Program Director	F. Henderson
Project Manager	T.B.D.
Start Date	10/80
Man-Days	130

Intelligence Support to Test and Evaluation

Background

The Test and Evaluation (T&E) function not only assures that weapon systems in development will perform according to specifications but also serves as the last opportunity for DoD to determine the effectiveness of proposed weapon systems in their intended environment. The T&E function is basically divided into 3 types of testing: developmental, operational, and training. The success of these tests are dependent upon close coordination between the testers and the intelligence communities. There are about 60 major acquisitions in development that require the integration of threat data into both current and future test plans.

Our current review of "Intelligence Support to Test and Evaluation" (Project OIN-018) indicated there were numerous related problems that had to be resolved before the integration process can be accomplished and the operational effectiveness of future U.S. weapon systems against the enemy can be assured.

The types of problems identified in our review were as follows:

1. Developmental and operational test plans for many major systems were either not developed or were not updated prior to major DSARC milestones as required in DoD Directive 5000.3.

2. Threat simulator programs for testing the effectiveness of U.S. systems appeared unmanaged at all DoD levels. Furthermore, the development and procurement of threat simulators were not coordinated to the major acquisition process that they are supposed to support.

3. Validation of threat simulator characteristics was not being accomplished due to resource limitations or to the lack of standard threat references for this purpose.

4. Threat scenarios depicting the intended environment that U.S. systems will operate in were either not prepared or were incomplete.

Objectives

The objectives of the audit will be to evaluate:

1. The completeness of the test and evaluation plans for major systems acquisitions.

2. The threat simulator program supporting current and future acquisitions.

3. The adequacy of the procedures for validating the threat simulators used in test functions.

4. The adequacy of the threat scenario in depicting the threat environment that major systems will operate in.

Tentative Locations

USDR&E, DIA, TRADOC, DARCOM, OPNAV, NAVMAT, AFSC, FTD, NISC, MIA, FSTC, and selected test commands and ranges.

Potential Benefits

The audit could show that millions of dollars are wasted on operational tests of new weapons systems because threat simulators and test environments do not realistically depict the threat the weapons systems will encounter.

PROGRAM DATA

Division/Line Number	IC/17
Program Director	R. Sabatini
Project Manager	S. Rein
Start Date	10/80
Man-Days	600

DOD/GAO HOTLINE OPERATIONS

Background

For the past few years, there has been considerable Congressional and Executive Branch interest in the prevention and detection of fraud and waste in the Federal Government. To encourage the reporting of fraud and waste, GAO set up a fraud hotline whereby the public could telephone GAO using a toll free number to report suspected instances of fraud and waste in any executive department or agency of the Government. Within the DoD the Defense Investigative Service (DIS) was designated as a single point of contact for hotline referrals from the GAO. Each of the military departments also designated a single point of contact for referrals from DIS. In April 1979, the DoD set up a hotline operated in DIS. Hotline items received are referred to a designated point of contact in the military department or agency involved. Since hotline operations were established, there have been about 1000 complaints of alleged fraud and waste in the DoD.

All hotline items receive preliminary screening and those items determined to have merit are referred to the appropriate point of contact for action. Generally the referrals are passed to CID, NIS, OSI or the DLA-IG for further processing.

Within the DoD there is no written policy or procedure concerning hotline operations. As a result each department or agency handles referrals differently. Further, there is concern that complaints are being referred to the activity involved in the allegation for adjudication. This had resulted in closing a high percentage of the complaints as unsubstantiated reports. In addition, the name of the hotline caller was frequently identified in the referral to the activity. Further, there are indications that insufficient investigative resources are involved in adjudicating the hotline allegations.

The audit was requested by the Assistant for Audit Policy in a memorandum dated July 3, 1980. The objective of the audit will be to evaluate the effectiveness of DoD hotline operations. Specifically, the review will be performed to ensure that:

1. Methodology and depth of review are adequate and consistent at each investigative component.

2. Investigators are professionally qualified and independent of the cases being reviewed.

3. Privacy of hotline callers is adequately protected.

4. Management actions are responsive to investigative conclusion and are generally consistent within and among the DoD components.

Scope

In the 6 month period ended February 29, 1980, 519 hotline referrals were received by DIS from GAO and 282 calls were received on the DIS hotline. There are no personnel or funding resources directly identified to hotline program operations.

Tentative Locations

Defense Investigative Service
Army CID
Naval Investigative Service
Air Force Office of Special Investigation
DLA-IG

Various locations in CONUS and overseas as determined during the survey.

Program Data

Division/Line Number	IC/18
Program Director	R. Sabatini
Project Manager	A. Madison
Start Date	10/80
Man-Days	600

ELECTRONIC WARFARE PHASE II (SOTAS)

Background

Audit work has been coordinated with GAO to prevent overlap with their ongoing audit and permit us to carry out our planned review. GAO should complete their scoped-down review by October 4, 1980.

Phase II is a continuation of work deferred under Phase I in accordance with the Deputy Director's approval to pursue a potentially high payoff audit lead (i.e. Electronically scanned antenna for the APS-94 Radar on the OV-1D Mohawk Aircraft). Phase II will be a programatic review of the Standoff Target Acquisition System (SOTAS), an Army airborne radar system.

Scope

It is estimated that SOTAS will cost about $1 billion to procure and about $1.2 billion to operate and support for 20 years. We intend to review system requirements (personnel, equipment, contractor support, financial, training, software) and control over classified documents.

Program Data

Division/Line Number	IC/19
Program Director	H. Frazier
Project Manager	E. Cody
Start Date	10/18
Man-Days	650

JINTACCS (Joint Interoperability of Tactical Command and Control Systems) Phase II

Background

After the mid-1960s, the need for achieving compatibility and interoperability among the tactical command and control systems of the Services and Agencies was recognized by OSD and OJCS. The primary purpose of JINTACCS is to achieve the interoperability of U.S. tactical C^2 systems. Maximum consideration, however, will be given to considering interoperability of U.S. and NATO Systems. JINTACCS involves the 4 Services plus DIA and NSA. Projected expenditures through 1985 should approximate $400 million.

Scope

Phase I involved a survey of numerous Tactical Command and Control Programs within OJCS and the Services. JINTACCS was identified as a program that had not been previously audited by DAS, Services, or GAO. Because of the magnitude of the program and limited staff, the scope of Phase II will be limited based upon the results of the survey conducted under Phase I of this review. If staffing and TDY funds permit, we will review the critical NATO aspects of this program.

Objectives

Determine the extent to which the Program Manager is developing the program in accordance with the intent of OJCS and OSD. Determine if JINTACCS will satisfy the requirements of the participating Services and Agencies. Ascertain the adequacy of support provided to the program manager by contractors, the Services/Agencies, and operational Commanders (CINCLANT).

Potential Benefits - Identify potential areas of cost savings or operational efficiencies as a result of our audit and recommendations. Potentially a reduction or redirection of contractual and internal effort expended by the JINTACCS Program Manager may be warranted. Another potential benefit could be the acceleration in existing testing schedules.

Program Data

Division/Line Number	IC/20
Program Director	H. Frazier
Project Manager	J. Koloshey
Start Date	10/80
Man-Days	650

F I N A N C I A L A N D M A N P O W E R

A U D I T S

Materiel Readiness of Selected CONUS

Medical Units Deploying to Europe

Background

DoD currently plans to immediately deploy both active and reserve medical units to the theater of operations upon mobilization. These units are expected to be in place and functioning on a phased basis starting on D-day. The medical supplies and equipment needed for each unit, specified in its table of authorized supplies and equipment, may or may not be prepositioned in theater. For a NATO contingency, designated units are periodically advised of the supplies and equipment that must be brought to the theater by the units. Recent audit reviews of medical units in Europe reported significant problems in the readiness and condition of medical supplies and equipment. The problems included unserviceable equipment, hospital sets not assembled, etc. Units with unserviceable equipment or shortages of required equipment and supplies will degrade the medical mission. Personnel in Health Affairs have expressed concern over the actual condition of supplies and equipment scheduled for deployment with medical units.

Recent mobilization exercises and studies have indicated that medical supplies and equipment in the hands of CONUS medical units may not be in a ready for use condition. Active and reserve units deploying with supplies and equipment in poor condition would result in their effectiveness being reduced. The FORSTAT reports from each active and reserve medical unit notified JCS of the status of the supplies and equipment on hand and the reason for the reported status.

Objective

This audit will determine if selected active and reserve units have all the required supplies and equipment on hand, if not stocked, in Prepositioned War Reserves (PWR) in Europe. In addition, the reported condition of supplies and equipment will be verified and the reasons for the poor condition will be determined. This will be followed through the system to determine needed corrective actions to improve the overall management and control of medical supplies and equipment. The audit will be limited to medical units scheduled for deployment within thirty days after mobilization. Since the Navy is not deeply involved during this period, the scope may be limited to Army and Air Force. The Army has 67 active and reserve medical units in this category ranging in size from battalion to detachment. The audit should be done in 2 phases, active and reserve, because of the complexity, the number

of units and the amount of supplies and equipment involved. During the survey the number of units from all Services will be identified; and a selection of specified units and type of supplies and equipment will be made for audit.

Locations

OSD
JCS
Headquarters of the Army, Navy, Air Force, Marine Corps, and Defense Logistics Agency
Selected major Commands, Activities and Units both active and Reserve

PROGRAM DATA

Division/Line Number	FM/12
Program Director	W. Schade
Project Manager	R. Richards
Start Date	10/80
Man-Days	450

Reserve Components Common Personnel Data System

Background

The audit was requested by the Deputy Assistant Secretary of Defense(Reserve Affairs). By memorandum dated February 8, 1980, the Deputy Assistant Secretary of Defense was advised by DAS that the audit would begin in September 1980.

Scope

The audit will include the personnel accounting systems of the Army, Navy, Air Force, and Marine Corps reserves; and the Army and Air Force National Guard.

Objectives

1. Determine the validity of Reserve Component strength reporting within the system.

2. Determine the reliability (quality) of the critical data items reported in the system.

3. Review the current/planned computer capability within the Reserve Components to support the system.

Locations

Office of the DASD(RA); Headquarters, Army, Navy, Air Force, and Marine Corps; National Guard Bureau; and selected field activities and units.

PROGRAM DATA

Division/Line Number	FM/13
Program Director	E. Shirley
Project Manager	H. Tsuji
Start Date	10/80
Man-Days	500

Munitions Program - Pacific

Background

A shortfall in munitions support (Army, Navy, Air Force and Marine Corps) may make the strategy which the United States and Republic of Korea have adopted unworkable.

Initial research indicates significant shortcomings in munitions support when measured against the requirements of the "forward defense" strategy. Shortfalls in munitions are aggravated by the intensive firing rates anticipated in defending on or forward of existing defensive positions.

The shortfall in munitions for ground, Naval, Marine Corps and Air Forces (U.S. and Korean) may be as much as 200,000 short tons. In addition the Air Forces are short certain air-to-air and air-to-ground munitions. It may cost as much as $1 billion to provide the munitions required.

Actions could be taken to reduce theater storage of munitions; reduce the time to more munitions from CONUS storage locations to West Cost outload-ports; increase the capability of outload ports; position ships in the Ready Reserve Fleet properly configured to haul munitions; and locate munitions at depots closer to West Ccast outload ports.

Objectives

The primary objectives will be to:

- Review and quantify the threat.

- Evaluate methodology for determining requirements.

- Examine initiatives to reduce or minimize the shortfalls.

- Review the adequacy of on-hand stocks including quantities and serviceability.

Scope

The precise value of on-hand stocks of munitions and the cost of munitions still needed to fill war reserve requirements to an acceptable level is not known. However, the program may exceed $2 billion.

Locations

OSD staff offices; Service Headquarters; Hqtrs., Pacific Command; Headquarters, Western Command; Headquarters, Pacific Fleet; Headquarters, Fleet Marine Forces Pacific; Headquarters, Pacific Air Force; appropriate activities in Okinawa, Japan, Korea, Philippines, and Guam; U.S. Armament Command; Military Traffic Management Command; and Military Sealift Command.

PROGRAM DATA

Division/Line Number	FM/14
Program Director	E. Shirley
Project Manager	H. Vanmeter
Start Date	10/80
Man-Days	600

UNLIQUIDATED OBLIGATIONS - DLA

Background

This audit was requested by DLA who provided the following justification. There are currently 4 DCASRs scheduled to be consolidated within FY 1981. These DCASRs are located in New York, Philadelphia, Dallas and Chicago. The records of these 4 DCASRs will be consolidated with the records of the 5 remaining DCASRs for continuance of payment and administration functions. It is essential that obligations and unliquidated obligations be as accurate as possible before the transfer of records and data files takes place.

Objective

The objective of the audit will be to determine the validity of memorandum and unliquidated obligations and the related weaknesses/problem areas associated with the recording and control of these amounts.

Scope

The audit affects all DoD components that have contracts being paid and administered by DCASRs. The total dollar value of unliquidated obligations will be determined during the survey.

Audit Locations

The audit will be performed at the DCASRs in the following locations: Boston, New York, Philadelphia, Cleveland, Chicago, St. Louis, Atlanta, Dallas and Los Angeles.

Program Data

Division/Line Number	FM/15
Program Director	J. McGuire
Project Manager	G. Stephenson
Start Date	10/80
Man-Days	600

NAVY CROSS-DISBURSING FOR DLA

Background

This audit was requested by DLA. No audits, inspections or investigations have been performed in this area within the last 4 years. The nonreceipt of Navy cross-disbursing data in a timely manner by DLA, creates considerable difficulties in reconciling cash transactions and causes inordinately large undistributed amounts in accounting records.

Objective

The objective of the audit will be to determine why cross-disbursing reports and disbursement/collection vouchers are consistently late and are not submitted on the specific cyclic basis.

Scope

The scope and magnitude of this audit will be determined during the survey.

Audit Locations

Tentative audit locations have been identified as Navy Accounting and Finance Center, Washington, D.C.; Naval Regional Finance Center, Washington, D.C.; Navy Finance Center, Cleveland, Ohio and the Fleet Accounting and Disbursing Center, Norfolk, Virginia.

Program Data

Division/Line Number	FM/16
Program Director	J. McGuire
Project Manager	TBD
Start Date	10/80
Man-Days	300

Review of Supply Performance-Air Force

Background

This is Phase III of a 3-phase plan to review old FMS cases in all 3 services. Navy is being covered under Phase I and Army is being covered under Phase 2.

Scope

The Defense Security Assistance Agency's (DSAA) records show a net balance of about $3.1 billion of undelivered FMS material for FY 1964 through 1974. The DSAA records also showed deliveries in excess of the case value.

Objectives

To determine:

- effectiveness of policies and procedures for monitoring supply performance.

- the extents to which U.S. Government appropriations have not been reimbursed for material shipped to FMS customers.

- the causes of extensive delays in case closeout.

Tentative Locations

Major Activities:

Air Force Logistics Command
Air Force Systems Command
Security Assistance Accounting Center
Subordinate Activities of above commands as circumstances require.

PROGRAM DATA

Division/Line Number	FM/17
Program Director	R. Townley
Project Manager	D. Steensma
Start Date	11/80
Man-Days	550

GOVERNMENT-FURNISHED MATERIEL FOR FOREIGN MILITARY SALES

Background

DAS Report on the Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items (Report No. 79-035) disclosed the Services failure to bill individual GFM requisitions to FMS cases. In response to this report and the Services' comments, the Office of the Deputy Under Secretary of Defense Research and Engineering (ODUSDRE) requested that we continue to test for unbilled GFM on FMS cases. Our efforts to cover this subject as an add on to audits designed for other purposes have disclosed instances where the cost of GFM on FMS cases continues to be unrecovered. However, it has also resulted in an extremely limited scope. While this approach has disclosed isolated losses, it does not measure the potential magnitude of the problem and cannot provide an adequate basis for formulation of substantiative corrective actions. This condition was discussed with ODUSDRE and OASD(MRA&L) in June 1980. As a result, they requested that another in-depth audit be performed to determine the magnitude of the problem.

Scope

The audit of GFM used on FMS contracts will cover application by the 3 Services. Specifically, an examination will be made to determine and evaluate all possible ways for GFM to appear on FMS work and the assurance that controls either exist or are needed to ensure that GFM used on FMS cases is appropriately charged to FMS customers.

Tentative Locations

Army, Navy and Air Force FMS management sites and contractor locations through CONUS.

Program Data

Division/Line Item	FM/18
Program Director	R. Townley
Project Manager	R. Pennisi
Start Date	12/80
Man-Days	640

LIFE-CYCLE MANAGEMENT OF THE DOD STANDARD WAREHOUSE AND SHIPPING SYSTEMS

Background

In October 1978, the OASD(Comptroller) established a management policy and system for the review and decision processes in the development of major automated information systems (AIS). This life-cyle management (LCM) system was instituted to implement the requirements of OMB Circular A-109 "Major Systems Acquisitions," as it pertained to AISs. In recent General Accounting Office reports and Congressional hearings, the Congress has shown increasing interest in what actions DoD has taken to implement the LCM procedures. As a result of this interest, the DASD(Management Systems) requested that DAS review the implementation of LCM in the Military Departments. We have completed the review (Project OFP-046) and are preparing the audit report.

The same DASD(MS) request , suggested we also review the development and milestone accomplishment of certain high visibility AISs. The OSD is responsible for milestone approval of 6 major AISs, one of which is the DoD Standard Automated Warehouse and Shipping Procedures (DWASP). Further, the Defense Logistics Agency is responsible for the development of this AIS and is the audit responsibility of DAS. Hence, a valuable audit service can be provided at several levels of Defense management, and we will be making progress towards our audit goal of effective ADP systems development audits as required by recent OMB and GAO guidance.

Objective

The general objective of the review will be to evaluate the effectiveness of DoD life-cycle management policies and procedures in the development of the DWASP system.

Location

OSD staff offices; Defense Logistics Agency; Military Department Headquarters; and selected field activities.

Program Data

Division/Line Number	FM/19
Program Director	R. Ryan
Project Manager	M. Huston
Start Date	12/80
Man-Days	500

REVIEW OF DIGITAL COMPUTERS USED IN BATTLEFIELD SYSTEMS

Background

DoD has become increasingly dependent on automation in the accomplishment of its mission. Many of the computers used by DoD are embedded directly in various military equipments and are specially configured and constructed to operate in a military environment. One of the fastest growing areas of military computers has been battlefield systems. DoD's investment in such special purpose computers is projected to increase over 200 percent during the 1978-1984 time frame. Prior DAS computer audits have been limited to general purpose computers. We plan to initiate a series of reviews in the area of special purpose military computers.

Objectives and Scope

The initial review of special purpose military computers would include a review of the development and operations of digital computers used in battlefield systems. The rapidly increasing use of computers in battlefield systems and their critical necessity to the successful operations of major weapon systems requires that DAS initiate audits in this area.

Program Data

Division/Line Number	PM/20
Program Director	R. Ryan
Project Manager	A. Duncan
Start Date	1/81
Man-Days	750

REVIEW OF CHAMPUS HIGH DOLLAR PROVIDERS AND BENEFICIARIES

Background

For FY 1980, CHAMPUS benefit costs are estimated to be $731 million. It is anticipated within the next few years, the annual costs will exceed $1 billion. Under CHAMPUS, medical claims are processed and paid by fiscal intermediaries who are under contract with the Office of the Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS). As of March 1, 1980, OCHAMPUS had contracts with 9 fiscal intermediaries to process and pay CHAMPUS claims. While OCHAMPUS has a program to monitor the processing of medical claims, this program is limited in scope and frequency of review. Past audits have shown that CHAMPUS is vulnerable to fictitious claims submitted by both providers of care and beneficiaries. A review of claims submitted by high dollar providers and beneficiaries should identify potential program abuses.

Scope

The audit should consist of examination of claims submitted by the top 30 or so providers and the top 100 beneficiaries. Detailed audit work should be performed at 3 fiscal intermediaries.

Tentative Locations

OCHAMPUS-Denver, Colorado; Mutual of Omaha-Omaha, Nebraska; Blue Shield of California-San Diego, California; and Blue Cross of Washington and Alaska-Seattle, Washington.

Program Data

Division/Line Number	FM/21
Program Director	W. Schade
Project Manager	D. Stoker
Start Date	1/81
Man-Days	550

MUNITIONS PROGRAM - EUROPE

Background

For a number of years the Army and the Air Force requirements for munitions have greatly exceeded on-hand inventories and financed procurements. There is an indication that current requirements have not been adjusted to take into consideration the short-war, high intensity conflict that may occur if the Warsaw Pact should attack NATO. Additionally, the Army, to increase fire power, has authorized additional 8" howitzers for the 8" battalions located in Europe.

In addition to "suspect" requirements, previous audit reviews made by DAS have disclosed problems with basic loads, forward ammunition supply points, lack of trucking companies to haul ammunition and vulnerability of storage locations to enemy attack, including sabotage. The Air Force, in addition to a known shortage of air-to-air missiles, is also short munitions needed for close air support and interdiction.

Objective

The primary objectives of the review will be to evaluate the reasonableness of projected requirements; determine adequacy as well as survivability of storage facilities; analyze the impact of loss of munitions to enemy action in the conflict; and the capability of the Army and Air Force to resupply forward deployed units.

Scope

The munitions program is a multi-billion dollar program that has a direct bearing on the outcome of a conflict with the Warsaw Pact.

Location

OSD Staff Offices; Service Headquarters; Hqs. EUCOM, USAREUR, USAFE, and selected activities;and Army and Air Force units in Europe.

Program Data

Division/Line Number	FM/22
Program Director	E. Shirley
Project Manager	J. Gillis
Start Date	1/81
Man-Days	600

Security Assistance Program - Saudi Arabia and Egypt

Background

DoD Directive 5105.48 tasks the Defense Audit Service with the responsibility to perform audits of the SAP at all levels of management. Saudi Arabia continues to be the largest FMS customer. Egypt is both an FMS customer and the recipient of various forms of grants and credits. The Egyptian program is growing rapidly. Our last audit effort in Saudi Arabia was the requested review of the Corps of Engineers operations, Report No. 833, November 14,1977. There has been no prior audit work in Egypt.

Objectives

The objectives of the review will be to evaluate the administration of U.S. responsibilities for the Security Assistance Program. We will determine if all costs incurred in support of the Security Assistance Programs for Saudi Arabia and Egypt were funded in accordance with current legislation. We will also evaluate allowances, emoluments and other support provided by the host countries.

Scope

Undelivered FMS orders were about $15.2 billion for Saudi Arabia and $800 million for Egypt. Egypt also is negotiating for grants in excess of $1 billion. There are about 1,500 U.S. personnel in Saudi Arabia and 150 in Egypt.

Tentative Locations

U.S. Military Training Mission to Saudi Arabia, Dhahran, Saudi Arabia
U.S. Army Corps of Engineers, Middle East Division, Riyahd, Saudia Arabia
U.S. Army Project Managers Office to the Saudi Arabian National Guard, Riyahd, Saudia Arabia
Detachment 22, U.S. Air Force Logistics Command, Dhahran, Saudi Arabia
Office of Military Cooperation, Cairo, Egypt
Defense Security Assistance Agency, Washington, DC
Office of the Deputy Chief of Staff for Logistics, Department of the Army, Washington, DC
Office of the Assistant Secretary of the Navy(Manpower, Reserve Affairs and Logistics), Washington, DC
Office of the Deputy Chief of Staff, Program and Evaluation, Department of the Air Force, Washington DC
U.S. Army Materiel Development and Readiness Command, Washington, DC
Security Assistance Accounting Center, Denver, CO
Air Force Logistics Command, Wright-Patterson AFB, OH
Air Logistics Center, San Antonio, TX
Other ICPs as determined during the audit

PROGRAM DATA

Division/Line Number	FM/23
Program Director	R. Townley
Project Manager	D. Steensma
Start Date	3/81
Man-Days	600

S P E C I A L P R O G R A M S

A U D I T S

Systems Reliability Program - Air Force

Background

The DoD Systems Reliability (SR) Program is a generic term used to describe a basic management process involved in overall acquisition planning under DoD Instruction 5000.2. The SR Program includes the various reporting systems established to obtain feedback information on weapons systems performance and the uses made of the information by acquisition managers to upgrade, modernize and replace fielded weapons systems as may be necessary. The DoD Consolidated Guidance FY 1980-FY 1984 envisions a continuous flow of information from the weapons systems operators to acquisition managers to enhance the materiel readiness of the military forces. The materiel readiness of the military forces is of vital concern to all oversight groups including the OSD/OJCS, the Defense Acquisition Committee, the Congress, and OMB.

Generally, the SR Program leads to the development of weapons systems acquisition and modification programs and the identification of operational requirements. Further, the SR Program provides a basis for assessing the effectiveness of the test and evaluation process, and the reliability and maintainability standards included in the design package; the basic materiel readiness control features available to acquisition managers. Systems reliability feedback information is also important to manpower and logistics planners.

With respect to materiel readiness, the Secretary of Defense in his annual report to Congress, Fiscal Year 1981 stated:

> Past Defense Reports have emphasized unreliable and hard-to-support equipment designs as a major, and often the principal, contributor to less-than-desirable weapon system performance in the field. An important means of improving the peacetime materiel readiness of our existing forces is by means of reliability and maintainability (R&M) modifications to weapon systems and equipment. All Services are pursuing R&M modification programs for correcting unsatisfactory aircraft designs.

Scope

About $10 billion is programed in the FY 1981-FY 1985 FYDP for modification of Air Force weapons systems as follows:

FISCAL YEAR	PROGRAM
1981	$ 2.1
1982	2.0
1983	1.8
1984	2.1
1985	2.0
Total	$10.0

Objectives

To evaluate the implementation of the SR Program, and DoD Instruction 5000.2 and OMB Circular A-109 criteria related to selected deployed Air Force weapon systems; the flow of funds planned in the FYDP-1981 for modifications; and the effectiveness of basic materiel readiness control features available to acquisition managers.

Potential Benefits

Identify opportunities to upgrade the materiel readiness of fielded weapon systems through improved acquisition planning and any potential for increasing the effectiveness and economy of the Air Force modification FY 1981-FY 1985 programs.

PROGRAM DATA

Division/Line Number	SP/10
Program Director	C. Inglisa
Project Manager	T.B.D.
Start Date	10/80
Man-Days	660

REVIEW OF MISSION ELEMENT NEED - ADVANCED TACTICAL AIRCRAFT

Background

Two advanced tactical fighter aircraft systems are being developed by the Services - the Navy F-18 aircraft had estimated acquisition costs of $29 billion as of December 1979 while the Air Force F-16 was estimated at $18.5 billion as of that date. The F-18 and the F-16 are secondary tactical fighter systems that are designed to complement the primary F-14 system in the Navy and F-15 in the Air Force.

The F-18 is a twin-jet, strike-fighter intended for use aboard aircraft carriers or on shore. It would provide fighter escort for fleet defense as well as attack enemy sea or ground forces. Current estimates call for 1,377 F-18s to be built. It is designed to replace the Navy's aging fleet of F-4s, A-4s, and A-7 aircraft. Many problems have been experienced with this system.

The F-16 is a single-engine, lightweight aircraft designed for air-to-air combat and delivery of air-to-surface weapons, and will replace F-4s in the active Air Force inventory. A total of 1,388 aircraft are scheduled for procurement with 605 programed for delivery through FY 1981, and 783 scheduled through the end of the 1980s.

The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 is critical to the success of recent Secretary of Defense guidance. In his annual report FY 1981, the Secretary stated that "another" important initiative in our effort to improve the management of major system acquisitions is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBS and the DSARC and to provide stable funding to critically important programs.

Scope

As of December 31, 1979, SAR total acquisition costs for the F-18 and F-16 programs amount to $47.6 billion. FYDP funding for the 2 programs is as follows:

	FY 80 & Prior	FY 81	FY 82	FY 83	FY 84	FY 85
F-18						
Dollars (Millions)	$1,691	$1,619	$2,437	$2,915	$3,073	$3,480
Quantity	34	48	96	147	174	191
F-16						
Dollars (Millions)	$4,830	$1,877	$1,507	$1,705	$1,627	$1,661
Quantity	425	180	120	120	120	120

Objectives

To perform program evaluations of the F-18 and F-16 plans in accordance with OMB Circular A-109 and DoD Regulations 5000.1, 5000.2 and 5000.3 to determine that the most affordable alternatives have been selected to meet the enemy threats of the 1980s and 1990s.

Potential Benefits

To provide independent evaluation of the acquisition management process for 2 major weapon systems that are programed at $48 billion for OSD oversight and DSARC officials.

Program Data

Division/Line Number - SP/11
Program Director - H. Bloom
Project Manager - J. Woolsey
Start Date - 10/80

Man-Days - 660

INTEGRATED LOGISTIC SUPPORT PLANNING FOR ARMY UH-60A HELICOPTER

Background

DoD Directive 5000.39 established policy and responsibilities for integrated logistic support (ILS), including manpower planning, as an inherent part of major system acquisitions. ILS planning is concerned with the definition, optimization, and integration achieved by systematic planning, implementation and management of logistic support resources throughout the system life-cycle.

The Army UH-60A (Black Hawk) helicopter has a projected total program cost of over $5.8 billion. The Black Hawk helicopter was selected by the Navy as part of the LAMPS MK III system covered in our first ILS review under Project OAP-089.

The GAO is concerned that the Black Hawk helicopter will not be ready when Navy ships are prepared to install the LAMPS MK III system. Further, since the Navy has decided to buy additional LAMPS MK I systems, the GAO questions whether new ships being bought are capable of handling the LAMPS MK III system when they may have been designed to handle the smaller LAMPS MK I. Audit work will be done at project offices, buying activities and contractor plants.

Scope

The review will cover Army ILS planning for the UH-60A helicopter in accordance with the ILSP criteria set forth in DoD Directive 5000.39. The Army UH-60A helicopter weapon system is in the production phase of the major system acquisition process. The Selected Acquisition Report as of March 31, 1980, indicates the following cost data (millions):

				Balance to Complete	
Funding	Current & Prior Yrs	Budget Year	FYDP	Beyond FYDP	Total
Development	$ 481.3	-	-	-	$ 481.3
Procurement	1,151.5	$338.6	$1,002.5	$2,913.8	5,406.4
Total	$1,632.8	$338.6	$1,002.5	$2,913.8	$5,887.7

Prime contractors involved include the General Electric Comapny, Lynn, MA (engine) and Sikorsky Aircraft, Stratford, CT (airframe).

Objectives

Our objectives will be to evaluate both the ILS planning for the Black Hawk and the integration of the Black Hawk into Navy LAMPS MK III system. We will also review the sufficiency of the ILS planning process and related policy guidance.

Potential Benefits

To provide an independent evaluation for OSD oversight policy and decisionmakers of Army ILS planning that involves both Army and Navy weapon systems and related acquisition strategies.

Program Data

Division/Line Number	- SP/12
Program Director	- T. Leahy
Project Manager	- K. Malecki
Start Date	- 10/80
Man-Days	- 660

Medical Research Program

Background

Medical research in DoD involves continuous projects concerning diverse medical topics. FYDP element descriptions of research topics are general in nature and appear to routinely continue the efforts. In view of the stated increasing need for research dollars, the question arises as to whether consideration has been given to the priority of need to continue certain projects. Some of the typical medical topics addressed are:

- Biomedical technology
- Cardiovascular disease prevention
- Drug and vaccine development
- Pollution abatement
- Tropical medicine
- Infectious disease investigations
- Military disease hazards
- Military psychiatry

Scope

Each of the Services are engaged in various research projects. FY 1980 and FY 1981 funding was projected at $96 and $116 million respectively.

Objectives

To determine:

1. If there exists overall management and control over medical research projects.

2. If total expenditures for medical research projects are proportionate in relation to other research projects.

Potential Benefits

The audit could identify potential projects which should be discontinued due to duplication of effort or lower priority of need.

PROGRAM DATA

Division/Line Number	SP/13
Program Director	L. Fong
Project Manager	H. Murakami
Start Date	10/80
Man-Days	660

REVIEW OF MISSION ELEMENT NEED - ANTISUBMARINE WARFARE

Background

Antisubmarine warfare (ASW) involves the surveillance, detection, classification, localization and attack of enemy submarines. Current ASW efforts include attack submarines, patrol aircraft, acoustic detection devices, helicopters, torpedoes and mines. The more significant ASW programs are limited under scope.

The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 is critical to the success of recent Secretary of Defense guidance. In his annual report FY 1981, the Secretary of Defense stated that "another important initiative in our effort to improve the management of major systems acquisition is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBC and the DSARC and to provide stable funding to critically important programs."

Scope

As of December 31, 1979, the SAR program acquisition cost summary included the following ASW systems.

- The P-3C patrol aircraft $5.9 billion.
- The LAMPS MK III helicopter/ship system $5.3 billion.
- The TACTAS sonar system $1.1 billion.
- The SURTASS sensor system $.6 billion.
- Attack submarine SSN-688 $17.1 billion.

Objectives

To perform program evaluations of selected ASW systems acquisition plans under the criteria set forth in OMB Circular A-109 and DoD Regulations 5000.1, 5000.2, and 5000.3 to determine that the most affordable alternatives are being considered to meet the threat of the 1980s and 1990s.

Potential Benefits

To provide independent evaluations of the acquisition management process that impacts on multibillion procurement decisions for OSD oversight and DSARC officials.

Program Data

Division/Line Number	- SP/14
Program Director	- H. Bloom
Project Manager	- J. Ottke
Start Date	- 11/8
Man-Days	- 660

Review of the Affirmative Actions Program 9 Personnel Administration

Background

Chapter XIV Subpart B of Title 29 of the Code of Federal Regulations states that it is the policy of the Government of the United States to provide equal opportunity in employment for all persons, to prohibit discrimination in employment because of race, color, religion, sex, or national origin, and to promote the full realization of equal employment opportunity through a continuing affirmative program in each agency.

Scope

Approximately $250 million is identified in the budget as personnel administration costs. The portion of the total costs that can be identified as the direct cost of affirmative actions towards implementation of an equal employment opportunity program will be developed during the survey.

Tentative Locations

Visit sites will be randomly selected from the 627 DoD personnel offices that are located worldwide.

Potential Benefits

To report:

1. Whether or not sufficient resources have been committed to assure a positive and effective affirmative action program.

2. Whether or not a performance measurement program relating costs to benefits has been established and used to assure the implementation of equal employment opportunity in an efficient manner.

PROGRAM DATA

Division/Line Number	SP/15
Program Director	A. Eckstein
Project Manager	R. Coffey
Start Date	10/80
Man-Days	660

Active Reserve and National Guard-Payroll Controls

Background

Reviews of Active Reserve (9AO-123) and National Guard (0AO-053) have shown that members were paid that did not attend drills and that members were paid that were not on the roster. These conditions were coordinated with the Defense Investigative Service for further investigation. Audit techniques included unannounced visits to the Reserve and Guard units, auditor control of the roster and attendance and subsequent follow up at the Finance Offices to determine who was paid for the drills.

The results of the prior 2 projects indicate that there is merit in performing an additional review of the Reserve/Guard payroll controls. This review would employ audit techniques geared to obtaining a simultaneous check of the computer generated payroll with the unit rosters with subsequent follow up and analysis of historical payment data.

Scope

Active Reserves and National Guard-Number of units and extent of review would be contingent upon available resources. Since this review, in addition to testing payroll controls, would be fraud oriented, it would not be advisable to break the project into phases for Reserve and Guard. FY 1981 payroll is $2.7 million for more than 800,000 members.

Objective

Objectives will include: (1) evaluate controls at the Finance Centers to preclude issuance of checks to fictitious personnel and subsequent cashing of checks and computer manipulation by Finance Center personnel, (2) evaluate intermediate level controls, and (3) evaluate unit level controls and detect "payroll padding." Objectives to be coordinated and discussed with Defense Investigative Service.

PROGRAM DATA

Division/Line Number	SP/16
Program Director	A. Eckstein
Project Manager	E. Richards
Start Date	12/80
Man-Days	660

Operational Test & Evaluation Program - Air Force

Background

Congressional concern with DoD acquisition practices for major weapon systems provides the justification for this effort. OMB Circular A-109 was issued to strengthen the process.

The program is monitored by the Director (T&E) within the Office of the USDR&E. The testing is provided by the developing command, by an independent operational test agency, and by the user. An assessment of the Air Force OT&E efforts is provided by the Defense Director (T&E) to the DSARC Committee at critical acquisition decision points.

Recent audits by GAO and DAS have disclosed problems in the DoD acquisition process, more specifically in the development, testing and evaluation of systems being approved for production and Service use.

Scope

The FYDP submission for Fiscal Year 1981 projects an acquisition program procurement investment for the Air Force of about $229 billion. The Air Force Test and Evaluation support (PE 65 807F) effort provides for about $300 million in FY 1981 and rises in increments to over $400 million in FY 1985, as follows:

AF T&E PROGRAM

Source: FYDP RDT&E Annex, FY81 Submit dated 9-28-79

PE 65 807F - Test & Evaluation
(TOA in millions)

FISCAL YEAR	PROGRAM
1981	$ 308.3
1982	331.6
1983	359.9
1984	384.9
1985	407.4

Objectives

To evaluate the implementation of DoD Instruction 5000.2 concerning operational test and evaluation as a basic control in the acquisition management process, the effectiveness of OT&E in the acquisition of selected weapon systems, and the efficiency and economy of the Air Force OT&E FY 1981-FY 1985 programs.

Potential Benefits

Improve the materiel readiness of deployed weapon systems through more effective OT&E.

PROGRAM DATA

Division/Line Number	SP/17
Program Director	C. Inglisa
Project Manager	T.B.D.
Start Date	1/81
Man-Days	660

Developmental Research - Air Force
Tactical Systems Other Than Missiles

Background

DoDD 5000.1 and DoDI 5000.2 implement the established policies of OMB Circular A-109 for the acquisition of major systems. Acquisition strategy developed at the beginning of new programs generally encompass the entire acquisition process. The strategy developed should provide sufficient detail and planning to permit competitive exploration, and, have a direct influence on competition and design efforts by contractors. A key feature involves the establishment of adequate reliability design and procurement package.

Scope

RDT&E funds planned for Research and Development of Tactical Systems other than Missiles in FY 1981 and FY 1982 total $1.1 billion and $1.0 billion respectively. We will select systems which are in various stages of development for our review.

Objective

The objective of the audit will be to determine the adequacy of the acquisition strategy developed for the selected systems and to identify problems or constraints related to its development. It will also include an evaluation of the establishment and implementation of R&M goals and thresholds.

Potential Benefits

Audit results will contribute towards our overall evaluation of the acquisition process relative to the policies established by OMB Circular A-109.

PROGRAM DATA

Division/Line Number	SP/18
Program Director	L. Fong
Project Manager	Mazurik
Start Date	2/81
Man-Days	660

Selected Acquisition Reports Phase I - Army

Background

The General Accounting Office, in a recent (May 9, 1980) report, recommended that the Secretary of Defense direct ". . .an independent periodic review be made of the accuracy and completeness of SARs. . . ." The rationale behind this recommendation was that there was a reluctance to include data which ". . .detracts from an optimistic presentation of system capabilities,. . .progress and status." GAO stated, however, that it was precisely this kind of data that the Congress needed to review and fund programs.

SARs are the main source of information disclosing the plans, programs, status and problems concerning the acquisition of major weapons. As of December 31, 1979, SARs covered more than 50 weapon systems with a projected total cost of $135 billion as shown on the attachment. About one-half of the acquisition programs are in the critical development stage when the SAR information is vital to the decisionmakers concerning whether or not to approve full-scale production.

Scope

SARs would be selected for review based upon proximity of DSARC milestones, the significance of the system, and information obtained from other systems acquisition reviews. Phase I will cover an Army SAR. The review would be accomplished at the Program Manager's office with visits to contractors' plants, test sites, and user activities, as appropriate.

Objectives

The primary objective of the audit would be to determine that the SAR provides full and objective disclosure of the status of the acquisition program in accordance with DoD Instruction 7000.3 and that any critical problems are reported. The secondary objectives would be to determine whether additional guidance, controls or support are needed to aid Program Managers to make full and complete disclosures in all their reports.

Potential Benefits

The potential benefits from weapon systems acquisition reviews and the related SARs are to improve the quality of management and the decisionmaking process on multibillion dollar acquisition plans.

PROGRAM DATA

Division/Line Number	SP/19
Program Director	T.M. Leahy
Project Manager	R.H. Pickard
Start Date	3/81
Man-Days	660

ADVANCED TRACKED VEHICLE PROGRAM REQUIREMENTS

Background

This review will evaluate the validity of requirements for allocating procurement funds to acquire selected tracked vehicles for the Army and Marine Corps. Questions have been raised concerning these various weapons systems as to whether DSARC procedures and milestones specified in DoD Regulations 5000.1 and 5000.2 have been successfully met to justify acquisition plans and procurement funding. The adequacy of the Mission Element Needs Statement (MENS) process and adherence to OMB Circular A-109 will also be evaluated. According to recent Secretary of Defense guidance, an important initiative to "improve the management of major system acquisitions is the introduction of affordability as a regular consideration in the MENS/DSARC process. The affordability policy is intended to strengthen the linkage between the PPBS and the DSARC and to provide more stable funding to critically important programs."

Scope

Modernization of the Army tracked vehicle program has taken the form of development and procurement of the XM-1 tank, the Infantry Fighting Vehicle (IFV) and the Cavalry Fighting Vehicle (CFV). Planned development and procurement funding through FY 1982 is estimated at about $3.3 billion for 1,750 XM-1 tanks and $1.4 billion for 1,100 IFV/CFV units. Substantial additional costs are planned for the outyears.

As of January 1980, the FYDP breakout of the Army's tanks and infantry fighting vehicle systems are as follows:

XM-1	FY 80 & Prior	FY 81	FY 82	FY 83	FY 84	FY 85
Dollars (Millions)	$ 1,100	$1,007	$1,003	$ 990	$1,580	$1,581
Quantity	462	569	720	720	802	1,080
Infantry Fighting Vehicle						
Dollars (Millions)	$ 265	$ 464	$ 542	$ 592	$ 809	$ 860
Quantity	100	400	600	617	1,006	1,000

Objectives

To evaluate the implementation of OMB Circular A-109, the MENS process and DoD Regulations 5000.1 and 5000.2, in determining the propriety of allocating procurement funds for the acquisition of selected tracked vehicles. To determine if threat assessment and proper trade-off analyses have been accomplished in computing system requirements.

Potential Benefits

Recommendation of proper adherence to Secretary of Defense guidance on affordability and linkage of PPBS and DSARC management. Determination as to the adequacy of the requirements validation process and the qualitative and quantitative vehicles planned for acquisition.

Program Data

Division/Line Number	SP/20
Program Director	H. Bloom
Project Manager	J. Woolsey
Start Date	3/81
Man-Days	660

S Y S T E M S A N D L O G I S T I C S

A U D I T S

Integrated Management of Non-Consumables

Background

DoD is in the advanced stages of consolidating management of individual non-consumable stock-numbered items that have multi-service application (annual Report of Secretary of Defense FY 1981, page 259). This process is an intiative of the Joint Logistics Commanders. The lead service for the program is the Navy.

The result of this process is the assignment of each item to a Primary Inventory Control Activity (PICA) in one Service. Each of the other Services which uses the item will designate a Secondary Inventory Control Activity (SICA) for the item.

Because each Service must fund for procurement of its own quantities of these non-consumable (appropriation-funded) items, the using Service may not be anxious to make its long supply assets available to another Service. We found indications, in our audit of retail stock excesses (ØSS-070), that excess materiel reported by using activities to their respective SICA's, and which was excess to the requirements of the SICA, was not being reported to the PICA for DoD-wide visibility against requirements.

Scope

The subject is DoD-wide in scope, involving the four military services.

Objectives

Our general objective would be to identify problems associated with the recent integration of management of non-consumable items. Going in, we would have the specific objective of determining if excess assets of non-consumable assets are being adequately distributed DoD-wide based on visibility to, and control by, the PICA.

Potential Benefits

The audit could provide improved utilization within DoD of available stocks of relatively high dollar value non-consumable items (which may often also be critical to end item application and have a long procurement lead time). This may be achieved through identifying need for better procedures and more effective incentives, including more appropriate funding arrangements.

Areas of Emphasis

This project is not specifically in one of the areas of current audit emphasis. Like most DAS audits, it could identify some waste (of available assets) (area c), and could, by improving procedures to identify assets needed by other services, improve force readiness (area d).

PROGRAM DATA

Division/Line Number	SY/15
Program Director	E. Jones
Project Manager	J. Gebka
Start Date	10/80
Man-Days	450

Retail Stockage Criteria

Background

Two recent projects, 9SS-142 and 0SS-070, have examined the identification, reporting, and disposition of excess stocks being held at the retail levels of supply. In the course of these reviews we have observed that stockage levels at retail activities are developed using a wide variety of criteria, frequently without appropriate regard for other levels held within the supply chain, and on occasion without regard to the mission of the activity.

The proposed audit would be a "requirement" type audit which would consider not only the activity itself but related supply activities above or below it, or geographically close by.

DoD has developed a rather extensive supply policy for its retail activities through a program known as RIMSTOP (Retail Inventory Management and Stockage Policy). After exhaustive study of the military supply systems, DoD policies were published and are currently being implemented by the military services.

It seems appropriate now that we review the implementation of these policies to see if the desired results will be achieved, or if further guidance is deemed advisable.

The audit project would examine selected military retail supply activities, giving consideration to (a) their mission (b) their deployability (c) their place in the supply system and relationship to other supply activities, and (d) their geographical location in proximitly to other supply activities.

Factors to be considered would be:

- actual order-ship time,

- actual demand for the sampled item,

- risk to mission of being "out-of-stock",

- the mission priority of the unit,

- capability to realistically move stock being held internally for deployment,

- availability of the item from a nearby source (military or commercial),

- possible duplication of safety levels between supplying activity and supplied activity,

- visibility and control of stock by wholesale manager (if stock is readily accessible for higher priority requirement, its physical or organizational location is not as critical), and

- physical availability for redistribution (stock on a ship at sea is not as available as that at a CONUS Air Force base).

Scope

The project is scheduled for survey only, primarily in Army, Navy and Air Force, the predominate users of material. Although some of the retail stockage information has been obtained in the two previous audits (9SS-142 and 0SS-070), those audits have not afforded an opportunity for detailed examination of the rather sophisticated stockage criteria policies involved. Careful study of these policies in light of the factors listed above, and preliminary examination of their implementation, are necessary to determining the usefulness of audits and, if appropriate, development of an audit plan.

Objective

1. To determine if retail stockage criteria within representative supply chains are balanced and logical, to provide adequate but not excessive support to the users.

2. To determine whether the criteria between the services are reasonably balanced, considering relative national defense priorities of the supported units, to provide balanced claim on inventory and supply funds.

Potential Benefits

1. Possible revision of DoD policy to provide different or more specific guidance on retail stockage, to better meet mission readiness needs without avoidable overstockage.

2. Possible revision of the guidance within one or more of the military services toward the same purposes as (1) above.

PROGRAM DATA

Division/Line Number	SY/16
Program Director	E. Jones
Project Manager	J. Gebka
Start Date	3/81
Man-Days	540

Inventory Control

Background

This project has been planned previously (page 12, line 20 of 3rd/4th Qtr 1980 Audit Plan). However, it is necessary to provide additional information to explain its current status in the plan.

The subject matter is of interest to HAC (Hearings in May 1979) and to MRA&L (expressed verbally to DAS Staff). However, in the judgement of the audit staff, the planned project "Technical Data for Items of Supply," now scheduled to start in June 1980, may be of greater benefit. The Inventory Control project has thus been slipped to December, assuming that our survey of Technical Data will result in an audit.

HAC continues to express concern about "ripping off the supply system" about value of reported inventory adjustments, and about the nature of reported supply losses. There is a significant trend in the Army and Navy, and a smaller trend in the Air Force, from net inventory gains in FY 1976 to net losses in FY 1978.

We have information on a high rate of losses intransit which are unreported. MRA&L is concerned that additional inventory losses are occurring which are hidden by being misrepresented as "accounting adjustments." We also have indications of losses being recorded as "negative gains" to reduce the reported gross adjustment rate.

As a result of recent trends, DoD posted $922 million in inventory losses and $811 million in inventory gains in FY 1978 (as shown below).

pp

These statistics show the value of inventory gains and losses for items inventoried under the Physical Inventory Control for DoD Supply System Materiel procedures.

$ Value of Gains	1976	1977	1978
DLA	148,000,000	98,700,000	93,000,000
Army	500,100,000	443,900,000	523,900,000
Navy	80,400,000	79,600,000	84,700,000
Air Force	110,100,000	100,300,000	90,500,000
Marine Corps	1,000,000	5,600,000	19,100,000
Total DoD	839,600,000	728,100,000	811,200,000

$ Value of Losses	1976	1977	1978
DLA	139,700,000	92,700,000	81,300,000
Army	499,300,000	562,900,000	589,900,000
Navy	97,600,000	123,100,000	144,500,000
Air Force	87,900,000	90,200,000	92,600,000
Marine Corps	2,400,000	6,500,000	13,900,000
Total DoD	826,900,000	875,400,000	922,200,000

Scope

This survey, and probably the audit to follow, would encompass Army, Navy, Air Force, DLA, and probably Marine Corps wholesale stocks. Although some survey work has been completed on this subject (Project 8SS-151) that work will be 2 years old by the time this proposed project is scheduled to start. Also, some of the potential problems now identified were not considered then. Therefore, it is necessary to do further survey to update the survey data, make preliminary review of the potential problem areas and develop an audit plan before beginning a detailed audit of this subject.

Potential Benefits

1. If substantial unrecorded losses in transit are found, this information could provide the basis for selective better controls which would reduce losses.

2. Possible improvement in the accuracy and reliablilty of reported inventory adjustment data and in the management information and review processes which could lead to more appropriate selective controls over inventories.

PROGRAM DATA

Division/Line Number	SY/17
Program Director	E. Jones
Project Manager	J. Helfrich
Start Date	2/81
Man-Days (Survey)	500

Productivity Measurement in RPMAs

Background

The DoD real property investment in terms of acquisition cost is valued at more than $48 billion and the replacement cost is many times that. The real property maintenance costs were $1,906 and $2,153 million for 1978 and 1979 respectively. The estimated cost for 1980 and 1981 are $2,003 and $2,608 million respectively.

Much of the RPMA work is performed by in-house personnel. The RPMA function is labor intensive and the productivity of the people materially affects operational cost. Several years ago, GAO issued a report showing that increased efficiencies can be obtained in RPMA through the adoption and use of engineered performance standards. The Navy was asked to develop, under joint DoD funding, standards to be used by all military services. In 1978, the HAC added $500,000 and 14 positions to the Navy budget for this program.

During a recent visit to the San Antonio Real Property Maintenance Activity (SARPMA), I discussed the productivity measurement system with the SARPMA Commander. He indicated that his overtime costs were very high and complained that he was unable to analyze productivity to determine the causes. He agreed that a review of the use of engineered standards in RPMA functions would be a worthwhile effort to be undertaken by DAS. As part of this audit, we will include DLA Request #80-III-W-18

Scope

The audit will include productivity measurement systems for RPMA operations of all services and DLA. The audit will include an expanded review of job order processing at the Defense Depot, Ogden, Utah.

Objectives

We plan to evaluate the status and the effectiveness of the engineered performance measurement system for RPMA operations. As part of our review, we will determine if the actual time taken to perform a task is compared to the standards and reasons for deviations identified and analyzed. If we find that the standards are not being used in this manner, we intend to compare actual time to the standards and to analyze major differences. The audit at the Defense Depot Ogden, Utah will be expanded to include job order processing procedure to include estimating, scheduling, supply control, cost control, evaluation and record maintenance.

Potential Benefits of the Audit

The results of the audit should give us an indication of RPMA personnel productivity and staffing requirements. It will also provide the internal audit service requested by DLA.

PROGRAM DATA

Division/Line Number	SY/18
Program Director	R. DeCarli
Program Manager	L. Weintrob
Start Date	11/80
Man-Days	750

Defense Retail Interservice Support (DRIS) Program

Background

DoD policies provide that the Services and Defense agencies should rely upon each other for common support. These policies were intended to reduce the extent to which organizations in the same geographic area performed redundant functions. To accomplish this end, DoD established the Defense Retail Interservice Support (DRIS) program. DLA has been assigned as the program manager. DRIS has been in effect for at least 5 years. Prior to the organization of DAS, the DLA Auditor General organization issued a report critical of DRIS. Subsequently, DAS issued a report suggesting improvements to the program. Since these reports, the DRIS program has seen substantial changes. The most drastic change was the establishment of Joint Interservice Resource Study Groups (JIRSGs). The JIRSGs were formed where there were 10 or more DoD organizations in a 50-mile radius. Their purpose is to study common functions and obtain greater interservice support. To date, the JIRSGs have completed 100 studies and have 1300 more planned through 1982. The accomplishments of the JIRSGs have not been good. The 100 studies resulted in no increased interservicing. Service parochial interests and differences in operating procedures were cited by the DRIS program manager for the lack of accomplishments. Furthermore, many of the JIRSGs appear to be giving the DRIS program only "lip service." The GAO is now reviewing interservice support as part of its audit titled "Reducing Base Operating Support Costs." GAO has not reviewed the JIRSGs, the DRIS studies or their accomplishments. GAO appears to be headed toward writing a report stating that DLA does not have the clout necessary to force interservicing actions.

Scope

The dollar value and the number of personnel who should be involved in interservicing cannot be determined.

Objective

The audit will include an evaluation of DRIS program management by DLA, the effectiveness of the JIRSG concept and the reasons why interservicing is not increasing. As part of the review, we will identify stated procedural differences which prevent interservicing and will either examine these differences or schedule additional reviews to determine the validity of the differences.

Potential Results of the Audit

- Evaluation of JIRSG process before 1300 more studies are performed.

- Identification and analysis of procedural differences which prevent interservicing.

- Highlight activities which are not pursuing interservicing for parochial reasons.

PROGRAM DATA

Division/Line Number	SY/19
Program Director	R. DeCarli
Project Manager	T.B.D.
Start Date	11/80
Man-Days	650

ADEQUACY OF MILITARY FAMILY HOUSING

Improving the quality of life for military personnel is one of DoD's high priority programs. The quality of family housing units impacts directly upon this program. DoD currently has in its housing inventory 20,000 units that are rated inadequate. Most of the inadequate quarters are occupied and the personnel forfeit part of their quarters allowance (about 90 percent) to live in the inadequate units. DoD has a program to schedule the inadequate housing for replacement, upgrade, or disposal at the end of its economic life. There are also congressional constraints on the number of inadequate housing units that can be held in the inventory. These constraints may be counterproductive in the sense that housing units that should be classified as inadequate may not be so classified and the living conditions of occupants forfeiting their entire quarters allowance may be poor.

Scope

We plan to evaluate DoD's management of the inadequate housing inventory and examine the physical conditions of the adequate housing units occupied by lower grade military personnel.

Objectives

We plan to review:

- the conditions of the units designated inadequate and the plans for the units;

- the actions taken by the installations to upgrade inadequate units and problems encountered;

- the cost of operating the substandard units;

- the possibility that the units were classified as substandard to justify new construction;

- existing expenditure restrictions on inadequate housing to determine if they are prudent;

- the physical condition of adequate units occupied by military personnel (particularly low graded enlisted) to determine whether they should be classified as inadequate;

- the reasonableness of BAQ forfeiture rates for persons living in inadequate quarters.

Potential Benefit of the Audit

The audit will provide an overall assessment of DoD's management of quarters designated as inadequate and provide a picture of the family housing condition in which lower graded personnel are living. The audit may indicate that more funds are needed or the funding priorities have to be adjusted.

PROGRAM DATA

Division/Line Number	SY/20
Program Director	R. DeCarli
Project Manager	A. Wyllie
Start Date	2/81
Man-Days	600

FREIGHT CLASSIFICATIONS

By memorandum dated May 29, 1980, the Deputy Assistant Secretary of Defense (Supply, Maintenance and Transportation) requested that we initiate an audit in the area of freight classification as soon as possible in light of the deficiencies cited in a study made by the Defense Logistics Agency, the Military Services, and the General Services Administration. The study was made during the period June 1976 through July 1978

Background

At this time we have no background data. The only information we have on the subject is the findings as disclosed during the review cited above

Scope and Objectives

The survey will be performed at DLSC and the offices within the Services who have cognizance in the area of freight classification. We will also determine MTMC's role in this area, and the impact that this lack of uniformity has on the movement of freight. Our specific scope and objectives will be determined during our survey period.

Program Data

Division/Line Number	SY/21
Program Director	S. Nadel
Project Manager	J. Begley
Start Date	3/81
Man-Days	150

Retention Policies and Procedures - Officers and Cadets

Background

For several years DoD and the Congress have worked to jointly develop a Defense Officer Personnel Management Act (DOPMA). The primary purpose of DOPMA was to standardize the management of officer personnel and eliminate inequities between and within the Services in such matters as regular/reserve officer promotion/retention policies and procedures, "up-or-out" criteria, mandatory retirement, etc. The current status of DOPMA is not known; however, the involuntary separation "up-or-out" feature in the Act has been the subject of disagreement between the U.S. House of Representatives and the U.S. Senate. For FY 1980 the House recommended a moratorium on "up-or-out" but the Senate opposed it. The House action was accomplished by a reduction of $22.7 million in the Military Personnel Appropriation (Army $10.4M; Navy $2.4M and AF $9.9M), representing the cost of recruiting and training replacements for these officers. As a policy, up or out appears to be wasteful of valuable manpower.

Retention has also been a problem with cadets, both in the Reserve Officer Training Corps (ROTC) and in the Service academies. At Service academies, the Services have long experienced high attrition rates (averaging about 35 percent during the 4-year program). We are also concerned that ROTC and academy cadets are "walking away" from commissions after they have been educated at DoD expense. During FY 1981, DoD expects to spend about $275 million for officer acquisition training. A large portion of this supports ROTC and the 3 Service academies.

Scope

The number of officers affected by "up-or-out" criteria is not presently known; however, the cost of recruiting and training replacements in FY 1980 was estimated at $22.7 million.

The FY 1981 input to the 3 Service academies is projected as 4,259 with an output of 2,855 or 67 percent (total annual training loads are about constant at 12,600 students). Average enrollments in ROTC in FY 1981 total 97,668.

Objectives

The review will include an evaluation of the Services' up or out policies to determine whether the Services are getting rid of competent officers and what other effect this program has on the retention of qualified officers.

The review will also include an evaluation of retention policies and procedures pertaining to ROTC and academy cadets and whether the Services are receiving the maximum possible use of individuals who receive this education.

Potential Benefits

The review could have a significant impact on officer acquisition training costs that is estimated at $275 million during FY 1981.

Tentative Locations

OSD & Service Headquarters, Washington, D.C.
Service Training Headquarters (TRADOC, CNET & ATC)
Service Personnel Centers (MILPERSCEN, NAVPERS & AFMPC)

PROGRAM DATA

Division/Line Number	SY/22
Program Director	W. de Monye
Project Manager	R. Baker
Start Date	11/80
Man-days	720

Review of Graduate Education

Background

The Congress has long been concerned about the DoD graduate education program. In FY 1980, the House Appropriations Committee reduced funding by $2.5 million for graduate education and criticized DoD for underutilizing the Air Force Institute of Technology (AFIT) and the Naval Post Graduate (NPG) School. In past years, the Congress has complained about:

- educating too many people;
- averstating requirements; and
- improperly using personnel who had been educated.

Also, it has interested the auditor that the Service academies offer only bachelors degrees; whereas leading colleges and universities offer masters and doctorate degrees in many fields. Further, senior officer schools educate personnel for 9 to 12 months but do not confer degrees for this work.

Scope

The review will include the 3 Service academies; AFIT at Wright-Patterson AFB, OH; NPG in Monterey, CA; the Industrial College of the Armed Forces (ICAF), Washington, DC; and the senior Service schools at Carlisle Barracks, PA; Newport, RI; and Maxwell AFB, AL.

Objectives

The audit will evaluate the cost-effectiveness aspects of the following to determine whether:

- The Service academies can and should offer advanced degrees.
- AFIT, NPG & ICAF are operated at or near capacity.
- Senior service colleges can and should offer advanced degrees.
- Advanced degrees should be obtained from civilian colleges or universities.

The audit will also include a review of advanced degrees held by warrant officers, limited duty officers, enlisted personnel, civilian employees, as well as reserve and national guard personnel to determine whether these individuals could be used to supplement or reduce advance degree requirements for officers.

Potential Benefit

The review could have significant impact on the DoD graduate education program that, during FY 1980, was funded at about $36 million. Another $22.5 million was programed for senior service colleges for FY 1981.

PROGRAM DATA

Division/Line Number	SY/23
Program Director	W. de Monye
Project Manager	J. Meche
Start Date	3/81
Man-Days	690

Defense Activity for Nontraditional Education Support (DANTES)

Background

The primary mission of DANTES is to provide nationally recognized testing (SAT, CLEP, GED,etc.) and certification program support to installation education offices and to facilitate the availability of independent study courses from civilian institutions. DANTES also acts as the technical representative for DoD on some education research contracts and provides transcript service for USAFI courses completed prior to May 1974. MRA&L has requested we review the testing program administered by DANTES and the approximately 850 testing centers in DoD. DANTES centrally procures and furnishes tests to the testing centers. Some testing centers apparently encourage unqualified individuals to take tests to inflate center workload. In addition, DANTES has informed us that there are indications that DoD has paid for examinations that were either not received or were lost after receipt. Installation education offices also procure various tests for use in the testing centers, possibly duplicating DANTES efforts.

Scope

The audit would cover the DANTES operations, including purchase of tests by both DANTES and education offices as well as the uses made of those tests. The FY 1980 budget for DANTES is about $4 million. Additional testing costs are incurred by DoD installations.

Objectives

The objectives are to determine whether:

- Testing centers are administering tests to only qualified personnel.

- There are adequate controls over the receipt, storage and use of tests.

- The most efficient and effective practices are used for the procurement of tests.

Potential Benefits

DANTES estimates that up to $500,000 was spent in FY 1979 on retesting of personnel. Some retesting may be appropriate. However, retesting to build workload or to increase the likelihood of passing without adequate preparation is a wasteful practice. The potential for fraud and abuse increases substantially if internal controls are inadequate over the receipt, storage and use of tests.

Tentative Locations

OASD(MRA&L)
Service Headquarters
DANTES, Pensacola, FL
Various DoD Installations (primarily in SE U.S.)

PROGRAM DATA

Division/Line Number	SY/24
Program Director	W. de Monye
Project Manager	R. Baker
Start Date	3/81
Man-days	390

DoD Precious Metals Recovery and Utilization

Background

During the period September 1977 - May 1978 a series of 5 DAS audit reports were issued criticizing nearly all aspects of the DoD Precious Metals Recovery and Reutilization Program.

1. Both accountable and physical controls over precious metals were not adequate to preclude loss and/or misappropriation.

2. Only a small percentage of the potential precious metals bearing items had been identified in DPDS's master file, (14,000 of an estimated 150,000 potential) and the actual percent of precious metal content was known for only 1,200 of the 14,000.

3. Millions in procurement dollars were wasted by not utilizing Government-Furnished Material (GFM). GFM precious metals were not used on 76 percent of the sample procurement actions reviewed. When the prior audits were performed the price of gold was $150 per ounce and silver was $5 per ounce. A January 2, 1980 article in the Wall Street Journal referenced our prior audits. The Chief of the DPDS recovery program at Colts Neck, NJ, purports that accountability and physical controls have been greatly improved. The article also stated that 84,000 parts have not been coded for precious metal content. The Chief did disclose that utilization is not what it should be considering it is furnished at recovery cost, 82¢ an ounce for silver and $20.21 for gold. He said, "The demand for this stuff should exceed what we're generating, but it doesn't." The distribution program, he said, "isn't being utilized fully."

This project was scheduled to start early in the 3rd quarter 1980 but was deferred at the request of the DPDS Commander. DPDS had contracted with 3 commercial firms to test new methods and determine the economics of recovering precious metals from electronic scrap. These tests were not scheduled for completion until May 1980.

Also "DLA's FY 1980 Audit Requirements," dated March 19, 1980 identified as a priority 1 requirement, "Precious Metals Recovery Program Billing" (80-I-C-03).

Scope

The review would be interservice. We would review procedures and controls over the identification of precious metal bearing surplus property, recovery of precious metals, accountability,

and utilization of recovered precious metals. We will also evaluate intergovernmental and intro-DLA billing procedures of the precious metals recovery program per DLA's request. During the survey we will determine if all aspects will be reviewed concurrently or on a phased basis.

Objective

Our objective will be to determine what progress has been made since our prior reviews and to identify remaining problem areas.

Potential Benefit

The potential dollar impact of any audit finding has increased significantly since our prior review due to the substantial increases in the price of gold and silver. Considering the Chief's comments regarding utilization it would appear there is still a high potential for additional DoD dollar savings through increased utilization of GFM precious metals on DoD procurements.

Tentative Locations

Activities to be visited in the survey would include:

DLA HQ - Washington DC
DPDS HQ - Battle Creek, MI
Precious Metals Recovery Office - Colts Neck, NJ.
DISC - Philadelphia PA
New York Assay Office, New York, NY
Selected Service Inventory Managers
Selected DPDO's

PROGRAM DATA

Division/Line Number	SY/25
Program Director	H. Hertenstein
Project Manager	D. Reed
Start Date	10/80
Man-Days	800

Administration of Cost Accounting Standard 410 - General And Administrative Expenses

Background

Cost Accounting Standard (CAS 410) defines G&A expenses and provides for 3 cost input bases to be used by contractors to allocate such expenses. The language in the standard, however, is imprecise and subject to interpretation. This has led to contractors manipulating their accounting systems to unduly allocate overhead costs to Government contracts and/or to gain competitive advantages.

This audit was scheduled for the 4th quarter, FY 1979 but was deferred in August 1979 because DCAA had informed DDRE of problems in implementing CAS 410 at several contractors and requested that DCAA be given authority to determine if contractors are in compliance with the standards and authority to withhold payments until they are in compliance. As of April 21, 1980 no further action has been taken and none is expected soon.

It seems that since August 1979 the administration of the Standard (by ACOs) has gotten progressively worse as evidenced by the following conditions cited recently at an Air Force Pricing Symposium:

- ACOs are not citing contractors for noncompliance with the standards when the contractors are manipulating their accounting systems merely to gain a competitive advantage.

- ACOs are repeatedly reversing their own earlier decisions regarding compliance and often ignoring competent DCAA advice.

- An increasing number of contractors have filed appeals with the ASBCA.

- ACOs are not trained accountants which results in improper decisions and/or inconsistent treatment.

Scope

The CAS 410 covers G&A expenses which equate to $5 to $10 billion of annual procurement costs. At one contractor alone, about $200 million of costs have been improperly treated.

Objective

To determine the adequacy of actions relating to the enforcement of the standard by contracting officers and others.

Potential Benefit

The audit should result in a definitive identification of the scope of administration problems and be instrumental in getting the long awaited corrective action.

PROGRAM DATA

Division/Line Number	SY/26
Program Director	H. Hertenstein
Project Manager	M. Nielsen
Start Date	10/80
Man-Days	800

Management and Control of Engineering and Technical Services

Background

One result of the OSD reorganization in 1977 was the assignment to the Maintenance Directorate (MD) of ASD(MRA&L) responsibility for DoD Directive 1130.2, "Management and Control of Engineering and Technical Services." The Director for Maintenance Policy has become increasingly concerned about the wartime role of contractor supplied engineering and technical services in support of weapon systems overseas. A contractor, LMI, was tasked to (a) determine the extent of the Military Services' reliance upon civilian (in-house and contract) technicians in critical equipment support roles, (b) assess the effectiveness of existing DoD engineering and technical services policy, and (c) recommend revisions to existing DoD policy.

The LMI study was recently completed and reported the following: (1) There is a significant lack of visibility at the headquarters level regarding how much reliance is placed on contractors for engineering and technical services or where the support is being provided; (2) Military Departments consider use of contractor engineering and technical services essential/indispensable/critical in support of military equipment in both CONUS and overseas (over 50 percent of civilian technical assistance is overseas); (3) cost of contract personnel is at least double or triple that of in-house civilian personnel per manyear; (4) military maintenance skills have not kept pace with requirements; (5) contractor engineering and technical service requirements are likely to increase in the future due to greater skills required to maintain modern sophisticated weapon systems at satisfactory readiness levels; (6) policies stated in DoD Directive 1130.2, "Management and Control of Engineering and Technical Services" are only partially being adhered to but may need minor revision to satisfy real-world requirements; (7) in the past, contractor engineering and technical services in wartime has generally been outstanding but potential problem areas and alternative solutions that will satisfy future engineering technical assistance requirements need to be explored.

The LMI report was considered useful by the Maintenance Director, however, the Maintenance Director believes that the status on implementation of the Directive can be better determined by an audit rather than further study effort. Accordingly, an audit request was submitted to DAS.

Scope

We propose to determine the extent of implementation of DoD Directive 1130.2 by the Services. The survey effort will be directed primarily at the Service Headquarters' level, with limited test checks in the field as found necessary.

Objectives

1. To evaluate the extent of implementation of DoD Directive 1130.2 with emphasis on the administration of the program.

2. To evaluate conformance with Defense Acquisition Regulations in acquisition of Engineering and Technical Services.

Potential Benefits

Providing the OSD Maintenance Directorate with sufficient data to enable them to revise existing policies and programs and manage the Engineering and Technical Services program.

PROGRAM DATA

Division/Line Number	SY/27
Program Director	D. Best
Program Manager	L. Woods
Start Date	10/80
Man-Days	540

Aircraft Modifications

Background

The Services use RDT & E procurement and operations and maintenance funds to initiate, develop, procure, and install modifications/alternations of weapons systems and related subsystems and equipment. The elements of the Integrated Logistics Support (ILS) concept apply to each modification of consequence (e.g., changed technical data, personnel and training, provisioning, facilities, changed support and test equipment, management data, etc.)

Current DoD emphasis is upon modernization of weapons systems in existence now in lieu of development of new weapons systems. To illustrate, the Navy plans to spend more than $3 billion over the next 5 years for advanced technology for about 200 projects; about half of the new technology affects the modification/alternation of existing weapons systems.

Past expenditures for modifications/alternations, particularly for improvements in reliability and maintainability (R & M), have been great in cost with little perceptible increase, and sometimes degradation, in weapons systems'/subsystems' R & M. Examples include:

- The Air Force APQ-120 (F-4E) and Navy/Marine Corps AWG-10 (F-4J) radars for Sparrow missile control have been in existence for about 14 years. The MTBF for the subsystems was established at approximately 18-20 hours. In spite of a great many modifications to the subsystems and related ground support equipment, neither subsystem has attained more than half of its planned MTBF. For the APQ-120, a substantial modification at the Ogden ALC was said to have reduced the MTBF to about 2 1/2 hours; the subsystem must again be modified to realize the pre-modification MTBF. A similar situation apparently affects aircraft turbine engines, where maximum operating times remain unchanged for years in spite of continual modification.

Modifications usually generate from operational commands and/or higher headquarters, and are generally recommended by the subsystem vendor representative.

During the past, and presumably at present, many modifications/alternations were approved and procured with little or no operational testing. This would presumably account for the failure of some R & M modifications, and probably some modifications for improved operational performance to in fact improve subsystems. Pratt and Whitney (P & W) officials stated that they convened with airlines officials at meetings twice annually to identify engine problems that should be pursued and to convince

engines. General Electric (GE) uses a similar, but less formal procedure with similar results. The following data is indicative of modification costs for selected Service aircraft engines:

Service	Engine TMS	Qualification Test Date	($ Millions) Initial Investment	Modification Costs (1)
Army	T-55-L-712	(2)	$295.2	$109.4
Navy	TF41-A-2	Aug 69	485.2	158.5
Navy	TF34-GE-2,400A	Aug 72	267.2	99.3
Navy	TF30-p-412-414	May 71	1.56 Billion	847.2
Air Force	TF41-A-1	Apr 69	228.5	195.4
Air Force	TF34-GE-100	Oct 74	1 Billion	166.5
Air Force	TF30-P-3,7,9,100	Nov 66	962.9	246.6

(1) Costs shown are for component improvement program (CIP) and kit costs; probably does not include support costs such as special tools for maintenance, technical data, personnel training and other support costs; depot and base kit installation costs also may not be included. CIP for the engines noted are expected to be about $470 million during the period 1980 - 1985.

(2) Date unknown, but probably during the late 1950s or early 1960s.

Complete budget data regarding modifications/alternations for avionics, weapons control and other subsystems was not readily available. Ship alternation O & MN funds alone, authorized by Congress, were $83.15 million. All modification costs for other weapons systems/equipment were not available due to: (1) applicable costs for O & M funds were "rolled up" into at least budget programs 2,3,7, and 8; and (2) RDT & E and procurement budgets were not available. Based upon data available during FY 1978, and assuming cost increases for inflation and the stress now placed upon weapons systems modernization, total funds for modifications/alternations can be expected to exceed $6 billion for FY 1980.

Scope

It is proposed that the initial audit be limited to aircraft; follow-on audits could be done of missiles, ships, tanks and

other equipment. For aircraft, it is proposed to select one or 2 engines and one or 2 radar/missile control or avionics subsystems which have been in each Service's inventory for 10 or more years. Data would be accumulated identifying all costs incurred for R & M modifications, and the R & M results obtained. A similar sample of much newer engines and electronic subsystems would be selected, and costs incurred and R & M improvements obtained would be determined. For both samples, the procedures used to select modifications would be identified and evaluated. Most cost data would probably be available only at contractors' sites (i.e., based upon past experience).

Objectives

To identify fund wasted in the procedures used to select modification and the adverse impact upon operational readiness. It is anticipated that the primary cause for the lack of success of many R & M modifications is that the Services do not require vendors to prove the merits of proposed modifications by means of operational tests and evaluation. The audit could be expanded to include enhanced operational capability modifications, for the items selected, at the cost of little additional time.

Potential Benefits

The purpose of the audit would be to encourage the Services to spend scarce funds only for modifications/alternations that were proved to be both cost-effective and desirable.

PROGRAM DATA

Division/Line Number	SY/28
Program Director	D. Best
Program Manager	T.B.D.
Start Date	1/81
Man-Days	580

Occupational Safety and Health Training

Background

Every year 70,000 DoD civilian employees are injured in work-related accidents and another 2,000 contract work-related illnesses. In 1978, the latest year for which complete data is available, accidents and illness killed 28 DoD civilians and caused $900 million in property damage. A total of 245,000 workdays were lost because of accidents and illnesses in 1978. In 1979, 58,000 civilian employees were awarded about $213 million as compensation for work-related injuries.

Since the passage of the Occupational Safety and Health Act of 1970, Executive Orders, DoD Directives and Military Department regulations have all required occupational safety and health training for DoD personnel. As a minimum, OSD managers believe that the training should:

- Instruct employees on how to report unsafe or unhealthful working conditions,

- Include instruction in the use of personal protective equipment,

- Emphasize programs for high hazard locations or occupations, e.g., asbestos work, confined spaces, explosives, etc.,

- Be an integral part of new employee indoctrination programs and supervisory development courses, and

- Receive full top management support as evidenced in base level OSH newspaper articles, posters, displays, and handouts.

On May 28, 1980, the DASD(Energy, Environment & Safety) asked for a review of occupational safety and health training in DoD.

Objectives and Scope

The DASD(EE&S) asked us to determine the extent and effectiveness of occupational safety and health training actually given to DoD line supervisors and employees and,

if deficiencies exist, to identify methods to improve the training program. We plan to do this by:

- Evaluating Service and Defense Agency regulations,

- Reviewing training programs at selected installations,

- Reviewing records, if any, of attendance at programed training sessions,

- Interviewing line supervisors and employees with respect to their knowledge of the hazards of their specific jobs and work areas, safety and health standards applicable to them, relevant symptoms of possible illnesses and other matters that should have been, or were, covered in training sessions.

We plan also to cover enforcement of safety and health precautions. Prior audits lead us to believe that requirements for use of protective devices (goggles, ear plugs, etc.) are often not enforced.

Tentative Locations

We may cover the following installations if teams from the offices shown below are available.

Base	Office
Survey Phase	
OSD and Service Hq. in Washington	Los Angeles
Army Safety Center, Ft. Rucker, AL	"
Navy Safety Center, Norfolk, VA	"
Air Force Inspection & Safety Center, Norton AFB, CA	"
Hq. AFLC, Wright-Patterson AFB, OH	"
Army Health Services Command, Ft. Sam Houston, TX	"
Navy Regional Medical Center, Long Beach, CA	"
Audit Phase	
Marine Corps Base, Camp Pendleton, CA	Los Angeles
Navy Public Works Center, San Diego, CA	"
Naval Shipyard, Long Beach, CA	"

Naval Air Rework Facility, San Diego, CA	Los Angeles
Naval Air Facility, China Lake, CA	"
Air Logistics Center, McClellan AFB, CA	"
Air Logistics Center, Hill AFB, UT	"
Norton AFB, CA	"
U.S. Army Proving Ground, Aberdeen, MD	Philadelphia
U.S. Army Picatinny Arsenal, NJ	"
Letterkenny Army Depot, Chambersburg, PA	"
Tobyhanna Army Depot, PA	"
Military Ocean Terminal, Bayonne, NJ	"
Ft. Detrick, MD	"
Naval Shipyard, Philadelphia, PA	"
Defense Depot, Mechanicsburg, PA	"
Air Logistics Center, Robins AFB, GA	Atlanta
Marine Corps Logistics Support Base, Albany, GA	"
Anniston Army Depot, AL	"
Redstone Army Arsenal, AL	"
Naval Shipyard, Charleston, SC	"
Naval Air Rework Facility, Pensacola, FL	"
Navy Public Works Center, Pensacola, FL	"
Navy Aerospace Medical Center, Pensacola, FL	"

Potential Benefits

1. Respond to an OSD request.

2. Provide OSD with a baseline against which future training progress can be assessed.

PROGRAM DATA

Division/Line Number	SY/29
Program Director	B. Early
Project Manager	T.B.D.
Start Date	11/80
Man-Days	570

Fuel Consumption Reporting

In 1975, as a result of the increasing emphasis on energy management, the Department of Defense established the Defense Energy Information System, which tracks energy consumption. The Defense Fuel Supply Center purchases bulk mobility fuels for the military services. The military departments plan, program, and budget operations and maintenance funds to buy fuel from the Supply Center. Mobility fuel is dispensed from the Center's "wholesale" system with stock fund pricing. In June 1980, the DASD (Energy, Environment and Safety) advised us that the two systems are not currently compatible, i.e., an audit trail cannot be traced from the planning, programing and budgeting process to the final reported consumption in the Defense Energy Information System. He stated that DoD should be able to reconcile the differences and account within 1% for all fuels planned, purchased, and expended.

Objectives: The DASD(EE&S) requested an audit to:

- Reconcile the various systems used to track fuels, directly or indirectly, by several large oil-using bases in each service,

- Determine the margin of error between the systems, and

- Make recommendations for reducing the differences.

Scope: The request addressed itself to all types of mobility fuels but stated that first emphasis should be on posts, camps and stations that order fuel for administrative and support functions under "retail" call-type contracts issued by the Defense Fuel Supply Center. Gasoline and diesel fuel are the mobility fuels commonly used for administrative and support functions. We plan to restrict the scope of this audit to those fuels. Separate audits of other fuels will be scheduled if warranted.

All three service audit agencies are heavily involved in fuels management audits. During the survey, we will determine if our audit effort can be limited through use of their reports.

Tentative Locations

Survey - Defense Fuels Supply Center, Cameron Station, VA
Army, Navy and Air Force Energy Offices and Petroleum Requirements Offices, Pentagon
One base in each service and major commands as necessary. The bases probably will be:
- Norton Air Force Base, CA
- Sharp Army Depot, CA
- Naval Construction Battalion Center, Port Hueneme, CA
- Marine Corps Supply Center, Barstow, CA

PROGRAM DATE

Division/Line Number	SY/30
Program Director	B. Early
Project Manager	N. Ruhl
Start Date	1/81
Man-Days	450

Fast-Pay Procurements

Background

Fast-pay procurements basically provide that suppliers can be paid for goods shipped to DoD customers without evidence of receipt, i.e., the payment is authorized based on a supplier's certification on his invoice that the materiel was shipped. The fast-pay procedures were first used for shipments to overseas customers. They have been expanded over the years to cover any procurements within certain dollar limits. Because of current economic conditions and the ease/economy of handling within the Government, there is some interest in further expanding fast pay. Fast-pay procurements require that the contractor replace missing, defective or damaged materiel found at destination. The current DAR limit for fast-pay contracts is $10,000 except for overseas awards involving subsistence and medical commodities which have no limit.

DLA is the most significant user of the fast-pay procedures in DoD. No data is collected specifically identifying fast-pay dollar value but we estimate these procurements exceed $670 million at the DLA hardware centers and Defense Personnel Support Center. In FY 1979, procurements under $10,000 totaled $557 million. DLA estimates that 84 percent of the contracts at the hardware centers are fast pay. Assuming a reasonably linear relationship, fast pay at these centers would amount to about $470 million. Payments by the Centers have averaged about 3 days after receipt of invoice. Another $200 million plus is estimated for subsistence and medical materiel.

The Comptroller General approved (1968) the fast-pay procedures provided controls existed to assure that supplies are delivered. Other conditions were attached. Within DLA, much of the payment/materiel receipt matching process is highly automated. In a recent audit at DISC, we made a limited analysis of some fast-pay actions and found a lack of appropriate controls and the failure to properly resolve short and discrepant shipments. This involved only deliveries to DLA depots. There are a significant number of fast-pay orders with materiel shipped direct to Military Service customers. DAS Report 80-030, November 14, 1979, discussed deficiencies within DPSC in resolving shortages for subsistence fast-pay shipments to overseas customers. DLA Audit Request 80-I-P-04 requested that DAS audit the effectiveness of receipt and claims procedures for fast-pay contracts. The request was prompted by limited analysis done as part of recent minor changes to the DAR fast-pay requirements. The DLA suggested audit coverage for direct delivery to requisitioners should be expanded to include receipts into storage. Our recent work confirms the requestor's conclusion that there is little reliable information on the adequacy of procedures.

Scope

The audit will include DLA Headquarters, the Defense Supply Centers, Defense Depots, and selected DCASRs and military service customers.

Objectives

To determine:

a. If applicable DAR provisions for fast pay contracts are being followed.

b. If the existing materiel receipt controls and feedback system is working.

c. How effectively the contract provisions protecting the Government rights are enforced.

d. To determine significant patterns of abuse if they exist.

PROGRAM DATA

Division/Line Number	SY/31
Program Director	C. Hoeger
Program Manager	T.B.D.
Start Date	10/80
Man-Days	550

Management of Subsistence and Clothing and Textile Materiel at Non-DLA Managed Locations

Background

This is a follow-on to current audit, OSL-072, Management of DLA Owned Materiel at Military Department Stock Points. That project is currently in survey phase. Project 072 will concentrate on DLA materiel and the control procedures involving Naval Supply Centers, Oakland and Norfolk and the New Cumberland Army Depot. This proposed audit will involve the special procedures and control processes for these two DPSC managed commodities, including DLA-owned subsistence at commercial storage facilities. The value of these commodities at non-DLA managed locations is about $100 million.

Subsistence. Both nonperishable and perishable subsistence are stored at non-DLA managed activities. In CONUS, nonperishable subsistence is stored at four Navy Supply Centers (Norfolk, Charleston, San Diego and Oakland) for support of Navy ships and certain overseas Navy installations. The inventory at these NSCs averages about $20 million. In Europe, perishable subsistence is stored in 3 depots of which one, Felixstowe, England is also commercially owned and operated. Perishable subsistence is stored at five service managed supply points. The total inventory value of perishable subsistence stored overseas averages about $15 million.

Past audits (1977) of materiel at commercial activities disclosed inadequate accountability and poor administration of the contracts. Similar control and accountability problems have been identified for West Pac depots and in audit reports of the Military Services. Data contained in various DLA Inspector General reports indicate that there have been significant perishable item losses before items reach the intended overseas customers. In addition, past problems due to over capacity at commercial warehouses both overseas and CONUS have caused an unwarranted increase in delivery time with resulting unnecessary demurrage and detention charges.

DLA audit request 80-II-C-13 requested an evaluation of physical inventory requirements and procedures for subsistence assets, including invoicing and payment for commercial warehouse services. This subject will be accommodated in the proposed audit.

Clothing and Textile. Clothing and Textile items also are stored at four NSCs (Norfolk, Oakland, San Diego and Great Lakes). On-hand inventory at these locations average about $42.5 million. In addition $2.4 million is stored at four attrition sites.

Past audits by internal audits and GAO have cited weaknesses in the control and accountability of the DLA stocks under the control of the services. Lengthy delays in the posting of receipts and issue transactions have in the past, caused increases in shipment costs. In addition, the efforts to complete and research inventory have proved more difficult at these activities.

DLA is currently performing studies to determine the advisability of realigning its supply operations at certain supply depots. One consideration is to by-pass the normal distribution system and have initial recruit issue of C&T items procured for delivery to the users. This will result in more stocks owned by DLA but under the control of the services.

Scope

The audit will include DLA Headquarters, Defense Personnel Support Center, Defense Subsistence Offices/commercial facilities and selected military service locations.

Objectives

To determine:

a. If adequate accountability procedures and controls have been established.

b. If commercial warehouse service contract provisions are appropriate and are being applied.

c. If system interface problems exist between DLA/DPSC and the Military Service locations.

d. To respond to the audit request on physical inventories and procedures.

PROGRAM DATA

Division/Line Number	SY/32
Program Director	C. Hoeger
Project Manager	J. May
Start Date	10/80
Man-Days	550

EUCOM FIELD OFFICE

AUDITS

DLA/USEUCOM Property Disposal

Background

The audit of Property Disposal offices is a requirement established in the DAS Pink Book. We surveyed the European Region a couple of years ago and planned to audit the major functions in separate segments. After two segments, Military Assistance Property and Precious Metals, I think we should go in and cover the other areas with concentration on the receipt and sale processes. This proposal meets DAS objectives for the 1st and 2nd quarters of FY 81 regarding DLA activities and fraud, waste and abuse. We will cover both military and PDO responsibilities.

Scope

The Defense Property Disposal Region, Europe operates 12 disposal offices which, in turn, have 14 subordinate activities plus 5 scrap collection sites. The annual budget approximates $12 million for 360 people and operating expenses.

Tentative Locations

Most of the people work in Germany, but about one-third operate PDOs in Greece, Turkey, Spain, Italy and the U.K. Interservice Support Agreements call for services costing about $1 million. We propose covering operations in Germany, United Kingdom, Spain and Italy.

PROGRAM DATA

Field Office/Line Number	EUCOM/3
Program Director	R. Hay
Project Manager	R. Stricklin
Start Date	12/80
Man-Days	400

Management of Communications Intelligence-EUCOM

Background

Each of the 3 Military Services collect, produce and disseminate intelligence in the European Theater. Because of the amount of intelligence activity, USEUCOM may not have the capability to adquately monitor and coordinate operations. As a result, USECOM's overseer role to eliminate or minimize unnecessary redundancy in intelligence may be seriously hampered.

Scope/Objective

Reviews would be made of the amount of visibility that intelligence programs have within the European theater and to identify improvements and better use of the products. The degree and level of coordination among the various DoD components in theater would be analyzed for efficiency and economy of operation. This audit parallels the PACOM audit project OIV-034, December 3, 1979.

PROGRAM DATA

Field Office/Line Number	EUCOM/4
Program Director	R. Hay
Project Manager	R. Bertocchi
Start Date	2/81
Man-Days	400

P A C O M F I E L D O F F I C E

A U D I T S

CHAMPUS Controls in the Pacific Command

Background

DAS has not performed any audit work in the Pacific involving CHAMPUS. However, during a CHAMPUS review conducted in Denver, DAS surfaced indications of problems involving CHAMPUS payments for claims initiated in Korea. In response to DAS tasking, the U.S. Army CID conducted an investigation in Korea and documented fraudulent CHAMPUS transactions estimated at much more than $250,000. Estimates run as high as $2.2 million.

Recently, CHAMPUS claims processing procedures and controls in the Pacific area have been revised significantly. All claims are not forwarded by individual claimants or participating civilian medical facilities directly to the Hawaii Medical Service Association (HMSA) for payment. Data available from centralized CHAMPUS records at Denver indicate that paid claims for personnel in Hawaii amount to about $800,000 a month, or about $9.6 million a year. Denver records indicate that HMSA pays another $1.8 million annually for claims received from other supported personnel throughout the PACOM (e.g., the Republic of Korea, Japan and the Philippines.) The "other" PACOM costs appear low. Current details will be acquired from HMSA during the DAS survey effort for the project.

Considering past indications of fraud and perceived weaknesses in current eligibility validation controls, protective audit is warranted. Two major areas should be covered: (i) controls within the military organizations to use available in-house medical support before authorizing commercial support--to reduce DoD/CHAMPUS costs, and (ii) verification of eligibility and receipt of services for submitted claims.

Scope

We will evaluate the adequacy of Military Service controls in Hawaii and the Republic of Korea for limiting commercial medical support authorizations to circumstances wherein military medical facilities cannot provide necessary support, consistent with CHAMPUS program requirements. We will also verify the eligibility and receipt of medical services for a sampling of claimants, from documents at the HMSA, in Hawaii and Korea. Verification work will involve inquiries to CHAMPUS records in Denver, local Service personnel records, validation questionnaires, personal contacts with involved claimants, and other techniques.

Objectives

This protective audit should act as a deterrent to potential fraud, assure that CHAMPUS costs are limited to circumstances wherein support is not available from Service medical facilities, and surface claim processing control problems short of HMSA responsibilities (that are audited by HEW).

Potential Benefits

The major goal is to assure that past control faults have been corrected to reduce the potential for fraud against the U.S. Government. Related benefits far outweigh the audit investment.

PROGRAM DATA

Field Office/Line Number	PACOM/4
Program Director	J. Brown
Project Manager	O. Jasper
Start Date	11/80
Man-Days	360

MANAGEMENT OF DLA-OWNED SUBSISTENCE INVENTORIES IN HAWAII

Background

The Worldwide Integrated Management of Wholesale Subsistence (WIMS) program was initiated in 1974. Under this program, a designated Service organization acts as the DLA agent in a specified area for providing subsistence support to authorized customers. The agent's responsibilities for subsistence includes receiving and processing requisitions for troop issue; performing local inventory management functions; initiating replenishment actions; receiving, storing and issuing stocks on a common service nonreimbursable basis; providing subsistence support to authorized customers; and receiving and managing excess stocks received from authorized customers. In Hawaii, the Naval Supply Center at Pearl Harbor is the agent supporting the needs of approximately 50,000 military and 85,000 dependents. The Services also act as the DLA agent for similar programs in Korea, the Philippines and Japan. DAS has not made any reviews in the PACOM of this DLA responsibility in the past several years.

Scope

The review will evaluate the adequacy of procedures, practices and controls for the receipt, storage, issue, replenishment and safeguarding of DLA-owned perishable and nonperishable subsistence inventories. Coverage will include coordination with the Defense Personnel Support Center in Philadelphia, Defense Subsistence Regional Office in Alameda, and the PACOM Liaison Office of the Region at Camp Smith, Hawaii. Verification work will be performed primarily at the Naval Supply Center, Pearl Harbor together with a selection of supported Service organizations.

Objectives

The primary goal of the review will be to evaluate the effectiveness and efficiency of the WIMS agent in managing DLA inventories and providing necessary support to authorized customers. A secondary goal will be to evaluate the potentials for expansion of the WIMS program. (The results of the review in Hawaii will be considered for additional project programing to cover Japan, Korea and the Philippines.) During this project, PACOM will provide requested assistance to SY (Philadelphia Region) on the Project-Management of Subsistence and Clothing and Textile Materiel at Non-DLA Managed Locations (per 7/23/80 telecon between Messrs. Brown and Hoeger).

Potential Benefits

In addition to potential improvements in the efficiency and economy of related operations, the review will provide protective audit coverage of an area subject to at least pilferage.

Program Data

Field Office/Line Number	PACOM/5
Program Director	J. Brown
Project Manager	O. Jasper
Start Date	11/80
Man-days	170

DOD CONSTRUCTION PROGRAMS IN THE REPUBLIC OF KOREA

Background

The FY 1981 Congressional Presentation Document includes $110 million for military construction projects in the Republic of Korea (ROK), out of $352 million for the PACOM and Indian Ocean areas. The ROK program provides $64 million for Eighth U.S. Army projects, $36 million for 314th Air Division projects, and $10.5 million for dependent schools facilities. DAS has not made any reviews of military construction projects in the ROK during the past several years. Considering the significance of the current construction programs, U.S. ground force adjustments and U.S./ROK combined force initiatives, a comprehensive review is warranted.

Scope

The review will evaluate the adequacy of policies, procedures, practices and controls in the ROK for: development of a justified long range U.S. military construction program; integrated prioritization of overall needs for fiscal year requests; annual revalidation of proposed projects; and general coordination within the U.S. forces and with the ROK forces. Records will be reviewed at the subordinate unified command, organizations of the military components, the Joint U.S. Military Assistance Group - Korea, and other separate DoD organizations.

Objectives

The primary objective will be to assure that requests for military construction projects are adequately justified, coordinated and prioritized consistent with operational requirements. A secondary objective will be to evaluate the reasonableness of estimated costs submitted for OSD action.

Potential Benefits

This is a major gold flow area of concern to Congress. Equally important is the need for assurance that scarce MILCON funds are invested in projects of greatest need regardless of individual Service and Agency desires. We must also be sure that changing operational circumstances are continually

considered, and that cost estimates are sufficiently sound to permit completion of authorized projects. In effect, the review represents protective audit as a service to management.

Program Data

Field Office/Line Number	PACOM/6
Program Director	J. Brown
Project Manager	H. Followell
Start Date	11/80
Man-days	170

DOD PROGRAMS TO CONTROL SALES OF EXCHANGE AND COMMISSARY GOODS IN THE PACIFIC

Background

A recent management study estimated annual costs of $6.8 million for operating the DoD Ration Control System in the Republic of Korea (ROK). New management initiatives in the ROK include the use of 25 to 50 enlisted personnel on a daily extra duty basis to maintain surveillance of purchases at every exchange and commissary sales point (cash register). Every purchase of even a single pack of cigarettes at a snack shop is now being anvilled for recording against the authorized rations. Any general purchase (e.g., snacks) exceeding $1 is also being anvilled.

In addition, serious consideration is being addressed to the systemwide installation of television monitors and a real-time customer account system (similar to Sears) for the immediate posting of each customer's purchases and feedback if total purchases exceed dollar or product quantity ration limitations. The estimated costs for the new Sears-type registers, computer, software and connectivity is about $1 million.

The basic management concern justifying the intensive control of exchange and commissary sales is the recurring criticism/interest of Congress in the growing dollar value of such sales at overseas locations. A secondary concern is assuring compliance with bilateral agreements in countries such as the ROK that permit duty-free import of applicable goods for the support of U.S. personnel. In essence, the basic goal of ration controls is to avoid the unauthorized channeling of U.S. exchange and commissary goods to indigenous populations (e.g., the Koreans). A secondary goal is to avoid support of unsponsored U.S. personnel at overseas locations.

Our initial observations indicate that the growing cost of the ration control system and potential harrassment of management-sponsored personnel in the ROK may have reached a point of inconsistency with DoD benefits, and possibly Congressional intentions. For example, at the same time that DoD is striving to make Service life attractive for retaining personnel, the ration control system appears to be harrasing military members and their families. In addition, it is unlikely that either the AMEMB or the ROK Government is anxious to absolutely dry up the filtering of U.S. goods to the ROK economy, since there is no depletion of ROK foreign exchange and the indigenous population benefits. Further, there does not appear to be any negative impact on gold flow, while U.S. exports benefit. Certainly, there must be

a reasonable level of DoD controls to restrict large scale black marketing of exchange and commissary goods subsidized by the U.S. taxpayer. The important issue is the level of DoD/Congressional expenditures that are reasonable for related goals and realities. It is time to define the issues for DoD and Congressional reconsideration of costs.

Scope

The review will define, compare and evaluate the reasonableness of DoD ration control systems in the ROK, the Philippines and Japan. Primary emphasis will be addressed to the evolving political and economic circumstances causing modifications to ration control systems, together with the reasonableness of DoD costs and impacts on supported populations.

Objectives

The primary goal will be to provide OSD management with verified details and audit opinions on maintaining reasonable exchange and commissary sales controls at overseas locations. Control options will be defined for OSD consideration.

Potential Benefits

An adequate definition of the issues, costs, impacts and practical options dealing with overseas ration control systems could provide OSD with the information needed to approach Congress for reconsideration of the costly controls. Favorable actions could save several million dollars a year just in the ROK, and contribute to satisfaction and retention of military personnel.

Program Data

Field Office/Line Number	PACOM/7
Program Director	J. Brown
Project Manager	H. Followell
Start Date	1/81
Man-days	170

MILITARY SERVICE INTELLIGENCE OPERATIONS IN HAWAII

Background

DAS Project OIV-034, Coordination of Intelligence Operations in Hawaii, was overtaxed by management requests and resulted basically in an evaluation of intelligence analyst requirements together with an evaluation of CINCPAC and Intelligence Center, Pacific operations. Sufficient time was not available, within the confines of a reasonable elapsed period, to perform a comprehensive review of Service intelligence operations, although limited work did result in related audit products. This review will finalize an initial evaluation of the entire intelligence complex in Hawaii.

Scope

The review will evaluate the efficiency and economy of Service intelligence organizations in Hawaii. Primary work will involve operations within the component Service headquarters as well as the Fleet Intelligence Center, Pacific, Fleet Ocean Surveillance Intelligence Center, and the 548th Reconnaissance Technical Group.

Objectives

The review will evaluate the adequacy of management actions to accomplish assigned missions in an efficient and economical manner. Summary opinions on the adequacy of overall interservice coordination will consider the results of Project OIV-034.

Potential Benefits

It is envisioned that the review will identify significant improvement and economy potentials that will benefit mission accomplishment at reduced costs.

Program Data

Field Office/Line Number	PACOM/ 8
Program Director	J. Brown
Project Manager	W. Guy
Start Date	2/81
Man-days	160

HIGH FREQUENCY COMMUNICATIONS NETWORK IN THE PACIFIC

Background

Due to management concerns about the survivability of satellite communications, there has been renewed interest in High Frequency (HF) radio communications in the PACOM. HF radio communications have been neglected for several years while satellite communications have been emphasized. Much of the existing equipment is old, reaching the end of serviceable life, and behind modern state-of-the art. Many HF communications links were closed with emergence of satellite communications. Related management concerns and emphasis warrant audit investments to provide supported audit opinions on problems and potential corrective actions.

Scope

The review will evaluate the current and projected reliability of major HF systems in the PACOM to satisfy primary and contingency support missions. Survey work will be performed at principal management organizations in Hawaii. (Preliminary data will also be acquired at the U.S. Army Communications Command in Arizona during a visit scheduled for September 1980.) Verification work, as justified by survey results, may include operations in Hawaii, Guam, Japan, Korea, the Philippines and Australia.

Objectives

The primary objective will be to evaluate the adequacy of management actions to maintain necessary HF communications capabilities.

Potential Benefits

Results of the review will provide management with opinions on the readiness of vital communications capabilities together with recommendations for any needed improvements.

Program Data

Field Office/Line Number	PACOM/ 9
Program Director	J. Brown
Project Manager	J. Hereford
Start Date	2/81
Man-days	130

PERSONNEL REQUIREMENTS

DEFENSE AUDIT SERVICE

ASSESSMENT OF WORKLOAD AND MANPOWER REQUIREMENTS

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DEFENSE AUDIT SERVICE

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October 14, 1976
NUMBER 5105.48

ASD(C)

Department of Defense Directive

SUBJECT: Defense Audit Service (DAS)

References: (a) DoD Directive 7600.2, "Department of Defense Audit Policies," August 19, 1965
(b) DoD Instruction 7600.3, "Internal Audit in the Department of Defense," January 4, 1974

I. GENERAL

Pursuant to the authority vested in the Secretary of Defense, the Defense Audit Service (DAS) is hereby established as an Agency of the Department of Defense under the direction, authority, and control of the Secretary of Defense.

II. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified/Specified Commands (hereinafter referred to as "DoD Components").

III. ORGANIZATION AND MANAGEMENT

A. The DAS shall consist of: a Director, a headquarters establishment, and such subordinate elements as are established by the Director, DAS, for the accomplishment of DAS's mission.

B. The Director, DAS, will be a civilian appointed by the Secretary of Defense.

C. The Director, DAS, shall report to the Secretary of Defense.

IV. RESPONSIBILITIES AND FUNCTIONS

A. The Director, DAS, shall organize, direct, and manage the DAS and all elements and resources assigned to the DAS.

B. In accordance with references (a) and (b) the Director, DAS, shall:

1. Plan and perform internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified/Specified Commands, and the Defense Agencies.

2. Plan and perform interservice audits in all DoD Components.

3. Plan and perform quick response audits on matters of special interest to the Secretary of Defense.

4. Plan and perform audits of the Security Assistance Program at all levels of management.

5. Plan and perform such other audits as requested.

DEFENSE AUDIT SERVICE

AUDIT WORKLOAD AND MANPOWER REQUIREMENTS

SUMMARY

Area of Audit Responsibility	Workload Direct Man-Years Total	Workload Direct Man-Years Annual	Manpower Required
Internal Audits of Defense Agencies, OSD/OJCS and Unified Commands	591	257	343
Interservice Audits in all DoD Components	996	199	265
Audits of the Security Assistance Program	63	31	41
Request/Troubleshooting Audits	170	85	113
TOTAL	1,820	572	762

RATIONALE AND METHODOLOGY FOR ASSESSING WORKLOAD AND MANPOWER REQUIREMENTS

DoD Instruction 7600.3 sets forth standards for audit frequency. DoD Directive 5105.48 assigns areas of responsibility to DAS. To meet the standards for audit frequency in its assigned areas of responsibility, DAS should plan and perform audits as follows:

A. Internal audits of OSD/OJCS, Unified/Specified Commands, and Defense Agency installations and activities having significant responsibilities. Most should be done on a 2-year cycle and some on a 4-year cycle.

B. Interservice audits in all DoD components based on need and significance. The other internal audit organizations of the DoD should cover significant entities of the Military Services and we should cover the Defense Agencies as part of the normal internal audit cycle. Therefore, the need for scheduling corporate level audit evaluations DoD-wide was tied to the 5-year defense program which portrays the magnitude of the Department's accountability. To assess accountability in accordance with the three elements for comprehensive audit set forth in the GAO standards, the interservice-multilocation audit workload was measured in relative terms by program element, by appropriation budget title, and in some cases, by organizational entity, e.g., DCPA, DIS. By scheduling audits of significant subjects as related to the 5-year defense program, all major aspects of departmental accountability would be afforded

corporate level evaluation on a regular cycle either by program element or appropriation budget title.

C. Activity and integrated audits of the Security Assistance Program at all levels of management. Because of the sensitivity and significance of this program, a 2-year audit cycle is warranted.

D. Special and request audits to the greatest extent practicable in consideration of audit priorities and available audit resources as long as there is no adverse impact on the independence and objectivity of the audit work. If the DAS were adequately staffed to plan and perform recurring audits on a reasonable cycle as outlined in A, B, and C above, we estimate that about 50 percent of current request audits could be satisfied within the scope of the scheduled audits.

Pursuing the above rationale, workload and manpower requirements were assessed for each area of responsibility assigned DAS. In total, reasonable coverage could be accorded the major areas of audit responsibility with a total personnel strength of 762. A description of the methodology and the results is summarized for each area in the sections which follow.

RATIONALE AND METHODOLOGY FOR ASSESSING INTERNAL AUDIT WORKLOAD

In accordance with DoD Instruction 7600.3, we made an inventory of all entities under DAS cognizance for internal audit. The entities subject to recurring audit coverage were determined by name and location, and an estimate was made of the number of direct man-days required to perform an audit of each entity. The total number of man-days required to perform recurring cyclic audits was then assessed for the OSD/OJCS, Unified Commands and each Defense Agency. The inventory included 79 major locations and over 874 minor locations. It would require 343 personnel to accomplish this work. This includes auditors and administrative support. The supporting data for the assessment of DAS internal audit workload are presented in the schedules which follow.

RECAPITULATION

INTERNAL AUDIT WORKLOAD
DEFENSE AGENCIES AND
OSD/OJCS, UNIFIED COMMANDS

Activities	Million Annual $	Personnel	Total DAS Personnel Required
DLA	$ 961	49,000	137
NSA	Classified		68
DMA	222	7,900	37
DCA	145	3,100	26
DNA	202	1,100	19
DIA	250	4,400	19
DCAA	77	3,500	4
DIS	29	2,400	4
DCPA	90	600	3
DARPA	281	150	3
OSD/OJCS	1,042	3,400	20
Unified Commands	65	4,200	3
TOTAL	3,364 1/	79,750 1/	343

1/ Excludes NSA

RECAPITULATION

INTERNAL AUDIT WORKLOAD
DEFENSE AGENCIES AND
OSD/OJCS, UNIFIED COMMANDS

Activities	Scope of Activity: Locations: Major	Locations: Minor	Auditable Entities
DLA	30	465	527
NSA	8	13	127
DMA	5	37	221
DCA	6	6	57
DNA	3	0	19
DIA	1	86	44
DCAA	7	0	1
DIS	1	255	5
DCPA	9	2	7
DARPA	1	1	11
OSD/OJCS	1	6	44
Unified Commands	7	3	49
TOTAL	79	874	1,156

ACTIVITY: DEFENSE LOGISTICS AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	72,088
Direct man-years required (@ 260 man-days)	277
Annual Workload (man-years) 2-year cycle, except DCAS - 4-year cycle	103
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	137

DEFENSE LOGISTICS AGENCY
SUMMARY OF AUDIT WORKLOAD

MAN-DAY REQUIREMENTS

	Supply Centers	Depots	Logistics Services	Contract Administration	TOTAL
Supply Management	8,080	1,910	8,820	---	
Comptroller	3,350	780	265	8,100	
Procurement and Contract Administration	2,760	---	20	26,864	
Personnel Management	940	750	80	360	
Support Services	1,545	1,125	680	1,820	
Automatic Data Processing	795	600	230	---	
Nonappropriated Funds	465	165	---	234	
Manufacturing	180	---	---	---	
Transportation	560	500		---	
Research and Development			90	---	
Man-days	18,695	5,830	10,185	37,378	72,088
Man-years Required	72	22	39	144	277
Annual Workload (2-year cycle except DCAS - 4-year)	36	11	20	36	103
Manpower Requirement (@ 75/25% Direct/Indirect)	48	15	26	48	137

DEFENSE LOGISTICS AGENCY

RECAP

MAJOR ACTIVITY Defense Supply Centers

NUMBER OF OPERATING ACTIVITIES 206

PERSONNEL 15,281

ANNUAL APPROPRIATION $270 million

OTHER MISSION WORKLOAD FACTORS:

$5.9 billion - Annual Procurements
$4.5 billion - Inventory Managed
18.6 million - Requisitions Received
1.9 million - Items Managed

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	8080
Comptroller	3350
Procurement and Contract Administration	2760
Personnel Management and Payrolls	940
Support Services	1545
Automatic Data Processing	795
Nonappropriated Funds	465
Manufacturing	180
Transportation	560
Total	18,675

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Construction Supply Center, Columbus, Ohio

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Stock Control	400
Item Management	300
Lumber Management	60
Standardization	50
Cataloging	70
Tech Data Management	30
Provisioning	40
Value Engineering	50
Quality Assurance	15
Item Distribution	
Receiving	120
Warehousing	30
Parking and shipping	120
Inventory	130

//

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Industrial Plant Equipment	
Storage and Maintenance	70
Comptroller	
Program/Budget	40
Financial Accounting	
Stock Fund	250
O&M	50
Management Info & Analysis	30
Disbursing	
Commercial Vouchers	80
Management Engineering	110
Procurement & Contract Admin	
Procurement	220
Contract Administration	90
Personnel Management & Pay.	200
Support Services	
Administrative Services	10
Operating Materiel	100
Facilities Engineering	100
Security	70
Telecommunications	15
Automatic Data Processing	150
SAMMS	
APCAPS	
MOWASP	
Industrial Security Clearance	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	55
Post Restaurant	25
Civilian Welfare	25
Unit Fund	*

*Rounds to zero

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Electronic Supply Center, Dayton, Ohio

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Stock Control	400
Item Management	300
Standardization	80
Cataloging	70
Tech. Data Management	30
Provisioning	40
Value Engineering	50
Quality Assurance	15
Item Distribution	
Receiving	120
Warehousing	30
Packing and Shipping	120
Inventory	130

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Program/Budget	40
Financial Accounting	
Stock Fund	250
O&M	60
Management Info & Analysis	30
Disbursing	
Commercial Vouchers	80
Management Engineering	110
Procurement & Contract Admin.	
Procurement	220
Contract Administration	90
Personnel Management & Pay	
1. Installation Personnel	30
2. DoD Centralized Referral Program	40
3. Payroll	150
Support Services	
Administrative Services	10
Operating Materiel	100
Facilities Engineering	100
Security	70
Telecommunications	15
ADP Systems	150
SAMMS	
APCAPS	
MOWASP	
DAAS	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	30
Post Restaurant	10
Civilian Welfare	5
United Fund	*
NCO Open Mess	30

*Rounds to zero

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Fuel Supply Center, Alexandria, VA

SUBORDINATE ACTIVITIES:

- Defense Fuel Region, McGuire AFB, NJ (&11 subordinate DFSP
- Defense Fuel Region, Lynn Haven, Florida
- Defense Fuel Region, Europe (&42 subordinate DFSP&DFQAR)*
- Defense Fuel Region, Pacific (&35 subordinate DFSP&DFQAR)*
- Defense Fuel Quality Assurance Ofc, Middle East
- Defense Fuel Quality Assurance Ofc, Caribbean
- Defense Fuel Region, St. Louis, Mo(&7 subordinate DFSP)*
- Defense Fuel Region, Houston, Tex(&18 subordinate DFSP)*
- Defense Fuel Region, Los Angeles (&10 subordinate DFSP)*
- Defense Fuel Region Alaska (&7 subordinate DFSP)*

DFSP - Defense Fuel Supply Point
DFQAR - Defense Fuel Quality Assurance Residences

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Stock Control	50
Inventory Management	20
Quality Assurance	40
Technical Services	30
Shipping	200
Warehousing & Inventory	600
Receiving	100
Comptroller	
Program/Budget	40
Financial Accounting	
Stock Fund	180
O&M	30
Management Info & Analysis	20
Management Engineering	40
Commercial Vouchers*	80

*Function performed by DLA Admin Support Center, Cameron Station, VA

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Procurement	
Bulk Fuels	200
Ground Fuels	40
Packaged Products	150
Contractor Services	15
Contract Administration	30
Market Research	25
Support Services	
Security	500
Facilities Engineering	50
Administrative Services	10
Transportation	
Tanker Distribution	75
Transportation Distribution	50
ADP Systems	
DFAMS (under development)	50

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense General Supply Center, Richmond, VA

SUBORDINATE ACTIVITIES:

None

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Stock Control	400
Item Management	300
Standardization	50
Cataloging	70
Tech Data Management	30
Provisioning	35
Value Engineering	50
Quality Assurance	15
Item Distribution	
Receiving	120
Warehousing	30
Packing & Shipping	120
Inventory	130

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Program/Budget	40
Financial Accounting	
Stock Fund	250
O&M	60
Management Info & Analysis	30
Disbursing	
Commercial Vouchers	80
Management Engineering	110
Procurement & Contract Admin	
Procurement	220
Contract Administration	90
Personnel Management & Pay	200
Support Services	
Administrative Services	10
Operating Materiel	100
Facilities Engineering	100
Security	70
Telecommunications	15
ADP Systems	150
SAMMS	
APCAPS	
MOWASP	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	55
Post Restaurant	25
Civilian Welfare Fund	10
Unit Fund	10

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Industrial Supply Center, Philadelphia, PA

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Inventory Management-Requirements	300
Value Engineering	50
Provisioning	40
Stock Control	400
Cataloging	70
Standardization	60
Technical Data Management	30
Quality Assurance	15
Comptroller	
Program/Budget	40
Unliquidated Obligations	310
Disbursing	30
Management Engineering	110
Management Info & Analysis	30

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Procurement and Contract Administration	
Contract Award	220
Contract Administration	90
Personnel Management & Payrolls	
Personnel Management	50
Support Services	
Facility Services	30
Telecommunications	15
Others	10
Automatic Data Processing	120
SAMMS	
Transportation	30

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Personnel Support Center, Philadelphia, PA

SUBORDINATE ACTIVITIES:

Defense Subsistence Region, Pacific (&4 sub offices)
Defense Subsistence Region, Europe (&31 sub offices)
21 Subsistence offices throughout CONUS
2 Subsistence Procurement offices in CONUS

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Clothing and Textiles	
Inventory Management	300
Technical Quality Assurance	20
Medical Materiel	
Inventory Management	300
Technical Quality Assurance	30
Subsistence	
Inventory Management	1,000
Technical Quality Assurance	60
Cataloging	25
Item Standardization	60
Value Engineering	60

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Program/Budget	50
Financial Accounting	
Stock Fund	250
O&M	60
Industrial Fund	50
Management Info & Analysis	50
Disbursing	
Commercial Vouchers	150
Management Engineering	110
Procurement & Contract Admin	
Clothing & Textiles Proc.	150
Medical Procurement	100
Subsistence Procurement	
Brand Name	250
Specification	200
Perishables	300
Contract Administration	60
Personnel Management & Pay	250
Manufacturing (Clothing Factory)	180
Support Services	
Administrative Services	10
Telecommunications	15
Facilities Engineering	100
Operating Materiel	100
Installation Procurement	20
ADP Systems	175
SAMMS	
Subsistence	
C&T	
APCAPS	
MOCAS (for DCASR)	
Transportation	30
Nonappropriated Funds	
Officers Open Mess	55
Post Restaurant	50
Civilian Welfare	5
Unit Fund	5
Central Accounting	50

DEFENSE LOGISTICS AGENCY

RECAP

MAJOR ACTIVITY Defense Depots

NUMBER OF OPERATING ACTIVITIES 4

PERSONNEL 7,244

ANNUAL APPROPRIATION $115 million

OTHER MISSION WORKLOAD FACTORS:(1)

Depot Line Items Received - 1.6 million
Depot Short Tons Received - 787 thousand
Depot Line Items Shipped - 16.6 million
Depot Short Tons Shipped - 846 thousand

(1) Figures include workload at DLA-operated distribution facilit that are part of Defense Supply Centers at Columbus, Richmond, and Dayton.

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	1910
Comptroller	780
Personnel Management	750
Support Services	1125
Automatic Data Processing	600
Nonappropriated Funds	165
Transportation	500
Total	5830

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Depot Mechanicsburg, PA

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Receiving	120
Warehousing	30
Packing & Shipping	120
Inventory	130
Industrial Plant Equipment	
Storage and Maintenance	70
Direct Commissary Support	120
Comptroller	
Program/Budget	20
Financial Accounting	30
Management Info & Analysis	30
Management Engineering	80
Disbursing	15

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supporting Services	
Administrative Services	10
Operating Supply	100
Security	70
Personnel Management (Payroll)	150
ADP Systems	150
MOWASP	
APCAPS	
Transportation	125
Nonappropriated Funds	
Civilian Welfare Fund	.5

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Depot Memphis, Tenn.

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Receiving	120
Warehousing	30
Packing & Shipping	120
Inventory	130
Comptroller	
Program/Budget	20
Financial Accounting	50
Management Info & Analysis	30
Management Engineering	80
Disbursing	15

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Support Services	
Administrative Services	10
Facilities Engineering	100
Operating Materiel	100
Base Procurement	20
Security	70
Telecommunications	15
Personnel Management & Pay	200
ADP Systems	150
APCAPS	
MOWASP	
IPE Support	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	25
Post Restaurant	15
Civilian Welfare Funds	10
Unit Fund	5

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Depot Tracy, Calif.

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Receiving	120
Warehousing	30
Packing & Shipping	120
Inventory	130
Industrial Plant Equipment	
Storage and Maintenance	70
Direct Commissary Support	50
Comptroller	
Program/Budget	20
Financial Accounting	50

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Management Info & Analysis	30
Management Engineering	80
Disbursing	15
Support Services	
Administrative Services	10
Facilities Engineering	100
Base Supply	100
Base Procurement	20
Security	70
Telecommunications	15
Personnel Management & Pay	200
ADP Systems	150
MOWASP	
APCAPS	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	25
Post Restaurant	10
Civilian Welfare Fund	10
Unit Funds	5

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Depot Ogden Utah

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Receiving	120
Warehousing	30
Packing and Shipping	120
Inventory	130
Comptroller	
Program/Budget	20
Financial Accounting	30
Management Info & Analysis	30
Management Engineering	80
Disbursing	15

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Support Services	
Administrative Services	10
Facilities Engineering	100
Operating Equipment	20
Base Supply	80
Base Procurement	20
Security	70
Telecommunications	15
Personnel Management & Pay.	200
ADP Systems	150
APCAPS	
MOWASP	
Transportation	125
Nonappropriated Funds	
Officers Open Mess	40
Post Restaurant	10
Civilian Welfare	5
Unit Fund	*

*Rounds to zero

DEFENSE LOGISTICS AGENCY

RECAP

MAJOR ACTIVITY Logistics Services

NUMBER OF OPERATING ACTIVITIES 190

PERSONNEL 6,476

ANNUAL APPROPRIATION $147 million

OTHER MISSION WORKLOAD FACTORS:

DoD Reutilization of Excess Materiel	$993 million
Proceeds of Sale of Excess Material	150 million
Items in DoD Catalog of Supply Items	3.8 million
Value of Industrial Plant Equipment in Idle Inventory	$338 million
Research Document Requests Processed	202 thousand

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	8,820
Comptroller	265
Personnel Management	80
Support Services	680
ADP System	230
Procurement	20
Research and Development	90
	10,185

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Automatic Addressing System Office, Dayton, Ohio

SUBORDINATE ACTIVITIES:

Defense Automatic Addressing System Office, Tracy, California

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management Automatic Addressor Oper	60
ADP System DAAS	(1)

(1) Operated by Defense Electronic Supply Center

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Documentation Center

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Research & Development	
Information Science (Cataloging)	50
Technical Services	10
Report Publications Production	20
Micrographic Processing	10
Comptroller	
Program/Budget	15
Support Services	20
ADP System	80
DDC System	

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Industrial Plant Equipment Center, Memphis, Tennessee.

SUBORDINATE ACTIVITIES:

Defense Industrial Plant Equipment Facility, Atchison, Kansas

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Commodity Accounting	200
Cataloging	50
Technical Services	20
Maintenance Engineering	40
Comptroller	
Program/Budget	20
Procurement	
Contract Administration	20

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Support Services	
Administrative Services	10
Facility Services	40
Property Management	20
Telecommunications	30
Publications	60
ADP Systems	150
DIDS	
IDMS	
Non-Appropriated Funds	
Military Funds	*

*Rounds to zero.

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Logistics Services Center, Battle Creek, Michigan

SUBORDINATE ACTIVITIES:

None.

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Cataloging	
Item Identification	900
Logistics Data Management	600
Technical Data	800
International Codification	100
Item Management Publications	250
Comptroller	
Resources Management (Budget)	30
Management Info & Analysis	30

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Personnel Management	80
Support Services	
Security	300
Facilities Management	200

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Property Disposal Service, Battle Creek, Michigan

SUBORDINATE ACTIVITIES:

Defense Property Disposal Region, Ogden, Utah and 30 subordinate disposal activities.
Defense Property Disposal Region, Columbus, Ohio and 57 subordinate disposal activities.
Defense Property Disposal Region, Memphis, Tennessee and 59 subordinate disposal activities.
Defense Property Disposal Region, Pacific (Honolulu) and 12 subordinate disposal activities.
Defense Property Disposal Region, Europe (Wiesbaden) and 21 subordinate disposal activities.

Totals - 5 disposal regions with 179 subordinate disposal activities

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	
Reutilization & donation	1,200
Surplus sales	400
Demilitarization	800
Precious metals recovery	600
Property accountability	1,000
Receiving	900
Warehousing	500
Issuing Property	400
Comptroller	
Program/Budget	50
Management Info & Analysis	40
Management Engineering	80

DEFENSE LOGISTICS AGENCY

RECAP

MAJOR ACTIVITY Defense Contract Administration Services (DCAS)

NUMBER OF OPERATING ACTIVITIES 94

PERSONNEL 17,500 (est.)

ANNUAL APPROPRIATION $324.4 million

OTHER MISSION WORKLOAD FACTORS:

Nr of Contracts Administered 197.0 thousand

Value of Contracts on Hand $53.7 billion

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement & Contract Admin.	26,864	
Contract Administration		16,404
Quality Assurance		4,660
Production		4,000
Contract Compliance		900
Industrial Security		900
Comptroller Services	8,100	
Personnel Management	500	
Support Services	1,820	
Nonappropriated Funds	234	

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY Defense Contract Administration Services (DCAS) HQ

SUBORDINATE ACTIVITIES:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin.	160	
Contract Administration		40
Quality Assurance		40
Production		40
Contract Compliance		20
Industrial Security		20
Plans & Management	20	20

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Atlanta

SUBORDINATE ACTIVITIES:

DCASMAs:	DCASPROs:
Birmingham, AL	Western Electric
New Orleans, LA	E-Systems
Orlando, FL	Hayes-Dothan
St. Petersburg, FL	Hayes-Birmingham
Miami, FL	Grummon
Atlanta, GA	Aero

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	3035	
Contract Administration**		1860
Quality Assurance**		525
Production**		450
Contract Compliance*		100
Industrial Security*		100
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	10
Employee Development	10
Equal Employment Opportunity	10
Support Services:	200
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	40
Administrative Management***	20
Logistical Support***	10
Special Command Staff	20
* Function also at all DCASMAs	
** Function also at all DCASMAs and DCASPROs	
*** Function also at most DCASMAs	
Non-Appropriated Funds:	26
Post Restaurant	20
Civilian Welfare Fund	5
Military Morale Fund	1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Boston

SUBORDINATE ACTIVITIES:

DCASMAs:	DCASPROs:
Boston, MA	Raytheon*
Hartford, CT*	G.E.-Lynn
Bridgeport, CT*	Sanders
Rochester, NY	G.E.-Burlington
Buffalo, NY	GTE-Sylvania
Binghampton, NY*	
Syracuse, NY	

*Also oversees one major residency (20 or more personnel)

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	3642	
Contract Administration**		2232
Quality Assurance**		630
Production**		540
Contract Compliance*		120
Industrial Security*		120
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Payroll and Classification		10
Employee Development		10
Equal Employment Opportunity		10
Support Services:	200	
Office of Planning & Management		100
Office of Counsel		10
Telecommunication***		40
Administrative Management***		20
Logistical Support***		10
Special Command Staff		20
Non-Appropriated Funds:	26	
Post Restaurant		20
Civilian Welfare Fund		5
Military Morale Fund		1

* Function also at all DCASMAs
** Function also at all DCASMAs and DCASPROs
*** Function also at most DCASMAs

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Chicago

SUBORDINATE ACTIVITIES:

DCASMAs:

Chicago, IL
Indianapolis, IN
Fort Wayne, IN
South Bend, IN
Milwaukee, WI

DCASPRO:

Sundstrand

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	2428	
Contract Administration**		1488
Quality Assurance**		420
Production**		360
Contract Compliance*		80
Industrial Security*		80
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	10
Employee Development	10
Equal Employment Opportunity	10
Support Services:	200
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	40
Administrative Management***	20
Logistical Support***	10
Special Command Staff	20

* Function also at all DCASMAs
** Function also at all DCASMAs and DCASPROs
*** Function also at most DCASMAs

Non-Appropriated Funds:	26
Post Restaurant	20
Civilian Welfare Fund	5
Military Morale Fund	1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Cleveland

SUBORDINATE ACTIVITIES:

DCASMAs:

Cleveland, OH
Cincinnati, OH
Dayton, OH
Detroit, MI
Ottawa, CAN
Grand Rapids, MI

DCASPRO:

Gould

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	2428	
Contract Administration**		1488
Quality Assurance**		420
Production**		360
Contract Compliance*		80
Industrial Security*		80
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Payroll and Classification		10
Employee Development		10
Equal Employment Opportunity		10
Support Services:	200	
Office of Planning & Management		100
Office of Counsel		10
Telecommunication***		40
Administrative Management***		20
Logistical Support***		10
Special Command Staff		20

* Function also at all DCASMAs
** Function also at all DCASMAs and DCASPROs
*** Function also at most DCASMAs

Non-Appropriated Funds:	26	
Post Restaurant		20
Civilian Welfare Fund		5
Military Morale Fund		1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCASR - Dallas

SUBORDINATE ACTIVITIES:

DCASMAs:

- Dallas, TX
- Oklahoma City, OK
- San Antonio, TX
- Phoenix, AL

DCASPROs:

- Texas Instruments
- E-Systems

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	2428	
Contract Administration**		1488
Quality Assurance**		420
Production**		360
Contract Compliance*		80
Industrial Security*		80
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Payroll and Classification		10
Employee Development		10
Equal Employment Opportunity		10
Support Services:	200	
Office of Planning & Management		100
Office of Counsel		10
Telecommunication***		40
Administrative Management***		20
Logistical Support***		10
Special Command Staff		20
* Function also at all DCASMAs		
** Function also at all DCASMAs and DCASPROs		
*** Function also at most DCASMAs		
Non-Appropriated Funds:	26	
Post Restaurant		20
Civilian Welfare Fund		5
Military Morale Fund		1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Los Angeles

SUBORDINATE ACTIVITIES:

DCASMAs:	DCASPROs:
Los Angeles, CA	Gen Dynamics
Pasadena, CA	Sylvania
San Diego, CA	Aeronutronic Ford
San Francisco, CA	FMC
Santa Ana, CA	Westinghouse
Seattle, WA	McDonnell Douglas
Van Nuys, CA	Litton
Oxnard, CA	

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	4245	
Contract Administration**		2600
Quality Assurance**		735
Production**		630
Contract Compliance*		140
Industrial Security*		140
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	10
Employee Development	10
Equal Employment Opportunity	10
Support Services:	200
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	40
Administrative Management***	20
Logistical Support***	10
Special Command Staff	20

* Function also at all DCASMAs
** Function also at all DCASMAs and DCASPROs
*** Function also at most DCASMAs

Non-Appropriated Funds:	26
Post Restaurant	20
Civilian Welfare Fund	5
Military Morale Fund	1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCASR - New York

SUBORDINATE ACTIVITIES:

DCASMAs:
- New York, NY
- Garden City, NY*
- Springfield, NJ

DCASPROs:
- PRO Electronics
- ITT
- Bendix
- Curtis-Wright
- Singer

*Also oversees one major residency

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	3035	
Contract Administration**		1860
Quality Assurance**		525
Production**		450
Contract Compliance*		100
Industrial Security*		100
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	10
Employee Development	10
Equal Employment Opportunity	10
Support Services:	200
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	40
Administrative Management***	20
Logistical Support***	10
Special Command Staff	20
* Function also at all DCASMAs	
** Function also at all DCASMAs and DCASPROs	
*** Function also at most DCASMAs	
Non-Appropriated Funds:	26
Post Restaurant	20
Civilian Welfare Fund	5
Military Morale Fund	1

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - Philadelphia

SUBORDINATE ACTIVITIES:

DCASMAs:

Philadelphia, PA
Reading, PA
Pittsburgh, PA
Baltimore, MD

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	2428	
Contract Administration**		1488
Quality Assurance**		420
Production**		360
Contract Compliance*		80
Industrial Security*		80
Comptroller Services:	270	
Systems Management		10
Budget		
Accounting and Finance		
Data Processing		
Contract Data		260
Personnel Management & Payrolls:	See DPSC	
Safety and Health		

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	
Employee Development	
Equal Employment Opportunity	
Support Services:	120
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	See DPSC
Administrative Management***	See DPSC
Logistical Support***	See DPSC
Special Command Staff	10

* Function also at all DCASMAs
** Function also at all DCASMAs and DCASPROs
*** Function also at most DCASMAs

Non-Appropriated Funds:	See DPSC
Post Restaurant	
Civilian Welfare Fund	
Military Morale Fund	

DEFENSE LOGISTICS AGENCY

MAJOR OPERATING ACTIVITY DCAS Region - St. Louis

SUBORDINATE ACTIVITIES:

DCASMAs:

St. Louis, MO
Cedar Rapids, IA*
Denver, CO
Kansas City, MO
Wichita, KS
Salt Lake City, UT
Twin Cities, MN

DCASPROs:

Honeywell
Northern Ordnance

*Also one major residency

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS	
Procurement and Contract Admin:	3035	
Contract Administration**		1860
Quality Assurance**		525
Production**		450
Contract Compliance*		100
Industrial Security*		100
Comptroller Services:	900	
Systems Management		20
Budget		10
Accounting and Finance		600
Data Processing		10
Contract Data		260
Personnel Management & Payrolls:	40	
Safety and Health		10

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Payroll and Classification	10
Employee Development	10
Equal Employment Opportunity	10
Support Services:	200
Office of Planning & Management	100
Office of Counsel	10
Telecommunication***	40
Administrative Management***	20
Logistical Support***	10
Special Command Staff	20
* Function also at all DCASMAs	
** Function also at all DCASMAs and DCASPROs	
*** Function also at most DCASMAs	
Non-Appropriated Funds:	26
Post Restaurant	20
Civilian Welfare Fund	5
Military Morale Fund	1

NATIONAL SECURITY AGENCY

RECAP

MAJOR ACTIVITY National Security Agency

NUMBER OF OPERATING ACTIVITIES (Classified Data)

PERSONNEL (Classified Data)

ANNUAL APPROPRIATION (Classified Data)

OTHER MISSION WORKLOAD FACTORS:

(Classified Data)

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply	2,888
Comptroller	1,653
Mgmt. of Maintenance & Repairs	570
Mgmt. of Real & Installed Property	152
Procurement & Contract Admin	1,537
Personnel Mgmt & Payroll	608
Nonappropriated Fund Activities	133
Support Activities	1,830
Manufacturing	171
Research & Development	1,187
ADP Systems	3,154
Military Assistance Programs	120
Communications	874
Transportation	152
Intelligence & Security	8,702
Other Direct Time	2,660
Total	26,391

ACTIVITY: NATIONAL SECURITY AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	26,391
Direct man-years required (@ 260 man-days)	102
Annual Workload (man-years) (2-year cycle)	51
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	68

NATIONAL SECURITY AGENCY

MAJOR OPERATING ACTIVITY National Security Agency

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
SUPPLY MANAGEMENT	
Plant Equipment Accountability	570
COMSEC Aids Management	380
COMSEC Material Management	912
COMSEC Equipment Accountability	380
SIGINT Equipment and Spare Parts	380
Expendable Stock Account/Stock Fund	266
Total	2,888
COMPTROLLER SERVICES	
Stock Fund Accounting	76
Unliquidated Obligations	608
Financial Accounting & Reporting	114
Travel	57
Confidential Funds	57
Imprest Funds	114
Disbursing	57

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AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Program/Budget Formulation	
N2	190
R&E Staff R&D Operations	114
Telecommunications	76
COMSEC	76
Production	114
Total	1,653
MANAGEMENT OF MAINTENANCE & REPAIRS (M&R)	
Production Maintenance Management	152
COMSEC Maintenance	114
Telecommunications Maintenance	152
ADPE Maintenance	152
Total	570
MANAGEMENT OF REAL & INSTALLED PROPERTY	152
Total	152
PROCUREMENT AND CONTRACT ADMINISTRATION	
Contract Management & Procurement Practice	228
R&D Procurement	283
COMSEC Procurement	228
Systems Procurement	228
Procurement of ADPE	228
General Procurement	228
Contractor Support Services	76
Consultant Services	38
Total	1,537
PERSONNEL MANAGEMENT & PAYROLLS	
Civilian Payroll	228
Personnel Management	380
Administration	
Supergrades	
Hiring Practices	
Allocation & Control of Personnel Resources	
Position Classification	
Manpower Standards	
Military Personnel	
Total	608
NONAPPROPRIATED FUND ACTIVITIES	
Insurance Association	19
Restaurant	57
Welfare Fund	57
Total	133

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAX - DAY REQUIREMENTS
SUPPORT SERVICES	
Armed Forces Courier Service	57
Property Disposal (SIGINT, COMSEC, Admin)	57
Medical Center	152
Training	
NSA School	500
SCAs	912
Magnetic Tape Management	114
Library	38
Total	1,830
MANUFACTURING	
Printing and Reproduction	57
COMSEC Aids Production	114
Total	171
RESEARCH & DEVELOPMENT	
COMSEC R&D	266
SIGINT R&D (NSA/CSS Portion of Intsvc Audit)	750
Model Engineering	57
TCOM R&D	57
ADPE R&D	57
Total	1,187
AUTOMATIC DATA PROCESSING SYSTEMS	
General ADP Administration & Support	152
Software	190
Utilization	152
Remote Terminals	114
Core Storage	152
Tape Units	114
Peripheral Storage	114
SHERMAN	190
RUSHER	190
COINS	190
TIDE	114
HOLDER	190
370/168	190
TABLON	190
RYE	190
SWINGER	152
VARNISH	152
OMNIBUS	190
NSOC	114
TCOM	114
Total	3,154

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN - DAY REQUIREMENTS
MILITARY ASSISTANCE PROGRAM (MAP)	120
Total	120
COMMUNICATIONS	
TCOM Management & Operations	304
AUTOVON	114
CRITICOM	152
OPSCOM	190
Commercial Communication (Billing & Payments	114
Total	874
TRANSPORTATION	
Motor Pool	76
Commercial Transportation	76
Total	152
INTELLIGENCE & SECURITY	
ECRI	570
ASRP	456
Tactical Airborne Reconnaissance	570
FROSTING	380
Telemetry (SMAC) (Overall)	456
Classified	456
Classified	190
Classified	190
Classified	456
Classified	912
FLINT	570
SIGINT Processing	627
Management & Utilization of IDA Products	57
Compartmented Areas (Need/Justification Duplication)	190
Product Reporting - Distribution & Use	342
Authentication Devices for Nuclear Control Orders	114
FLEXSCOP	456
MAROON SHIELD	380
DF - BULLSEYE, OUTBOARD, AIRBORNE, SSL	570
Implementation of National COMSEC Policy	380
TEMPEST	380
Total	8,702

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
OTHER DIRECT TIME	
Supervision & Field Support	190
F2	114
F22	57
F31	57
F32	38
F33	19
F34	19
F4	114
F41	38
F43	38
F45	19
F47	19
F81	114
F83	342
F91	38
F92	57
F11	19
F12	19
F13	19
F15	19
F16	19
Organization & Function Audit of I&L	114
Organization & Function Audit of R&E	152
Organization & Function Audit of W Org	114
Organization & Function Audit of TCOM	152
Security (Physical, Investigative, etc) (M5)	380
System & Resource Planning	380
Total	2,660

ACTIVITY: DEFENSE MAPPING AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	14,565
Direct man-years required (@ 260 man-days)	56
Annual Workload (man-years) (2-year cycle)	28
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	37

DEFENSE LOGISTICS AGENCY

RECAP

MAJOR ACTIVITY Defense Mapping Agency

NUMBER OF OPERATING ACTIVITIES 5

PERSONNEL 7,900

ANNUAL APPROPRIATION $221.6 Million

OTHER MISSION WORKLOAD FACTORS:

Research and Devélopment $17.3 million
Procurement $13.6 million

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	920
Comptroller Services	1480
Maintenance and Repair	480
Management of Real & Installed Prop.	320
Procurement and Contract Admin.	210
Personnel Management and Payrolls	710
Nonappropriated Funds	125
Support Services	250
Manufacturing	4220
Research & Development	400
Automatic Data Processing	1590
Military Assistance Program	280
Communications	450
Transportation	300
Intelligence & Security	310
Direct Time	2520
Grand Total	14565

DEFENSE MAPPING AGENCY

MAJOR OPERATING ACTIVITY Aerospace Center

SUBORDINATE ACTIVITIES:

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
SUPPLY MANAGEMENT	
Inventory Management	80
Expendable Stock Account/Stock Fund	30
Equipment Accountability & Reporting	
Cartographic	40
Photographic	25
Printing	40
Property Disposal	50
Silver recovery	30
Recycling	40
Subtotal - Supply Management	335

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
COMPRTOLLER SERVICES	
Appropriation & Fund Accounting	140
Stock fund accounting	40
Industrial fund accounting	
Monetary property accounting	40
General ledger/cost accounting	60
Programming/budgeting	140
Disbursing	
Travel	30
Imprest Fund	30
Reimbursable Sales	60
Subtotal	540
MAINTENANCE AND REPAIR	
Equipment maintenance & repair	
Cartographic	40
Photographic	30
Printing	30
Geodetic	10
Automatic data processing	20
Motor Vehicle maintenance	40
Subtotal	170
MANAGEMENT OF REAL AND INSTALLED PROPERTY	
Major and minor construction	30
Utilities	30
Facilities engineer activity	50
Custodial services	30
Subtotal	140
PRODUCEMENT AND CONTRACT ADMINISTRATION	
Small purchases (including imprest funds and blanket purchases agreements)	30
Purchasing and contracting activities	50
SubTotal	80
PERSONNEL MANAGEMENT AND PAYROLLS	
Civilian payroll and timekeeping	80
Military personnel management	20
Civilian personnel management (includes manpower control and analysis, organization administration, grade structure hiring practices, position classification and manpower standards	120
Technical and Administrative training	80
SubTotal	260

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
NONAPPROPRIATED FUNDS	
Officers mess	
Restaurant	20
Welfare	30
Subtotal	50
SUPPORT SERVICES	
Public affairs office	15
Libraries	30
Office copiers	30
Audio/visual	20
Subtotal	95
MANUFACTURING	
Product Requirements (includes aeronautical topographic, digital and missile and target support	320
Geodetic and Hydrographic Survey Collection Requirements	80
PRODUCTION	
Programing and workload standards	80
Map and chart production and maintenance (includes contractors and field offices)	300
Geodetic and Hydrographic Surveys	80
Missile and target production	280
Flight information publication and Notices	180
Notice to Mariners	180
Printing operations	120
Storage, distribution and inventory control (includes ICP at AMATC, depots subdepots and field offices)	160
Subtotal	1,780
RESEARCH AND DEVELOPMENT	
Automatic Cartography	80
Services Activities	
Subtotal	80
AUTOMATIC DATA PROCESSING (Includes general ADP admin & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
MANAGEMENT INFORMATION SYSTEMS	
Program Management (DMIS/P)	60
Financial Management (DMIS/F)	50
Equipment Procurement (DMIS/E)	40
Support Management (DMIS/S)	50
R&D Management (DMIS/R)	40
Defense Automated Depot Mgm Sys (DADMS)	60
Subtotal	600
MILITARY ASSISTANCE PROGRAM (incl IAGS)	20
Bilateral Mapping Agreements, Arrangements and Man Exchange Program	50
Subtotal	70
COMMUNICATIONS	
Commercial Communication (billing & payment)	50
Autovon	40
Autodin	40
Telecopiers and other special Equip	40
Subtotal	170
TRANSPORTATION	
Motor pool	50
Commercial transportation	60
Subtotal	110
INTELLIGENCE AND SECURITY	
Physical Plant Security	60
Personnel Identification	50
Subtotal	110
OTHER DIRECT TIME	
Supervision and Support of Field Activities	50
Kansas City	
Providence	
Louisville	
San Antonio	
Geodetic Survey Squadron	60
Cartographic Technical Squadron	80
Flight Information Offices	
Alaska	20
Panama	20
Hawaii (Subdepot)	50
Germany	20
Molesworth U.K. (Subdepot)	40
Depots:	
Clearfield	
Philadelphia	

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
FIELD OFFICES	
San Diego	
Norfolk	
Atsugi, Japan	
Jacksonville	
Cubi Point, Phillipine Is	
Naples	
Defense Mapping School	
Service MC&G Training	
Inter-American Geodetic Survey (Including 16 field offices)	
Service MC&G Activities	
Subtotal - Other	340
Total	4,930

DEFENSE MAPPING AGENCY

MAJOR OPERATING ACTIVITY Topographic Center

SUBORDINATE ACTIVITIES:

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
SUPPLY MANAGEMENT	
Inventory Management	80
Expendable Stock Account/Stock Fund	30
Equipment Accountability & Reporting	
Cartographic	40
Photographic	25
Printing	40
Property Disposal	50
Silver recovery	30
Recycling	40
Subtotal - Supply Management	335

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
COMPTROLLER SERVICES	
Appropriation & Fund Accounting	120
Stock fund accounting	40
Industrial fund accounting	
Monetary property accounting	40
General ledger/cost accounting	60
Programming/budgeting	140
Disbursing	
Travel	30
Imprest Fund	30
Reimbursable Sales	40
Subtotal	480
MAINTENANCE AND REPAIR	
Equipment maintenance & repair	
Cartographic	40
Photographic	30
Printing	30
Geodetic	40
Automatic data processing	40
Motor vehicle maintenance	40
Subtotal	220
MANAGEMENT OF REAL AND INSTALLED PROPERTY	
Major and minor construction	30
Utilities	30
Facilities engineer activity	50
Custodial services	30
Subtotal	140
PRODUCEMENT AND CONTRACT ADMINISTRATION	
Small purchases (including imprest funds and blanket purchases agreements)	30
Purchasing and contracting activities	50
SubTotal	80
PERSONNEL MANAGEMENT AND PAYROLLS	
Civilian payroll and timekeeping	40
Military personnel management	20
Civilian personnel management (includes manpower control and analysis, organization administration, grade structure hiring practices, position classification and manpower standards	120
Technical and Administrative training	80
SubTotal	150

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
NONAPPROPRIATED FUNDS	
Officers mess	15
Restaurant	20
Welfare	30
Subtotal	65
SUPPORT SERVICES	
Public affairs office	15
Libraries	30
Office copiers	30
Audio/visual	20
Subtotal	95
MANUFACTURING	
Product Requirements (includes aeronautical topographic, digital and missile and target support	350
Geodetic and Hydrographic Survey	150
Collection Requirements	180
PRODUCTION	
Programing and Workload standards	100
Map and chart production and maintenance (includes contractors and field offices)	380
Geodetic and Hydrographic Surveys	120
Missile and target production	
Flight information publication and Notices	
Notice to Mariners	
Printing operations	120
Storage, distribution and inventory control (includes ICP at AMATC, depots subdepots and field offices)	240
Subtotal	1640
RESEARCH AND DEVELOPMENT	
Automatic Cartography	80
Services Activities	200
Subtotal	280
AUTOMATIC DATA PROCESSING (Includes general ADP admin & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
MANAGEMENT INFORMATION SYSTEMS	
Program Management (DMIS/P)	60
Financial Management (DMIS/F)	50
Equipment Procurement (DMIS/E)	40
Support Management (DMIS/S)	50
R&D Management (DMIS/R)	40
Defense Automated Depot Mgm Sys (DADMS)	100
Subtotal	640
MILITARY ASSISTANCE PROGRAM (incl IAGS)	80
Bilateral Mapping Agreements, Arrangements and Man Exchange Program	60
Subtotal	140
COMMUNICATIONS	
Commercial Communication (billing & payment)	50
Autovon	40
Autodin	40
Telecopiers and other special Equip	50
Subtotal	180
TRANSPORTATION	
Motor pool	50
Commercial transportation	60
	110
INTELLIGENCE AND SECURITY	
Physical Plant Security	80
Personnel Identification	60
Subtotal	140
OTHER DIRECT TIME	
Supervision and Support of Field Activities	60
Kansas City	60
Providence	60
Louisville	60
San Antonio	60
Geodetic Survey Squadron	
Cartographic Technical Squadron	
Flight Information Offices	
Alaska	
Panama	
Hawaii (Subdepot)	20
Germany	
Molesworth U.K. (Subdepot)	20
Depots:	
Clearfield	30
Philadelphia	30

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
FIELD OFFICES	
San Diego	
Norfolk	
Atsugi, Japan	
Jacksonville	
Cubi Point, Phillipine Is	
Naples	
Defense Mapping School	180
Service MC&G Training	180
Inter-American Geodetic Survey (Including 16 field offices)	170
Service MC&G Activities	950
Subtotal - Other	1880
Total	6,575

DEFENSE MAPPING AGENCY

MAJOR OPERATING ACTIVITY Hydrographic Center

SUBORDINATE ACTIVITIES:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
SUPPLY MANAGEMENT	
Inventory Management	60
Expendable Stock Account/Stock Fund	20
Equipment Accountability & Reporting	
Cartographic	30
Photographic	20
Printing	40
Property Disposal	30
Silver recovery	30
Recycling	20
Subtotal - Supply Management	250

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
COMPTROLLER SERVICES	
Appropriation & Fund Accounting	110
Stock fund accounting	30
Industrial fund accounting	
Monetary property accounting	30
General ledger/cost accounting	40
Programming/budgeting	130
Disbursing	
Travel	20
Imprest Fund	20
Reimbursable Sales	80
Subtotal	460
MAINTENANCE AND REPAIR	
Equipment maintenance & repair	
Cartographic	30
Photographic	20
Printing	30
Geodetic	
Automatic data processing	
Motor vehicle maintenance	10
Subtotal	90
MANAGEMENT OF REAL AND INSTALLED PROPERTY	
Major and minor construction	
Utilities	
Facilities engineer activity	20
Custodial services	20
Subtotal	40
PRODUCEMENT AND CONTRACT ADMINISTRATION	
Small purchases (including imprest funds and blanket purchases agreements)	20
Purchasing and contracting activities	30
SubTotal	50
PERSONNEL MANAGEMENT AND PAYROLLS	
Civilian payroll and timekeeping	20
Military personnel management	10
Civilian personnel management (includes manpower control and analysis, organization administration, grade structure hiring practices, position classification and manpower standards	80
Technical and Administrative training	40
SubTotal	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
NONAPPROPRIATED FUNDS	
Officers mess	
Restaurant	
Welfare	10
Subtotal	10
SUPPORT SERVICES	
Public affairs office	10
Libraries	20
Office copiers	20
Audio/visual	10
Subtotal	60
MANUFACTURING	
Product Requirements (includes aeronautical topographic, digital and missile and target support	140
Geodetic and Hydrographic Survey	60
Collection Requirements	40
PRODUCTION	
Programing and Workload standards	40
Map and chart production and maintenance (includes contractors and field offices)	140
Geodetic and Hydrographic Surveys	80
Missile and target production	
Flight information publication and Notices	
Notice to Mariners	
Printing operations	80
Storage, distribution and inventory control (includes ICP at AMATC, depots subdepots and field offices)	220
Subtotal	800
RESEARCH AND DEVELOPMENT	
Automatic Cartography	40
Services Activities	
Subtotal	40
AUTOMATIC DATA PROCESSING (Includes general ADP admin & support, scientific and business software, control and utilization of 4 UNIVAC 1108 systems, 2 Burroughs 3500 systems, minicomputers, tape libraries peripheral storage equipment acquisition and reporting and security	140

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
MANAGEMENT INFORMATION SYSTEMS	
Program Management (DMIS/P)	30
Financial Management (DMIS/F)	20
Equipment Procurement (DMIS/E)	20
Support Management (DMIS/S)	20
R&D Management (DMIS/R)	20
Defense Automated Depot Mgm Sys (DADMS)	100
Subtotal	350
MILITARY ASSISTANCE PROGRAM (incl IAGS)	20
Bilateral Mapping Agreements, Arrangements and Man Exchange Program	50
Subtotal	70
COMMUNICATIONS	
Commercial Communication (billing & payment)	30
Autovon	20
Autodin	20
Telecopiers and other special Equip	30
Subtotal	100
TRANSPORTATION	
Motor pool	
Commercial transportation	80
Subtotal	80
INTELLIGENCE AND SECURITY	
Physical Plant Security	30
Personnel Identification	30
Subtotal	60
OTHER DIRECT TIME	
Supervision and Support of Field Activities	60
Kansas City	
Providence	
Louisville	
San Antonio	
Geodetic Survey Squadron	
Cartographic Technical Squadron	
Flight Information Offices	
Alaska	
Panama	
Hawaii (Subdepot)	
Germany	
Molesworth U.K. (Subdepot)	
Depots:	
Clearfield	60
Philadelphia	60

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
FIELD OFFICES	
San Diego	20
Norfolk	20
Atsugi, Japan	20
Jacksonville	20
Cubi Point, Phillipine Is	20
Naples	20
Defense Mapping School	
Service MC&G Training	
Inter-American Geodetic Survey (Including 16 field offices)	
Service MC&G Activities	
Subtotal - Other	300
Total	3,060

ACTIVITY: DEFENSE COMMUNICATIONS AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	10,200
Direct man-years required (@ 260 man-days)	39
Annual Workload (man-years) (2-year cycle)	20
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	26

DEFENSE COMMUNICATIONS AGENCY

RECAP

MAJOR ACTIVITY Defense Communications Agency

NUMBER OF OPERATING ACTIVITIES 7*

PERSONNEL 3099

ANNUAL APPROPRIATION $144,571 million

OTHER MISSION WORKLOAD FACTORS:

Manage and direct the Defense Communications System (FY78 budget support of DCS will amount to about $1.56 billion.

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Supply Management	200
Comptroller	700
Procurement and Contract Admin.	470
Personnel Management & Payrolls	240
Support Services	100
Automatic Data Processing	450
Nonappropriated Funds	40
SUB-TOTAL	2200
Major Communications System	5500
DECCO	2500
GRAND TOTAL	10200

*With exception of DECCO (Defense Commercial Communications Office) all operating activities are included in man-day requirements shown on this recap sheet.

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
SUPPLY MANAGEMENT	
Requirements	100
Inventory Controls	50
Excess Material	50
SUB TOTAL	200
COMPTROLLER SERVICES	
Admin. Control of Funds	200
Appropriation Accounting	100
Budget Formulation	150
Reports Management	50
Travel Procedures & Expenses	50
Imprest Fund	40
Management Information Services	110
SUB TOTAL	700
PROCUREMENT AND CONTRACT ADMIN.	
Sole Source Procurements	75
Technical Admin.	100
Negotiated Procurements	100
Competitive Procurements	100
Service Contracts	100
SUB TOTAL	475
PERSONNEL MANAGEMENT & PAYROLLS	
Leave Administration	50
Payroll Controls	100
Timekeeping	50
Classification/Grade Controls	40
SUB TOTAL	240
SUPPORT SERVICES	
Library Services	25
Security	25
Public Works (remb.)	25
Other Miscellaneous	25
SUB TOTAL	100
AUTOMATIC DATA PROCESSING	
Lease vs. Procurement Analysis	50
CPU Utilization	100
Peripheral Utilization	75
Software Controls	100
Security	75
Output Analysis	50
SUB TOTAL	450

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Non-Appropriated Funds	40
Major Communications Systems	
NMCS-Wide Support	200
WWMCCS ADP (Hardware)	400
WWMCCS ADP (Software)	500
WWMCCS System Engineer	200
Long Haul (DCS)	400
MEECN	100
Satellite Communications	300
Autodin II	500
Intelligence Communications	500
Autovon I	500
NORAD	300
RDT&E For C^3 Systems	300
TRITAC	400
ECAC	300
SatCom Ground Environment	300
AUTOSEVCOM II	300
SUB TOTAL	5500

DEFENSE COMMUNICATIONS AGENCY

MAJOR OPERATING ACTIVITY Defense Commercial Communications Office (DECCO)

SUBORDINATE ACTIVITIES:

None.

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Appropriation Acct & Industrial Fund	40
Budget Formulation	100
Communication Services IF (Includes DCA Subscriber Rate Sitting Function)	450
Data Automation	170
Procurement and Contract Admin (Includes AUTOVON/AUTODIN)	1000
Plans and Program Directorate (DCA)	100
Commercial Comm Policy Dir (DCA)	100
Systems Engineering Dir (DCA	40
DCA Allocation & Engineering Dir.	40
DSCS	250
DECCO Planning/Mgt Div (Includes Rates & Tariff; Studies & Analysis Branches)	210
TOTAL	2500

ACTIVITY: DEFENSE NUCLEAR AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	7,500
Direct man-years required (@ 260 man-days)	28
Annual Workload (man-years) (2-year cycle)	14
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	19

DEFENSE NUCLEAR AGENCY

RECAP

MAJOR ACTIVITY Defense Nuclear Agency

NUMBER OF OPERATING ACTIVITIES I

PERSONNEL 1,164

ANNUAL APPROPRIATION $202 million

OTHER MISSION WORKLOAD FACTORS:

$22.5 million - Operations & Maintenance
$178.6 million - Research, Development, Test and Evaluation

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	900
Plans & Operations	1,400
Manpower & Management Assistance	50
Nuclear Weapons Testing	300
Logistics	2,150
Support Services	700
ADP Operations	200
Procurement	500
Scientific Offices	450
Personnel & Administration	250
Johnston Atoll (Test Site)	50
Enewetak Atoll (Test Site)	50
AFRRI - Medical Research	500
TOTAL	7,500

DEFENSE NUCLEAR AGENCY

MAJOR OPERATING ACTIVITY HQ Defense Nuclear Agency

SUBORDINATE ACTIVITIES:

None.

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Program/Budget Office	75
Unliquidated Obligations	200
Property Accountability	50
Management Info & Analysis	50
Confidential Funds	25
Plans & Operations	600
Logistics	
Nuclear Weapons Reporting	200
RDT&E Capital Equipment	100
Nuclear Weapons Spare Parts	150

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Support Services	
Equipment & Supply Requirements	100
Security Administration	100
Management of Real Property	100
ADP Operation	200
Procurement	300
Scientific Offices	
Radiation	150
Shock Physics	150
Vulnerability	150
Personnel & Administration	250
TOTAL	2,950

DEFENSE NUCLEAR AGENCY

MAJOR OPERATING ACTIVITY Field Command, Defense Nuclear Agency

SUBORDINATE ACTIVITIES:

None

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Program/Budget Office	100
Unliquidated Obligations	200
Travel & Imprest Funds	50
Property Accountability	50
Management Info & Analysis	100
Manpower & Management Assistance	50
Nuclear Weapons Testing	300
Plans & Operations	800
Logistics	

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Nuclear Weapons Reporting	900
RDT&E Capital Equipment	400
Nuclear Weapons Site Inspections	200
Nuclear Weapons Spare Parts	200
Support Services	
Equipment & Supply Requirements	100
Printing & Reproduction	100
Graphic Arts	50
Control of Office Copiers	50
Security Administration	50
Management of Real Property	50
Procurement	
Procurement Practices	100
Contract Administration	100
Johnston Atoll (Test Site)	50
Enewetak Atoll (Test Site)	50
TOTAL	4,050

DEFENSE NUCLEAR AGENCY

MAJOR OPERATING ACTIVITY Armed Forces Radiobiology Research Institute

SUBORDINATE ACTIVITIES:

NONE

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Medical Research	500

ACTIVITY: DEFENSE INTELLIGENCE AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	7,435
Direct man-years required (@ 260 man-days)	28
Annual Workload (man-years) (2-year cycle)	14
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	19

DEFENSE INTELLIGENCE AGENCY

RECAP

MAJOR ACTIVITY Defense Intelligence Agency

NUMBER OF OPERATING ACTIVITIES

PERSONNEL 4,400

ANNUAL APPROPRIATION $250 million

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	435
Procurement & Contract Adm	300
Personnel Management & Payrolls	275
Support Services	440
Automatic Data Processing	365
Communications	400
Intelligence and Security	5,200
Nonappropriated Funds	20
Total	7,435

DEFENSE INTELLIGENCE AGENCY

MAJOR OPERATING ACTIVITY ______________________

SUBORDINATE ACTIVITIES:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Comptroller	
Unliquidated Obligations	125
Financial Accounting & Reporting	50
Contingency Funds	75
Imprest Fund	5
Travel	30
Program Budget	150
Procurement and Contract Adm	
Procurement	125
Contract Administration	175
Personnel Management & Payrolls	
Manpower Requirements	75
Personnel & Career Management	50
Military & Civilian Payrolls	100
Training	50

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Support Services	
Printing & Reproduction	100
Counterintelligence Operations	100
Administrative Security	40
Property Accountability	75
Interservice Support Agreements	25
Energy Conservation	50
Library Services	25
Engineering and Space Management	25
Automatic Data Processing	
ADP Requirements	75
Management Information Systems	125
ADP Operations	125
ADP Security	40
Communications	
Special Intelligence Communications	200
DIA Comm Facility - New York	50
Communications Distribution	25
COMSEC	50
Requirements	75
Intelligence and Security	
Defense Attache Operations	500
Defense Intelligence School	250
Intelligence Data Handling Systems	400
Intelligence Collection Requirements	300
Intelligence Production	400
HUMINT Collection	500
Imagery Collection	500
Scientific & Technical Intel Production	500
NMIC Operations	250
J-2 Support	100
Intelligence Research	400
Special Sensors Collection Systems	200
Reserve Component Intel Activities	300
Analysis of Intelligence	500
Nonappropriated Fund	
Welfare Fund	20

ACTIVITY: DEFENSE CONTRACT AUDIT AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	3,150
Direct man-years required (@ 260 man-days)	12
Annual Workload (man-years) (4-year cycle)	3
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	4

CONTRACT AUDIT
DEFENSE ~~LOGISTICS~~ AGENCY

MAJOR OPERATING ACTIVITY DCAA

SUBORDINATE ACTIVITIES:

Regional Offices:
- Atlanta
- Boston
- Chicago
- Los Angeles
- Philadelphia
- San Francisco

and 350 field audit offices located in contractor plants and major industrial areas throughout the United States, Europe and the Pacific.

Annual Budget - $77 million

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Our responsibility to provide audit service to DCAA should be met by: (1) Being receptive to requests for audit from the Sec/Def, ASD(Comp), DASD(Audit), and DCAA; (2) Performing a comprehensive audit of DCAA's mission accomplishment.	
Based on our experience in the 1968-69 audit, 15 manyears of effort were required for an indepth audit.	3,150

ACTIVITY: DEFENSE INVESTIGATIVE SERVICE

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	1,460
Direct man-years required (@ 260 man-days)	6
Annual Workload (man-years) (2-year cycle)	3
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	4

DEFENSE INVESTIGATIVE SERVICE

RECAP

MAJOR ACTIVITY Defense Investigative Service

NUMBER OF OPERATING ACTIVITIES 1

PERSONNEL 2470

ANNUAL APPROPRIATION $45,721,000 ($28,437,00 O&M/1,142,000 Procurement/16,142 Military Costs)

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Mission Audits	490
Comptroller	345
Automatic Data Processing	25
Procurement	285
Personnel Management	315
Total	1,460

ACTIVITY: DEFENSE CIVIL PREPAREDNESS AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	1,050
Direct man-years required (@ 260 man-days)	4
Annual Workload (man-years) (2-year cycle)	2
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	3

DEFENSE CIVIL PREPAREDNESS AGENCY

RECAP

MAJOR ACTIVITY ______________________

NUMBER OF OPERATING ACTIVITIES 12

PERSONNEL 610

ANNUAL APPROPRIATION $83.454 Million

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Mission Activities	665
Administration & Management	140
Research & Development	35
Regional Offices	210
TOTAL	1050

Audit Workload
Defense Civil Preparedness Agency

Personnel: Approximately 610 with 220 employees in D.C. and 390 in 8 regional offices, a staff college and an ADP center.

FY 1977 Budget: $83,454,000

Functional Grouping	Man Days
Mission Activities:	
Warning and Detection	105
Emergency Operations	105
Financial Assistance to States:	280
Management	
Emergency Operating Centers	
Shelter Programs	175
Administration and Management	140
Research and Development	35
Regional Offices	210
Total Man Days	1,050

ACTIVITY: DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	1,097
Direct man-years required (@ 260 man-days)	4
Annual Workload (man-years) (2-year cycle)	2
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	3

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

RECAP

MAJOR ACTIVITY Defense Advanced Research Projects Agency (DARPA)

NUMBER OF OPERATING ACTIVITIES 1

PERSONNEL 147

ANNUAL APPROPRIATION FY 78 $280.5 million, FY 77 $239.4 million

OTHER MISSION WORKLOAD FACTORS:

Entire funding of the agency is from the RDT&E appropriation. Military Services perform the research work, based on tasking from DARPA

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AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Research and Development	692
Comptroller Services	300
Administrative Services	105
Total	1,097

MAJOR OPERATING ACTIVITY Defense Advanced Research Projects Agency

SUBORDINATE ACTIVITIES:

Cybernetics Technology Office
Information Processing Techniques Office
Materials Sciences Office
Nuclear Monitoring Research Office
Strategic Technology Office
Tactical Technology Office
Program Management Office
Administrative Office
Regional Office, Pacific
Regional Office, Europe

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Research and Development	
Cybernetics Technology Office	27
Information Processing Techniques Office	100
Materials Sciences Office	60
Nuclear Monitoring Research Office	25
Strategic Technology Office	240
Tactical Technology Office	240
Subtotal Research and Development	692
Comptroller Services	
Appropriation Accounting	200
Program Management including Europe and Pacific Field Offices	100
Subtotal Comptroller Services	300

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Administrative Services	
Travel Procedures	60
Imprest Fund	15
Office Services and Mail Room	30
Subtotal Administrative Services	105

ACTIVITY: OSD/OJCS

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	7,765
Direct man-years required (@ 260 man-days)	30
Annual Workload (man-years) (2-year cycle)	15
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	20

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RECAP

MAJOR ACTIVITY Office of the Secretary of Defense

Organization of Joint Chiefs of Staff

NUMBER OF OPERATING ACTIVITIES 5

PERSONNEL Estimate 3,400

ANNUAL APPROPRIATION $150 Million plus

OTHER MISSION WORKLOAD FACTORS: CHAMPUS - $635 Million
Dependents' Education - $257 Million

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
OASD(Comptroller)	2,215
OJCS	140
CHAMPUS	1,350
AFRTS	1,470
Dependents Education	2,590
TOTAL	7,765

OFFICE, SECRETARY OF DEFENSE

MAJOR OPERATING ACTIVITY OASD(Comptroller)

SUBORDINATE ACTIVITIES:

Deputy Comptroller (Program/Budget)

DASD Management Systems, including Data Automation

DASD Audit

DASD Administration

DASD Security Policy

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Administrative Control of Funds including:	
1311 Certification	100
Unliquidated Obligations & Unobligated Balances	100
Accounting Procedures & Controls	100
Data Automation	500
Military Banking Overseas	300
Program/Budget Formulation & Procedures	210

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Selected Acquisition Reporting (SAR) System	100
Civilian Payroll (OSD & MDW)	100
Reports Control & Statistical Services	100
Facilities & Property Management & Accountability	100
Printing & Reproduction Services	100
Consultants, Experts & Contractual Services	100
Official Representation Funds	50
Contingency Funds	40
Imprest Funds	40
Civilian Orientation Funds	15
Travel Procedures & Controls	60
Nonappropriated Funds including:	
Executive Dining Rooms	60
Welfare & Recreation Association	40
Total	2215 Mandays

MAJOR OPERATING ACTIVITY Organization of Joint Chiefs of Staff

No. of Activities: 1

Personnel: 999

Annual Appropriation: $32 Million

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Printing, Reproduction & Graphics	20
Security Division	20
Property & Equipment Management	20
Supply & Services	20
ADP	20
Personnel Management	20
Message Center	20
TOTAL	140

RECAP

MAJOR ACTIVITY CHAMPUS

NUMBER OF OPERATING ACTIVITIES Two

PERSONNEL 215

ANNUAL APPROPRIATION $635 Million

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Organizational Structure	100
Program Management	400
Contract Monitorship	300
Controls Over Benefits	300
Other	250
TOTAL	1,350

Defense Audit Service
Directorate for Financial and Manpower Audits
Program Division - FH (Medical and CHAMPUS)

CHAMPUS Workload Plan

Areas	Manday Requirements
Organization Review	100

OASD(HA) - Policy — Washington, D.C.
OASD(C) - Funding — Washington, D.C.
OCHAMPUS - Operations — Denver, Colorado
OCHAMPUS - (Europe)
- Operations — Germany

Required to evaluate Departmental direction given for the structuring, implementing and control of health care services provided DoD beneficiaries in civilian health facilities as authorized by statute.

Operations Review

Program Management	400

- Policy development and implementation
- MIS operations and evaluation
- CHAMPUS funds and expenditure controls
- Administrative support evaluation
- Overseas operation controls
- Organization resources management

Required to evaluate resources programed to carry out the objectives of the CHAMPUS program. Program costs have increased from $91 million in FY58 to a budget estimate for FY77 of $635 million. Manpower authorized for OCHAMPUS operations is 215 spaces.

	Manday Requirements
Contractor Monitorship	300

Efficiency and effectiveness evaluation in conjunction with HEWAA/DCAA

OCHAMPUS currently has contracts with about 26 health insurance companies to process, monitor and pay CHAMPUS claims. The cost of this service is approximately $18 million annually. The service is provided worldwide.

Provided Benefits Management	300

Beneficiaries care and demographic trends
Beneficiaries eligibility monitorship
Recoupment controls
Program for handicapped dependents controls

Beneficiaries utilizing the CHAMPUS alternative provided $2.3 million claims during FY76 exclusive of prescription claims.

Other	250

Mobilization plan evaluation
Automated reports control evaluation
Medical equipment for beneficiaries, buy on lease evaluation

These auditable areas represent peripheral considerations, but impact on the overall responsibility given DoD to efficiently and effectively run the program.

ARMED FORCES RADIO & TV SERVICE

RECAP

MAJOR ACTIVITY ______

NUMBER OF OPERATING ACTIVITIES 1,140 TV & Radio Sites

PERSONNEL 1,939

ANNUAL APPROPRIATION $85.25 Million + Military Pay & Allowances

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Operational Management	330
Personnel Requirements	210
Funding Requirements	120
Equipment Requirements	540
Programing	270
Total	1,470

Audit Workload
Armed Forces Radio and Television Service

Personnel: 1931 with 1646 located at overseas sites and 293 in Los Angeles and D.C.

Activities: 1140 TV and Radio Sites

FY77 Funding: O&M $73.5 million
Equipment $11.75 million

Functional Grouping		Man Days
Operational Management		330
Headquarters	120	
Associated Organization	120	
Network Sites	90	
Personnel Requirements		210
Manpower Standarziation	90	
Personnel Management	120	
Funding Requirements		120
Operations and Maintenance	90	
Other Procurement	30	
Equipment Requirements		540
Cyclical Needs	180	
Standarziation	90	
Inventory	180	
Controls	90	
Programing		270
Radio	120	
TV	120	
Reporting	30	
	Total	1,470

DoD DEPENDENT SCHOOLS

RECAP

MAJOR ACTIVITY ______________________

NUMBER OF OPERATING ACTIVITIES 268

PERSONNEL 9,785

ANNUAL APPROPRIATION $257 Million (FY 1978 PE 88715 $283 Million)

OTHER MISSION WORKLOAD FACTORS:

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Management	840
Personnel Requirements	350
Funding Requirements	245
Equipment Requirements	630
Student Dormatory Program	210
School Construction	210
Other School Program (i.e., Cafeteria)	105
Total	2,590

Audit Workload
DoD Dependent Schools

Personnel:	9,785
FY77 Funding:	$257 million
No. of Students:	140,000
No. of Schools:	268

Functional Grouping		Man Days
Management		840
Headquarters	105	
European Region	210	
Pacific Region	105	
Atlantic Region	70	
DoDDS/CONUS Comparability	350	
Personnel Requirements		350
Management	105	
Recruiting Teachers	70	
Administrative	105	
Local National Hiring	70	
Funding Requirements		245
Budgeting	70	
Distribution and Control	70	
Interservice Support Organization	105	
Equipment Requirements		630
Supply System	210	
Warehousing and Distribution	210	
Supplies and Services	210	
Student Dormatory Program		210
School Construction Program		210
Other School Programs - Cafeteria Atlantic		105
Total		2590

ACTIVITY: UNIFIED COMMANDS

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	1,400
Direct man-years required (@ 260 man-days)	5
Annual Workload (man-years) (Level of Effort)	2
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	3

RECAP

MAJOR ACTIVITY Unified Commands

NUMBER OF OPERATING ACTIVITIES 7

PERSONNEL 4,200

ANNUAL APPROPRIATION $65 Million

OTHER MISSION WORKLOAD FACTORS:

3 Major
EUCOM
PACOM
SOUTHCOM

4 Minor
Alaskan Command
Atlantic Command
Continental Air Defens
US Readiness Command

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING		MAN-DAY REQUIREMENTS
Personnel Administration	J-1	200
Intelligence Directorate	J-2	200
Operations Directorate	J-3	200
Logistics Directorate	J-4	200
Plans & Policy Directorate	J-5	200
Communications and Electronics	J-6	200
Comptroller		200
TOTAL		1400

RATIONALE AND METHODOLOGY FOR ASSESSING INTERSERVICE-MULTILOCATION AUDIT WORKLOAD

Corporate level audits should normally serve both a policy-making and a resource-management client at the OSD level. Each audit subject should be significant and involve the three elements of accountability set forth by GAO in the Standards for Audit: (1) Financial and Compliance, (2) Economy and Efficiency, and (3) Program Results. Each audit effort should be of sufficient scope to fulfill the GAO Standards. To measure the interservice audit workload, the FY 1978 funding plan was used as a baseline. Each management entity was identified by major program at the subelement level (i.e., 6.1, 6.2, etc.) and by budget/appropriation title. The dollar value of each management entity was assessed in multiples of $1 billion. For audit workload measurement purposes it was judged that for each $1 billion of annual funding at least one significant audit should be planned over a 5-year period. It was further judged that a significant audit of adequate scope could be accomplished in accordance with GAO Standards with 1,000 man-days of direct audit effort on the average. To maintain a 5-year cycle would require an annual expenditure of 199 man-years of direct audit time. It would require a staff of 265 personnel (auditors and support) for this effort. Supporting data are presented in the attached schedule.

ACTIVITY: DoD COMPONENTS

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	259,000
Direct man-years required (@ 260 man-days)	996
Annual Workload (man-years) (5-year cycle)	199
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	265

Assessing Interservice-Multilocation Audit Workload.

Rationale

1. Each audit should serve, at the OSD level, both a policy-making and a resource-management client.

2. Each subject should be significant and involve the three elements of accountability set forth by GAO in the Standards for Audit: (1) Financial and Compliance, (2) Economy and Efficiency, and (3) Program Results.

3. Each audit should be of sufficient scope to fulfill the GAO Standards.

Methodology

To measure the audit workload universe using the above rationale we used the FY 1978 funding plan as a baseline, each management entity was identified by major program at the subelement level (i.e., 6.1, 6.2, etc.) and by budget/appropriation title. The dollar value of each management entity was assessed in multiples of $1 billion. For audit workload measurement purposes we estimated that for each $1 billion of annual funding, base FY 1978, at least one significant audit should be planned at a prescribed audit cycle (i.e., 2 years, 3 years, 4 years, etc.). It was our judgment that a significant audit of adequate scope could be accomplished in accordance with GAO standards using 1,000 man-days of direct audit effort on the average.

Calculation of Workload

Using the above methodology, the following number of significant auditable entities were identified:

1.	Major Programs (by subelement)	135
2.	Major Budget Title	124
		259

259 audits @ 1,000 man-days each = 996 man-years of workload to perform evaluations concerning $120 billion of annual funding (using the rationale set forth above).

1 yr	2 yr	3 yr	4 yr	5 yr
996	498	332	249	199

RATIONALE AND METHODOLOGY FOR ASSESSING SECURITY ASSISTANCE PROGRAM WORKLOAD

An inventory of all entities and activities involved in the security assistance program was made in accordance with DoD Instruction 7600.3. All levels of management were considered. It was estimated that to cover this high risk program on a 2-year cycle, it would require the annual expenditure of 31 man-years of direct audit time. To accomplish this, a staff of 41 personnel would be needed. Supporting data are presented in the attached schedule.

ACTIVITY: SECURITY ASSISTANCE PROGRAM

WORKLOAD AND MANPOWER REQUIREMENTS COMPUTATIONS

Direct man-days required	16,359
Direct man-years required (@ 260 man-days)	63
Annual Workload (man-years) (2-year cycle)	31
Total Personnel Required (Based on 75-25 Direct-Indirect Ratio)	41

DEFENSE SECURITY ASSISTANCE AGENCY

Foreign Military Labs
Security Assistance Programs

RECAP

MAJOR ACTIVITY Security Assistance Program - Foreign Military Sales & MAP Work at CONUS Locations

NUMBER OF OPERATING ACTIVITIES Varies Among the Functional Groups, see Attached List of Major Activities Involved.
PERSONNEL Unknown.

ANNUAL APPROPRIATION Reimbursable $57B ordered, $32B undel.

OTHER MISSION WORKLOAD FACTORS:

Cost of Administering FMS exceeds $153M annually
Cumulative Orders Placed with DoD about $57B through Sep 76
Undelivered Orders about $32B as of Sep 76

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Financial Management:	
Billing	420
Collections	280
Management of Free Assets	180
Progress Payments	360
Reimbursements	480
Trust Fund Management	480
Non-Recurring Costs	220
Administration Surcharge	300
Accessorial Charges	200
Asset Use Charge	200
Training	885
Control of Obligation Authority	265
Interest Assessments	180

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Credit Sales	300
Administration:	
FMS Management System	220
FMS Performance Reporting and Data Base Accuracy	200
Management of Case Files	300
Training Assistance Teams	320
Support of Foreign Liaison Personnel	215
Logistics:	
Price and Availability	215
Discrepancies in Shipments	360
Delivery Status	420
Supply Support Arrangements	310
Gov't Furnished Material	265
Support Responsiveness	300
Contingency Planning	120
Third Country Transfers	195
Material Pricing	835
Maintenance Support	525
DoD Support to Int'l Organizations	215
Coproduction - Codevelopment Agreements	365
Implementation of Offset Agreements	425
Transportation:	
Recovery of Transportation Costs in Support of Security Assistance	365
Transportation Rates in Shipment of Items with Unit Cost Less than $10,000	235
Adequacy of 4 percent Asset-Use Charge for Special Air Missions	215
Credits for Movement of Cargo of Opportunity	220
TOTAL	11,590

MAJOR ACTIVITIES INVOLVED

DoD

International Security Affairs (ISA)	Washington, DC
Defense Security Assistance Agency (DSAA)	Washington, DC
Security Assistance Accounting Center	Denver, CO
Defense Language Institute	Lackland AFB, TX

Army

U.S. Army Materiel Development & Readiness Cmd	Alexandria, VA
U.S. Army International Logistics Center	New Cumberland, PA
U.S. Army Tank Automotive Command	Warren, MI
U.S. Army Missile Research & Development Cmd	Huntsville, AL
U.S. Army Aviation Support Command	St. Louis, MO
U.S. Army Armament Command	Rock Island, IL
U.S. Army Electronics Command	Ft. Monmouth, NJ
U.S. Army Finance Center	Ft. Ben Harrison, IL
U.S. Army Troop Support Command	St. Louis, MO

Navy

U.S. Navy International Logistics Center (NAVILC)	Bayonne, NJ
U.S. Navy Finance Center	Cleveland, OH
Ship Parts Control Center (SPCC)	Mechanicsburg, PA
Aviation Supply Officer (ASO)	Philadelphia, PA
U.S. Navy Material Command	Washington, DC
U.S. Naval Air Systems Command	Washington, DC
U.S. Naval Sea Systems Command	Washington, DC
U.S. Naval Supply Systems Command	Washington, DC

Air Force

Air Force Accounting and Finance Center	Denver, CO
Air Force Logistics Command	Wright-Patterson AFB, OH
Oklahoma City Air Logistics Center	Oklahoma City, OK
Ogden Air Logistics Center	Ogden, UT
San Antonio Air Logistics Center	San Antonio, TX
Sacramento Air Logistics Center	Sacramento, CA
Warner-Robins Air Logistics Center	Robins AFB, GA
Air Force Systems Command	Andrews AFB, MD
Aeronautical Systems Division	Wright-Patterson AFB, OH
Electronic System Division	L. G. Hanscom AFB, MA
Military Airlift Command	Scott AFB, IL
Air Training Command	Randolph, TX

MAJOR ACTIVITIES INVOLVED (CONTINUED)

Defense Logistics Agency

Defense Construction Supply Center	Columbus, OH
Defense Electronic Supply Center	Dayton, OH
Defense General Supply Center	Richmond, VA
Defense Industrial Supply Center	Philadelphia, PA
Defense Personnel Support Center	Philadelphia, PA
Defense Fuel Supply Center	Cameron Station, VA

GRANT AID

SECURITY ASSISTANCE PROGRAM

RECAP

MAJOR ACTIVITY Security Assistance Program - "In Country Work"

Military Assistance Program (MAP) and International Military Education and Training Program (IMETP)

NUMBER OF OPERATING ACTIVITIES _____

PERSONNEL About 1,950 (authorized MAAG Strength FY 77)

ANNUAL APPROPRIATION $ 35,700,000 proposed FY 78 (IMETP)
284,600,000 proposed FY 78 (MAP)

OTHER MISSION WORKLOAD FACTORS:

Cumulative deliveries of Military equipment and related services $54 billion

Undelivered balance prior years programs of about $450M.

X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X

AUDIT WORKLOAD

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
MAAGS/MISSIONS	
Argentina	45
Bolivia	45
Brazil	45
Chile	45
Columbia	45
Ecuador	45
Guatemala	45
Costa Rico	20
Dominican Republic	45
El Salvador	45
Hondura	45
Nicaragua	45
Panama	45

AUDIT WORKLOAD (CONTINUED)

FUNCTIONAL GROUPING	MAN-DAY REQUIREMENTS
Paraguay	20
Peru	45
Uraguay	20
Venezuela	45
Greece	180
Iran	1464
Jordan	45
Liberia	45
Morocco	45
Netherlands	20
Nigeria	30
Kuwait	30
Pakistan	20
Portugal	45
Saudi Arabia	840
Spain	45
Tunisia	45
Turkey	180
Zaire	45
Japan	20
Indonesia	180
Korea	200
Malaysia	30
Philippines	180
Taiwan	90
Bellux	20
Denmark	20
France	20
Italy	20
Norway	20
India	20
TOTAL Man Days	4769

RATIONALE AND METHODOLOGY FOR ASSESSING SPECIAL AND REQUEST AUDITS WORKLOAD

Experience during the period April 1, 1977, through July 19, 1977, showed that special and request audit workload was about 170 man-years of direct audit time. If DAS were adequately manned to maintain a planned audit cycle of 2 to 3 years for significant DoD subjects, we estimate that 50 percent of the current volume of requested audits could be included within the scope of scheduled recurring audits. On this basis it would require 85 man-years of direct time to provide requested audit service. A total of 113 personnel would be required to support this effort. A listing of FY 1977 request audits is in the attached schedule.

DEFENSE AUDIT SERVICE

STATUS OF REQUESTED AUDITS - AUGUST 1, 1977

Project Number & Title of Audit		Requested By	Date of Request	To Be Completed By	Status
7IK-103	NSA Stock Fund	NSA	Nov 73	Jan 77	Rewrite
7IO-105	AFRTS Worldwide	Director, OIAF	Apr 76	Aug 77	Draft Report in process
7IW-111	Inventory and Accounting System of Non-Nuclear Missiles	DASD (Security Policy)	Aug 76	Aug 77	Draft Report in process
7IW-113	Staffing Requirements - Single Manager for Ammunition	DASD (Materiel Acquisition)	Nov 76	Mar 77	Final Report To Be issued Aug 77
7IO-116	AFRTS Followup	ASD (Public Affairs)	Oct 76	Jan 77	Final Report Issued [illegible]
[illegible]18	DoD Educational Support to Civilian Medical Schools	Congressional Appropriations Committee	Sep 76	Apr 77	Final Report Issued 3/31/77
7FA-119	Emoluments	General Counsel DoD	Aug 76	Jun 77	Draft Report 6/30/77 Final 8/77
7FA-126	Procurement - Iran	DEFREP - Iran	Jun 76	May 77	Final 6/77
7FF-127	Teachers' Pay	Director, Office of Dependent Schools & DEPCINCEUR	Nov 76	May 77	Final May 77
7FF-128	Executive Messes	DASD (Administration)	Jan 77	Jun 77	Draft Report 8/77
7FF-129	Accounting Systems	GAO/ASD(C)	Aug 73	Continuous	-
7FE-134	Stars and Stripes	Cdr in Chief (CINCPAC & PA)	Dec 76	May 77	Draft Report 7/11/77 Final 8/77
7FA-135	Auditor Training-Iran	DEFREP - Iran	Jan 77	Continuous	-
[illegible]37	Compliance with Environmental Standards	OASD(I&L), Environmental & Safety, Installations & Housing	Mar 75	Mar 77	Final Report issued 6/3/77

Project Number & Title of Audit		Requested By	Date of Request	To Be Completed By	Status
7SS-139	Organization and Staffing - Depot Supply Operations	DASD (Supply, Maintenance and Services)	Aug 76	Jun 77	Draft To Be Issued in Aug 77
7SP-140	Procurement Practices	DASD (Procurement)	Nov 76	Mar 77	Final Issued 5/6/77
7SY-143	Audit of RDT&E Tech Base Data	Dep Dir. (Research & Advanced Technology)	Sep 76	Mar 77	Final Report issued 6/3/7[illegible]
7SS-146	User Level Participation in DoD Personal Property Utilization Program	DASD (Supply, Maintenance & Services)	Nov 76	Jul 77	Draft To Be Issued in Aug 77
7SP-153	Audit of Small Business Activities within the DoD	DASD (Procurement) OASD (I&L)	Mar 77	Jul 77	Draft To Be Issued Aug 7[illegible]
7[illegible]4	Corps of Engineers, Saudi Arabia	Director, Defense Security Assistance Agency & DEPSECDEF	Nov 76	Jun 77	Draft 8/[illegible]
7SS-158	Demil Coding	DASD (Supply, Maintenance & Services)	Jun 76	Jul 77	Draft To Be Issued in Sept 77
7SS-161	Standard Integrated Support Management System	DASD (Supply, Maintenance & Services)	Dec 76	Jun 77	Draft To Be Issued in Aug 77
7ST-162	Cost Analysis - Container Stuffing	DASD (Supply, Maintenance & Services)	Jan 77	Jun 77	Draft To Be Issued in Aug 77
7FB-164	DCASR Disbursement of Army Funds	DLA/USAAA	Oct 76	Feb 77	Final Report Issued 5/25/[illegible]
7ST-189	Mail and Message Service - DC Area	DASD (Supply, Maintenance & Services)	Jan 77	Apr 77 Jun 77	Final Issued 6/20/77 Phase II - Draft To Be Issued Aug 7[illegible]
[illegible]K-192	FMS Cases - NSA	NSA	Jan 77	May 77	Issued 7[illegible]

Project Number & Title of Audit		Requested By	Date of Request	To Be Completed By	Status
7SL-203	NORS - DLA	AF	Jan 77	Apr 77	Draft Issued 7/26/77
7S6-209	Medical Support Structure	ASD(I&L)	Feb 77	Mar 77	Final Issued 4/29/77
7SI-210	Review of Construction Project	OASD(C), Dir. Construction Program/Budget	Feb 77	Feb 77	Final Issued 3/31/77
7FF-222	Review of Depot Maintenance Cost Accounting System	DASD(Supply, Maintenance & Services)	Jan 77	Jul 77	Draft Issued 7/26/77
7SY-224	Financial Management of DT&E Appropriation	Principal Assistant, Dir. Test & Evaluation (ODDR&E)	Feb 77	Jun 77	Draft Prepared
7SL-226	Repair of TMU	OASD(I&L) (Supply Maintenance & Services)	Nov 76	Apr 77	Draft Prepar
7S[illegible]-228	Cargo Security & Accountability	DASD (Supply, Maintenance & Services) OASD(I&L)	Mar 77	Sept 77	On Schedule
7FA-230	Pricing of Ammunition and Missiles for the SAP	DEFREP - Iran and DSAA	Jan 77	Oct 77	On schedule
7S3-232	Storage Costs for IPE	DLA	Jul 76	Jun 77	Final Issued 7/6/77
7FB-236	Exchange Systems	OASD(M&RA) Dep Cdr Chief, Europe	Jan 77	Dec 77	On Schedule
7SP-242	Cost Evaluation of ADPE Procurement	DLA	Feb 77	Apr 77	Final Issued 3/31/77
7FA-243	Review of Foreign Military Sales	Director, DSAA	Mar 77	Oct 77	On Schedule
7F8-245	Assist Audit, Review of Weapons Procurement, Navy Appropriations	Director, DSAA	Mar 77	Jun 77	Final Report Prepared, Issue in 8/7

Project Number & Title of Audit		Requested By	Date of Request	To Be Completed By	Status
7SP-246	Review of Improvements to DoD Subsistence Procurement Practices	DASD (Supply, Maintenance & Services) and DLA	Mar 77	Sep 77	On Schedule
7SS-247	Defense Inactive Item Program	DASD (Supply, Maintenance & Services)	Mar 77	Dec 77	On Schedule
7ST-248	Use of Category Z Air Transportation	AF, Assistant DCS Systems & Logistics	Feb 77	Nov 77	On Schedule
7IX-250	NSA Civilian Welfare Fund	NSA Assistant Dir. for Plans & Resources	Mar 77	May 77	Draft Report in AM
7S3-251	SAMMS-Automated Small Purchase System (SASPS)	DLA	Apr 77	Jul 77	Draft Prepared
7FR-252	Utilization of Recruiting and Retention Funds by Reserve Components	DASD (Reserve Affairs)	Apr 77	Sep 77	On Schedule
[illegible]3	Utilization of CONUS and Overseas Air Passenger Terminals	I&L	Apr 77	Nov 77	On Schedule
7SI-254	Evaluation of Minor Construction Program	DASD (Installations & Housing)	In Process	Aug 77	On Schedule
7F3-255	Actual vs Programed Expenditures for DLA War Reserves	DLA	Apr 77	Jul 77	On Schedule Draft in 8/77
7S5-256	Contractor Inventory Redistribution System-Test Data	DLA	Apr 77	May 77	Final Memo Report Issued 6/77
7FE-257	Audiovisual Activities	OIAF - ASD (PA)	Apr 77	May 77	On Schedule
7FR-259	Review of Reserve and National Guard Forces	Dir., Planning and Evaluation OSD	Apr 77	Aug 77	On Schedule
7IX-260	NAF-NSA Germany	Assistant Director for Plans & Resources-NSA	Apr 77	May 77	Draft Report in AM

Project Number & Title of Audit		Requested By	Date of Request	To Be Completed By	Status
7S3-262	Interservice Support Agreements with Defense Property Disposal Offices	DLA	Mar 77	Sep 77	On Schedule
7A0-263	Study of the Relationship of Internal Audit to Other Internal Review Groups in DoD	ASD(Comp)	Feb 77	Dec 77	On Schedule
7F1-264	Leased Equipment	DASD(Admin)	Apr 77	Sep 77	On Schedule
7S1-265	DoD's Leased Housing Program	DASD(T&H)	May 77	Aug 77	On Schedule
7F2-268	Audit of Unliquidated Obligations	DLA/DGSC	May 77	Aug 77	On Schedule
7S2-269	Consolidation of Overseas Shipments-Bayonne	DLA/DGSC	Mar 77	Oct 77	On Schedule
7[illegible]-270	Supply Management of Bearings	DLA	Mar 77	Jul 77	On Sched[illegible]
7SL-271	DPSC Disbursing Procedures Fresh Fruits & Vegetables	DLA	Mar 77	Jul 77	On Schedule
7FL-272	Automatic Payment of Invoices (DCASR-P)	DLA	Mar 77	To be determined	On Schedule
7SL-273	Indicia Labels	DLA	Mar 77	Jul 77	Cancelled
7F8-274	Review of RDT&E (N) Appropriations	Navy	May 77	Aug 77	On Schedule
7SY-276	Audit of Plant Modernization Costs	Director, (Program Analysis & Evaluation)	May 77	Sep 77	On Schedule
7F1-278	Progress Payments in the Shipbuilding Program	OASD(MRA&L)	Mar 77		Start deferred to 1/78
7IC-279	Review of DCA Communications Service Industrial Fund (CSIF)	Director, DCA	Jun 77	To Be Determined	
7SY-280	Audit of Cost Estimates for the Roland Missile	Director (Program Analysis & Evaluation)	May 77	Oct 77	On Schedule

Project Number & Total of Audit		Requested By	Date of Request	To be Completed By	Status
7SY-282	Review of Requirements for Tactical Fighter Aircraft	Director, (Program Analysis & Evaluation)	Jun 77	Jan 78	On Schedule
7SI-283	Review of the Consolidated Real Property Maintenance (RPMA) at Selected Areas	DASD (Installations & Housing)	Jun 77	Sep 77	On Schedule
7IK-284	Financial Management Data System - NSA	Director, (Plans & Resources)	Jun 77	Aug 77	Cancelled
7IY-285	Nonappropriated Fund Activities, NSA	Director, Plans & Resources)	Jun 77	Aug 77	On Schedule
7IN-287	DARPA Project Management	DARPA	Jun 77	Aug 77	On Schedule
7ST-294	TP-4 Deferred Air Freight Program	CINCUSEUR	May 77	Aug 77	On Schedule
[illegible]6	Initial Spares Procurement for Tactical Support Aircraft	ASD (Program Analysis & Evaluation)	Undated	Sep 77	On Schedule
7YE-297	Dependents Education	OASD(MRA&L) & DEPCINCEUR	May 77	Mar 78	On Schedule
7YR-300	Review of Actual vs. Programed Expenditures for War Reserves in the Army, Navy, Marines and Air Force	Senate Appropriations Committee	May 77	Dec 77	On Schedule
7S3-303	Review of Delinquent Dues-In for Back-ordered Items	DLA	May 77	Oct 77	On Schedule
7SS-304	Impact of DoD Cost Accounting System on Depot Management and Resource Allocation	DASD(MRA&L) (SMS)	May 77	Sep 77	On Schedule
7SL-305	SAMMS Management by Exception	DLA	May 77	Oct 77	On Schedule

Project Number & Total of Audit		Requested By	Date of Request	To be Completed By	Status
7SS-307	Validation of DLA SAMMS Pertaining to FMS	DLA	Jul 77	Aug 77	On Schedule
7FV-308	MAAG Administrative Costs	CINCPAC	Jan 77	Nov 77	On Schedule
7SY-309	Audit of the Surface Effect Ship (SES)	Deputy Director, DDR&E (Tactical Warfare Programs)	Apr 77	Nov 77	On Schedule
7FF-312	Obligations for Items not Carried in Stock Fund	DASD (Management Systems)	May 77	Dec 77	On Schedule

PERSONNEL END STRENGTH

FY 1977 - FY 1981

FY 1977	340
FY 1978	369
FY 1979	369
FY 1980	379
FY 1981	403 (ESTIMATE)

DEFENSE AUDIT SERVICE

EMPLOYEE PROFESSIONAL PROFILE

EDUCATION LEVEL:	BACHELOR'S DEGREE	311
	MASTER'S DEGREE	75
	LAW DEGREE	1
CERTIFICATION:	CPA	29
	CIA	84
	CDPA	13

ACCOMPLISHMENTS

AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Div
80-001	9F7-017	U	Report on the Review of the Office of Civilian Health and Medical Program of the Uniformed Services Automated Information System	10-03-79	Den
80-002	9IC-007	C	Report on the Review of Requirements for an AN/GSC-39 Satellite Communications Terminal (U)	10-03-79	IC
80-003	9FA-148	U	Review of Foreign Military Sales Ceiling Management	10-05-79	FM
80-004	9AB-018	U	Review of the Strategic Petroleum Reserve Acquisition Program - Defense Fuel Supply Center	10-12-79	SP
80-005	8SV-057	U	Third Summary Report on the Interservice Review of U.S. Force Reductions in Korea	10-12-79	SY
80-006	8AL-092 *	U	Report on the Audit of Subsistence Billing Operations Defense Personnel Support Center, Philadelphia, Pennsylvania	10-12-79	Phil
80-007	8IG-172	U	Report on the Review of Program Execution and Year-End Spending Controls at the Defense Intelligence Agency	10-15-79	IC
80-008	8AB-165	U	Report on the Review of Skill Progression Training Requirements	10-15-79	SP
80-009	9FA-013	U	Report on the Review of Army's Pricing of Ammunition for Foreign Military Sales	10-15-79	FM
80-010	8S4-156	U	Report on the Audit of Selected Supply Functions at the Defense Depot, Memphis, Tennessee	10-17-79	Atla
80-011	9SI-149	U	Report on the Review of the Cost Study Related to Audiovisual Services at Randolph Air Force Base	10-18-79	SY
80-012	8IG-183	S	Defense Dissemination Program (Classified Title)	10-26-79	IC
80-013	8AL-098	U	Interim Report on the Review of Small Purchases of Clothing and Textiles Defense Personnel Support Center, Philadelphia, PA	10-22-79	Phi
80-014	8FF-089	U	Report on the Review of the Management of Government Funded Automatic Data Processing Equipment at Contractors' Plants	10-24-79	FM
80-015	9SI-149	U	Report on the REview of Contractual Guard Services at the Lima Army Modification Center, Lima, Ohio	10-23-79	SI

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Div
80-016	9FH-044	U	Summary on the Review of Civilian Overtime at Selected Defense Logistics Agency Activities	10-23-79	[illegible]
80-017	9SI-149	U	Report on the Review of the Cost Study Related to Trainer Maintenance and Fabrication at Lackland Air Force Base	10-23-79	SY
80-018	8AE-140	U	Report on the Review of Flight Simulator Training Devices	10-26-79	SP
80-019	8S8-164	U	Report on the Audit of DoD Physical Security	10-29-79	Los
80-020	8I2-148	U	Report on the Review of Administrative Vehicles in the Norfolk Area	10-29-79	Nor
80-021	8SP-077	U	Report on the Review of Security and Control Over Small Arms and Ammunition	10-31-79	SY
80-022	9IK-049	C	Report on the Audit of Project TOPS/MOONPENNY Construction	11-02-79	IC
80-023	8AL-139	U	Report on the Review of Duplicate Contracts at Paying Offices, Defense Logistics Agency	11-01-79	SP
80-024	9FF-102	U	Report on the Review of the Management of Automatic Data Processing Operations at OCHAMPUS	11-06-79	[illegible]
80-025	8IK-040	S	Report on the Audit of the Department of Defense TEMPEST Program	11-06-79	IC
80-026	9SI-178	U	Audit of Cost Evaluation of Automatic Data Processing Equipment (ADPE) Procurement, Request for Proposal	11-02-79	SY
80-027	9FH-044	U	Report on the Review of Civilian Overtime at the Defense Personnel Support Center, Philadelphia, PA	11-05-79	FM
80-028	9SI-149	U	Report on the Review of Selected Commercial and Industrial Activities at Keesler Air Force Base, Biloxi, Mississippi	11-05-79	SY
80-029	9IW-053	S	Report on the Audit of Defense Mapping Agency Missile and Target Data Requirements	11-13-79	IC
80-030	8AL-139	U	Report on the Review of Controls of Fast Pay Transactions, Defense Personnel Support Center, Philadelphia, Pennsylvania	11-14-79	PH
80-031	8F7-174	U	Report on the Audit of the Management and Administration of Psychiatric Benefits under the Civilian Health and Medical Program of the Uniformed Services	11-14-79	[illegible]

AUDIT REPORTS ISSUED

mber	Project	Class	Title	Date	Div
0-032	9AE-050	U	Report on the Review of the Navy Air Combat Maneuvering Simulator	11-15-79	SP
80-033	9AO-031	U	Report on the Review of the Claims, Defense Program	11-23-79	SP
80-034	7SY-296	U	Report on the Review of Initial Spares Provisioning for Tactical Aircraft	11-26-79	SY
80-035	9S4-044	U	Review of Selected Support Functions at Defense Contract Administration Services Region Atlanta	11-27-79	Atla
80-036	9FH-140	U	Report on the Review of Foreign Currency Fluctuations, Defense Appropriation	11-27-79	FM
80-037	9FH-140	U	Report on the Review of the Foreign Currency Fluctuations, Defense Appropriation	11-28-79	FM
80-038	9S5-113	U	Review of Real Property Maintenance and Construction, Defense Depot Memphis, Tennessee	11-29-79	St. Lou
80-039	9IN-043	U	Report on the Audit of Overtime Controls in the Defense Intelligence Agency	12-06-79	IC
0-040	9FA-020	U	Report on the Review of Foreign Military Sales Administrative Budgets at Selected Army Materiel Readiness Commands	12-13-79	FM
80-041	8SS-114	U	Report on the Review of Replenishment Policies for Secondary Investment Items	12-17-79	SY
80-042	8FH-177	U	Report on the Audit of Audiovisual Support for Training in the Department of Defense	12-26-79	FM
80-043	8SS-111	U	Report on the Review of the Logistics Data Element Standardization and Management Program	12-27-79	SY
80-044	9SS-041	U	Report on the Audit of the Defense Property Disposal Office Okinawa, Ryukyu Islands, Japan	01-07-80	SY
80-045	8FR-157	S	Report on the Review of Selected Command, Control, and Communications Systems in the European Theater (U)	01-07-80	FM
80-046	9FM-029	S	Report on the Review of Aviator Training Rates	01-08-80	FM
80-047	8FM-107	S	Report on the Review of DoD Aviator Requirements	01-14-80	FM
80-048	8IC-061	U	Report the Review of Frequency Management Within the Department of Defense	01-15-80	IC

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Div
80-049	8SP-173	U	Report on the Review of the Data Base Used for Contract Administration Services Staffing	01-15-80	
80-050	9SS-024	U	Report on the Review of Pricing of Materiel in the DoD Supply System	01-18-80	SY
80-051	8IK-043	C	Report on the Audit of Communications Security Equipment Maintenance in the Department of Defense	01-21-80	IC
80-052	9FM-029	U	Report on the Review of DoD Aviator Inventories	01-21-80	FM
80-053	9A2-092	S	Report on the Review of Antisubmarine Warfare Programs	01-21-80	SP
80-054	9FV-116	U	Report on the Review of Reimbursements to DoD Appropriations for Support Provided to the Security Assistance Program in Korea	01-24-80	PAC
80-055	8IN-063	S	Report on the Audit of Remotely Piloted Vehicles and Drones (U)	01-25-80	IC
J-056	9IK-097	C	Audit of the Management of Communications Security (COMSEC) Aids in the Department of Defense	01-23-80	IC
80-057	9SI-135	U	Report on the Audit of the Mangement of Planning and Design	01-23-80	SY
80-058	9SV-057	U	Report on the Review of Real Property Maintenance Activities in Hawaii	01-25-80	PAC
80-059	9FV-155	U	Report on the Review of Reemployment Travel Benefits, Hawaii	01-25-80	PAC
80-060	9AO-040	U	Report on the Review of Retired Military Pay to Survivors: The Department of Defense and the Veterans Administration	01-28-80	SP
80-061	9SI-055	U	Report on the Audit of the Family Housing Program for General, Flag, and Senior Officers	02-08-80	SY
80-062	8AL-095	U	Report on the Review of Selected Areas of Customer Support Defense Industrial Supply Center, Philadelphia, PA	02-20-80	SP
)-063	9IN-043	U	Report on the Audit of Overtime Controls in the National Security Agency	02-20-80	IC
80-064	9SS-072	U	Report on the Review of the Military Standard Logistics Systems Office	02-22-80	

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AUDIT REPORTS ISSUED

Number	Project	Class	Title	Date	Di
80-065	9AL-063	U	Report on the Audit of Defense Logistics Agency Transaction Controls for Subsistence Stocks Stored at Pacific Depots	02-27-80	SP (Phi
80-066	9FR-056	S/FRD	Report on the Review of Selected Aspects of the the Theater Nuclear Program (U)	02-27-80	FM
80-067	0FM-026	U	Review of DoD audiovisual Facilities	02-27-80	FM
80-68	9FF-162	U	Report on the Survey of Data Processing Activities in the Pentagon	03-03-80	FM
80-069	9SI-062	S	Report on the Review of the Planned Construction of a High Energy Laser Systems Test Facility at the White Sands Missile Range, New Mexico	03-10-80	SY
80-070	9AB-082	U	Report on the Review of DoD Storage Requirements for Aviation Fuel	03-12-80	SP
80-071	9SP-047	U	Report on the Audit of Procurement Activities at Selected Defense Supply Centers	03-12-80	SY
80-072	9SM-054	U	Report on the Review of the F-14 Engine Improvement Program	03-13-80	SY
80-073	9SI-134	U	Report on the Audit of the DoD Energy Conservation Investment Program for Family Housing and Reserve Component Facilities	03-13-80	SY
80-074	9AB-018	U	Report on the Review of Acquisition of Bulk Refined Fuel for DoD Use	03-17-80	SP
80-075	8SY-152	C	Report on the Review of Spare Aircraft Engine Requirements (U)	03-17-80	SY
80-076	9SM-008	U	Report on the Audit of the DoD Bearing Program	03-18-80	SY
80-077	0SS-028	U	Review of Property Management (Memo to Dir, JS)	03-18-80	SY
80-078	0SS-028	U	Review of Property Management (Memo to Dir, WHS)	03-18-80	SY
80-079	0SS-028	U	Review of Property Management (Memo to Dir, DLA)	03-18-80	SY
80-080	9IW-053	U	Report on the Audit of Mapping, Charting, and Geodetic Military Survey Resources within the Army and Marine Corps	03-25-80	IC
80-081	0IC-001	U	Review of Electronic Warfare Programs	03-25-80	IC
80-082	9AB-026	U	Report on the Review of Recruit Training Activities within the Department of Defense	03-27-80	SP

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Div
80-083	9SI-003	U	Audit of Maintenance and Repair of Family Housing	04-01-80	SY
80-084	9AE-050	U	Report on the Review of the Infantry Remoted Target System	04-02-80	SP
80-085	9SI-087	U	Report on the Review of the DoD Forestry Program	04-02-80	SY
80-086	9IJ-168	U	Report on the Review of Manpower Accounting in the Department of Defense	04-04-80	IC
80-087	8IC-181	U	Report on the Review of the AN/TTC-39 Switch Program	04-07-80	IC
80-088	9AE-015	S	Report on the Review of DoD Requirements for Close Air Support Aircraft (U)	04-10-80	SP
80-089	8IC-181	U	Report on the Review of Budgetary Support for the AN/TTC-39 Switch and Digital Group Multiplexer Procurement Programs	04-08-80	IC
80-090	9AE-050	U	Report on the Review of the Army's National Training Center	04-09-80	SP
80-091	9A7-130	U	Report on the Survey of Procedures for the Evaluation of Systems Reliability	04-10-80	[illegible]
80-092	0FM-024	U	Audit of Contract Closings for Claims Processing Contractors	04-10-80	FM
80-093	9AO-107	U	Report on the Review of Disability Severance and Readjustment Payments	04-15-80	SP
80-094	9F7-079	U	Report on the Audit of The Recovery of Payments from Third Party Sources under the Civilian Health and Medical Program of the Uniformed Services	04-15-80	FM
80-095	0IW-060	U	Report on the Review of Office Furniture, Defense Mapping Agency	04-15-80	IC
80-096	8IC-169	U	Report on the Audit of the Defense Telephone Service - Washington	04-17-80	IC
80-097	9FF-052	U	Report on the Review of the Management of Defense Agency Data Processing Installations	04-25-80	FM
80-098	8I2-064	S	Final Report on the Review of the Management of Research and Development in Support of Tactical Operational Capability (U)	04-28-80	IC
80-099	8AL-098	U	Report on the Review of Procurement and Contract Administration for Clothing and Textiles Defense Personnel Support Center	04-30-80	Phi

AUDIT REPORTS ISSUED

mber	Project	Class	Title	Date	Div
80-100	9SX-037	U	Report on the Audit of Leased Housing in Europe	5/16/80	EUC
80-101	9AE-025	S	Report on the Review of Acquisition Management of Selected Tactical Missile Systems (U)	5/16/80	SP
80-102	9AE-025	S	Report on the Review of Requirements for Air Target Tactical Missile Systems (U)	5/16/80	SP
80-103	9IX-110	S	Report on the Audit of the USEUCOM Defense Analysis Center (EUDAC) (U)	5/18/80	IC
80-104	8IK	S	Use of Navy Project Orders (U)	5/27/80	IC
80-105	0SI-032	U	Review of Commercial or Industrial Type Activities Converted to Contract in FY 1977	5/27/80	SY
80-106	9SI-114	U	Report on the Audit of the DoD Food Service Program	5/28/80	SY
80-107	9FM-177	U	Report on the Review of the Tri-Service Medical Information Systems Program Office	5/28/80	FM
108	9SS-081	U	Report on the Review of the Responses to a Proposal to Realign Management of Consumable Items	5/29/80	SY
80-109	9AP-176	U	Report on the Review of the Acquisition and Distribution of Commercial Products Program	5/30/80	SP
80-110	9FV-011	U	Report on the Review of Temporary Lodging Allowances in Hawaii	6/02/80	FM
80-111	0IK-081	U	Review of Office Furniture, National Security Agency	6/03/80	IC
80-112	9FA-075	U	Report on the Review of Foreign Military Sales Transportation Costs	6/03/80	FM
80-113	0FR-037	S	Report on the Survey of Unit Training (U)	6/04/80	FM
80-114	9SL-128	U	Report on the Audit of Base Procurement Functions Defense Personnel Support Center	6/17/80	Phi
80-115	9FA-170	U	Report on the Review of Foreign Military Sales Administrative Budgets at Selected Air Force Activities	6/20/80	FM
0-116	0FA-083	U	Report on the R view of Contracts N00019-79C-0139 and N00019-79C-0335 Prior to Transfer of Accountability to the Centralized Foreign Military Sales Test Team	6/24/80	FM
80-117	0SI-002	U	Report on the Review of the Management of Polychlorinated Biphenyls (PCBs)	6/24/80	SY

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Div.
80-118	9AO-027	U	Report on the Review of Disability Compensation Payments to the Active Reserves	6/27/80	SP
80-119	9AO-144	U	Report on the Review of DoD Debt Collection Programs for Former Military Personnel	7/10/80	SP
80-120	9FR-084	S	Report on the RDview of Rapid Deployment Forces Designated to Respond to Contingencies (U)	7/10/80	FM
80-121	9IC-007	C	Report on the Review of DoD Satellite Communications Requirements (U)	7/16/80	IC
80-122	0S6-050	U	Review of Depot Maintenance Interservicing-MK 86 Gunfire Control System	7/17/80	SY
80-123	9AL-067	U	Report on the Review of Accounting, Contracting, and Contract Administration for Selected Defense Personnel Support Center Contracts	7/22/80	SP
80-124	9FM-167	U	Report on the Review of Provider Profiles and Payment Adjustments under the Civilian Health and Medical Program of the Uniformed Services	8/6/80	FM
80-125	9S8-065	C	Report on the Survey of Advanced Air Crew Training (U)	8/8/80	[illegible]
80-126	9ST-089	S	Report on the Audit of the Military Ocean Terminals and the Capability of Commercial Port Facilities to Accommodate Defense Shipping (U)	8/20/80	SY
80-127	9FX-165	U	Review of the Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed SErvices (CHAMPUS), Europe	8/21/80	FM
80-128	9AP-137	U	Report on the Review of the DoD Consulting Services Program	9/2/80	SP
80-129	9FA-094	U	Report on the Review of Foreign Military Sales Case Management	9/2/80	FI
80-130	9AE-088	S	Report on the Review of the B-52 Aircraft Modification Program (U)	9/3/80	SP
80-131	9AE-151	U	Report on the Review of the CH47 Helicopter Engine Product Improvement Program	9/4/80	SP
80-132	OSI-073	U	Report on the Review of Government Costs for the Operating Equipment, Maintenance and Analysis Function at the Defense Depot Tracy, California	9/5/80	SY

AUDIT REPORTS ISSUED

umber	Project	Class	Title	Date	Di
80-133	9IK-097	C	Report on the Review of Transmission Security of Atlantic Command Component Forces (U)	9/8/80	IC
80-134	0IW-144	U	Report on the Audit of Defense Nuclear Agency Unit Fund Account	9/9/80	IC
80-135	9AO-123	U	Report on the Review of Active Reserve Drill Pay	9/15/80	SP
80-136	9IK-023	C	Report on the Audit of Contractor Services at the National Security Agency (U)	9/16/80	IC
80-137	0AO-027	U	Report on the Review of Selected Department of Defense Merit Pay Plans	9/16/80	SP
80-138	9S4-127	U	Report on the Review of Leadership Training for Enlisted Personnel	9/23/80	SP
80-139	0FA-083	U	Interim Report on the Review of the Test of Centralized Accounting and Disbursing for Foreign Military Sales Direct Cite Procurements	9/24/80	FM
80-140	0SI-032	U	Report on the Review of the Implementation of the Revised Commercial or Industrial Type Activities Program	9/24/80	SY
80-141	0FH-101	U	Report on the Audit of Progress Payments on DoD Contracts Administered by Selected Army Plant Representative Offices	9/25/80	FM
80-142	9SS-076	U	Report on the Review of Management of Forklift Trucks Within DoD	9/29/80	SY (Sa
80-143	9IG-028	U	Report on the Review of Accounting Systems for Wiretap and Eavesdrop Equipment	9/29/80	IC

PROGRAM AND BUDGET

INFORMATION

DEFENSE AUDIT SERVICE

OPERATION & MAINTENANCE, DEFENSE AGENCIES

Program and Financing (In Thousands of Dollars)

	FY 1980 Actual	FY 1981 Estimated	FY 1982 Estimated
Direct Obligations			
Personnel Compensation	10,670	12,011	12,397
Personnel Benefits	1,236	1,384	1,429
Benefits to Former Personnel	24	6	6
Travel	1,839	2,438	2,525
Transportation of Things	53	58	63
Rent, Communications & Utilities	584	660	718
Standard Level User Charges (SLUC)	(362)	(415)	(452)
Communications, Utilities & Other Rent	(222)	(245)	(266)
Printing	1	1	1
Other Services	479	554	602
Supplies & Materials	71	78	85
Equipment	9	30	33
Total Direct Obligations	14,966	17,220	17,859
Reimbursable Obligations			
Total Reimbursable Obligations	—	—	—
Total Obligations	14,966	17,220	17,859

MAJOR ISSUES

MAJOR ISSUE #1 - MANPOWER RESOURCES

This major issue concerns the balancing of audit requirements and manpower resources. As shown in the chart below, DAS has no growth in manpower resources beyond FY 1982.

	Basic Level End Strength					
	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Fiscal Guidance (5/15/80)	403	410	440	470	465	460
DAS Preferred Program (5/15/80)	403	420	440	470	485	500
APDM (8/80)	403	409	409	409	409	409
Budget Review (As of 12/1/80)	403	409	409	409	409	409

When DAS was established in 1976, it was given only about half of the resources needed to provide the level and frequency of audit coverage prescribed by DoD Instruction 7600.3 and the GAO Standards for Audit of Governmental Organizations. Since 1976, we have managed to build the strength from 367 to 409 in FY 1982. The best interests of DoD in its efforts to combat fraud and waste would be best served by continuing the slow growth pattern for DAS in the FY 1982-86 timeframe. This is a realistic growth goal during the period and represents a genuine effort to reduce the serious audit staffing shortfall in DAS.

Major Issue #2 - Organizational Placement of the Defense Audit Service Within the Department of Defense

The Task Force on Evaluation of Audit, Inspection and Investigation Components of the Department of Defense report of May 1980 made the following recommendations regarding the organizational placement of the Defense Audit Service within the Department of Defense:

1. The Defense Audit Service and the Defense Investigative Service should report to an official who is free of operational responsibility for programs subject to audit and investigation and who is free to devote full time attention to audit and investigative responsibilities.

2. The Secretary of Defense should have the assistance of an additional full-time, senior staff officer, the Under Secretary of Defense for Review and Oversight, who could act on his behalf to monitor the economy, efficiency and effectiveness of the entire Department and to maintain a comprehensive effort against fraud, waste and abuse.

3. The Office of the Under Secretary of Defense for Review and Oversight should be established by statute providing for:

-- Appointment by the President with the advice and consent of the Senate.

-- Removal from office only by the President.

-- Direction, control and supervision by the Secretary of Defense, or to the extent delegated, by the Deputy Secretary of Defense.

4. The Under Secretary should be responsible for:

-- Providing direction, authority and control over the Defense Audit Service and the Defense Investigative Service (including the industrial security and personnel security programs).

-- Formulating and promulgating Department of Defense internal audit, contract audit, internal review, criminal investigative and counterintelligence policy guidance.

-- Oversight to ensure adherence to audit, investigative and counterintelligence policy guidance by elements of the Department. This would include programing and budgetary oversight of all audit and investigative agencies within the Department.

-- Monitoring follow-up actions in response to internal and external audit and investigative findings and recommendations.

-- Reporting problems and deficiencies related to the operation or administration of the Department to the Secretary of Defense.

As of December 1, 1980, the Secretary of Defense was still considering the task force's recommendations.

DEFENSE AUDIT SERVICE

SUMMARY REPORT OF OPERATIONS

FISCAL YEAR 1979

"Serving Management"

DEFENSE AUDIT SERVICE
1300 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22209

MEMORANDUM FOR MR. QUETSCH

SUBJECT: Annual Summary Report of Audit Operations

In accordance with Department of Defense Instruction 7600.1, I respectfully submit the annual summary report of audit operations of the Defense Audit Service (DAS) during the fiscal year ended September 30, 1979.

The activities of DAS are highlighted in Chapter One of this report. I believe 1979 was a significant year for DAS--a year marked by new leadership changes and intensive efforts to improve the quality of our efforts to Department of Defense managers.

Clement E. Roy

Clement E. Roy

Enclosure

The Defense Audit Service is under the control and direction of the Director, Defense Audit Service. The Director also performs the responsibilities of the Deputy Assistant Secretary of Defense(Audit). The Director is a career civil service employee under the Senior Executive Service.

DIRECTORS, DEFENSE AUDIT SERVICE	
	Frank Sato March 1977 - May 1979
	Clement E. Roy June 1979 - Present

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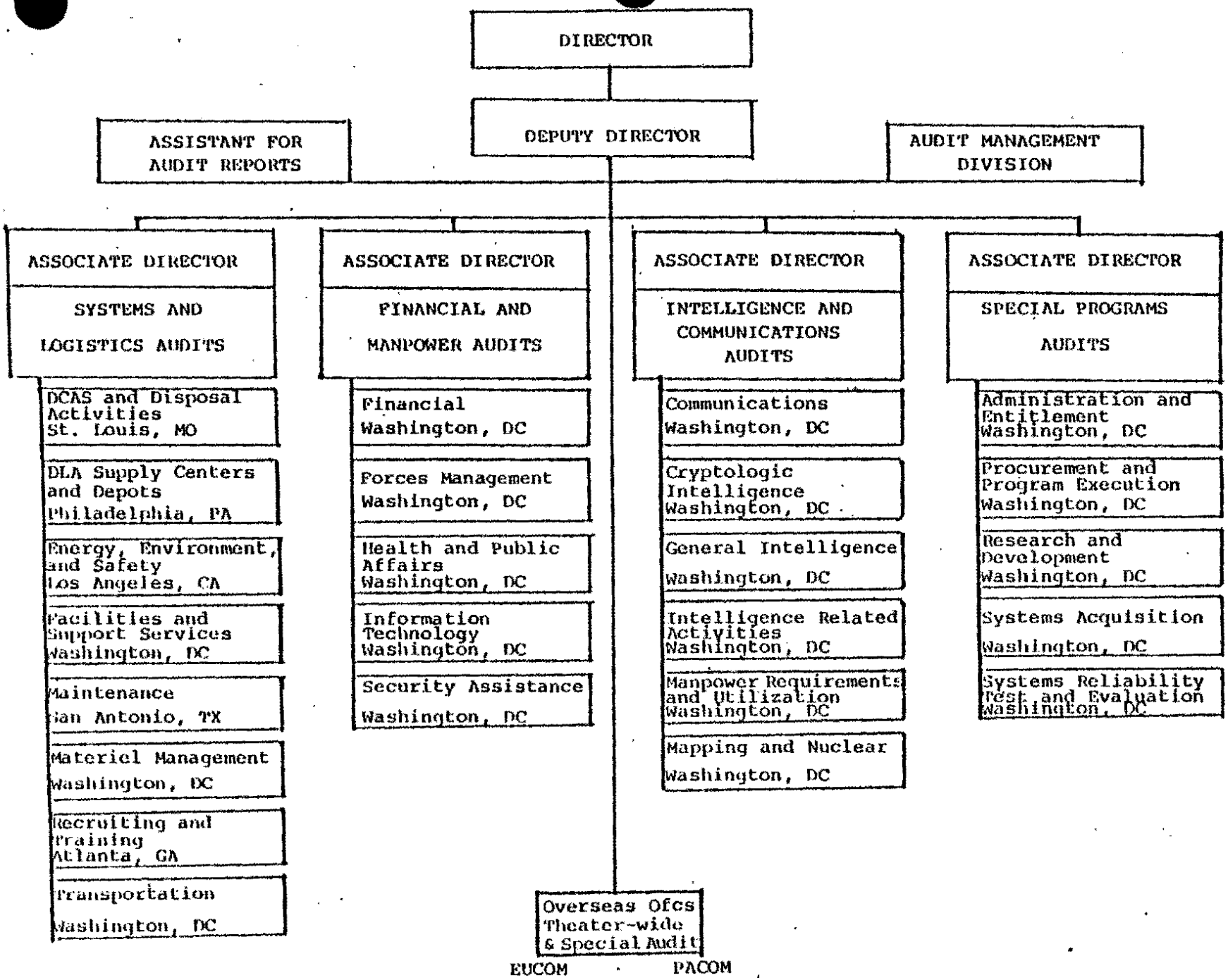
DEFENSE AUDIT SERVICE ORGANIZATION CHART



CHAPTER ONE - HIGHLIGHTS OF ACTIVITIES

Throughout fiscal year 1979, Congress, Department of Defense (DoD) managers, and the public have focused on the efficiency and effectiveness of Government operations and the accountability of Government officials to taxpayers. The work of the Defense Audit Service (DAS) has been an important resource for DoD managers in carrying out their responsibilities.

The DAS was officially chartered by DoD Directive 5105.48 in October 1976 following a decision by the Deputy Secretary of Defense in August of 1976 to form an internal audit agency at the Office of the Secretary of Defense(OSD) level. Previously, there have been operational auditors at the OSD level since about 1961 when a small office of 9 or 10 people was formed, initially to emphasize audits in the Security Assistance Program. From that initial responsibility, the areas of coverage have been broadened to include internal audits of OSD, the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies; special audits, quick response audits, and interservice audits. The interservice audits were made using auditors from the Office of the Secretary of Defense, the Military Department (Army, Navy, Air Force) audit agencies, and the Defense Logistics Agency.

Because of the continued difficulties in coordinating these audits, OSD decided that it would be more appropriate to have one agency in charge of all interservice audits and Defense Agency audits. This was an evolutionary development covering a period of about 15 years, which culminated in the Deputy Secretary of Defense decision of August 1976 to form the Defense Audit Service.

The Defense Audit Service was established to plan and perform:

- internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies;

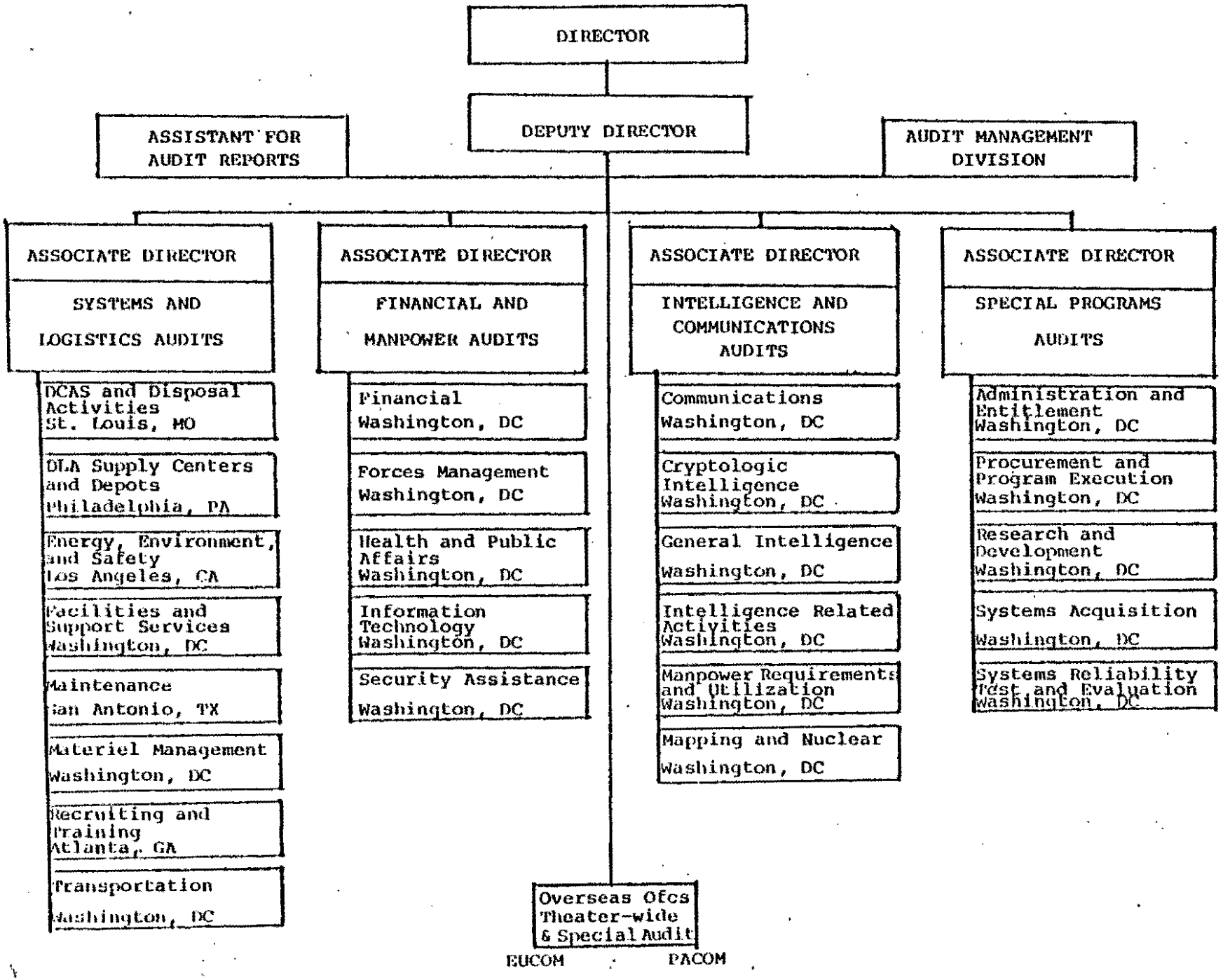
- interservice audits in all DoD components;

- quick response audits on matters of special interest to the Secretary of Defense;

- audits of the Security Assistance Program at all levels of management; and

- special audits as requested.

DEFENSE AUDIT SERVICE ORGANIZATION CHART



CHAPTER ONE - HIGHLIGHTS OF ACTIVITIES

Throughout fiscal year 1979, Congress, Department of Defense (DoD) managers, and the public have focused on the efficiency and effectiveness of Government operations and the accountability of Government officials to taxpayers. The work of the Defense Audit Service (DAS) has been an important resource for DoD managers in carrying out their responsibilities.

The DAS was officially chartered by DoD Directive 5105.48 in October 1976 following a decision by the Deputy Secretary of Defense in August of 1976 to form an internal audit agency at the Office of the Secretary of Defense(OSD) level. Previously, there have been operational auditors at the OSD level since about 1961 when a small office of 9 or 10 people was formed, initially to emphasize audits in the Security Assistance Program. From that initial responsibility, the areas of coverage have been broadened to include internal audits of OSD, the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies; special audits, quick response audits, and interservice audits. The interservice audits were made using auditors from the Office of the Secretary of Defense, the Military Department (Army, Navy, Air Force) audit agencies, and the Defense Logistics Agency.

Because of the continued difficulties in coordinating these audits, OSD decided that it would be more appropriate to have one agency in charge of all interservice audits and Defense Agency audits. This was an evolutionary development covering a period of about 15 years, which culminated in the Deputy Secretary of Defense decision of August 1976 to form the Defense Audit Service.

The Defense Audit Service was established to plan and perform:

- internal audits of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies;

- interservice audits in all DoD components;

- quick response audits on matters of special interest to the Secretary of Defense;

- audits of the Security Assistance Program at all levels of management; and

- special audits as requested.

This mission permits DAS to examine essentially all activities within the Department of Defense. The worldwide commitment of the DoD is why the DAS maintains--in addition to its main office in Washington, DC--7 Field Offices and 4 Field Detachments located in the United States, Europe and Korea.

The "corporate" level audit mission and role of DAS in the DoD community have increased along with the DAS's leadership role in the audit community. Fiscal year 1979 was highly productive in improving DAS's relationships with, and its services to, DoD managers.

ASSISTANCE TO THE DEPARTMENT OF DEFENSE

Although much of our work is self-initiated in contrast to requested, we view all of our work as assisting DoD managers in their missions. We attempt to determine DoD needs so that we can provide timely information that will be useful in the decision-making process and contribute to better government.

Over the past 3 fiscal years, the proportion of our work devoted to direct assistance has increased. In fiscal year 1979 about 46 percent or 67 of the 145 reports issued by the professional staff were requested by Defense officials. A numerical summary of these reports by functional/program area is included as Appendix A. Appendix B highlights the number of installation, self-initiated and requested audit reports issued. A complete listing of reports issued during fiscal year 1979 is included as Appendix C.

Many of these reports recommend actions that we consider necessary to correct problems or improve programs and activities. A summary of our major audit plans, programs, and accomplishments is included in Chapter 2. Chapter 3 presents highlights of financial and other benefits from selected audit reports.

AUDITING

The scope of DAS audits is to determine whether:

- financial operations are properly conducted, financial reports are presented fairly, and the entity has complied with applicable laws and regulations;

- resources, such as people, money, property, space, are managed and used in an economical and efficient manner;

- desired results or benefits of DoD programs are being achieved, objectives are being met, and alternatives are being considered which might yield the desired results at a lower cost.

Our audits encompass all DoD activities and programs. Working locations for the audit staff are worldwide. During fiscal year 1979, we made audits in the United States, Germany, Korea and many other countries throughout the world. At least 150 audits are underway at any given time. The broad program areas of audits underway at the close of the fiscal year were:

	Audits
Financial and Manpower Programs	
Forces Management	8
Health and Public Affairs	5
Financial Management	10
Information Technology	5
Security Assistance	6
	34
Intelligence and Communications Programs	
Communications	9
Cryptologic Intelligence	6
General Intelligence	5
Intelligence Related Activities	5
Mapping and Nuclear	7
Manpower Requirements and Utilization	1
	33
Special Programs	
Systems Acquisition	7
Systems Reliability, Test and Evaluation	2
Administration and Entitlements	8
Procurement and Program Execution	3
	20
Systems and Logistics Programs	
Materiel Management	15
Transportation	4
Facilities and Support Services	10
Recruiting and Training	5
Defense Contract Administration Services and Disposal Activities	4
Defense Logistics Agency Supply Centers and Depots	14
Maintenance	7
Energy, Environment and Safety	6
	65
European Region Programs	
Theater-wide and Special Audits in Europe	8
Pacific Region Programs	
Theater-wide and Special Audits in the Pacific	10
Total	170

IMPACT OF NEW LEGISLATIVE ACTIONS ON DAS OPERATIONS

Legislative actions of Congress continue to result in assignment of new responsibilities to DAS. These new responsibilities include administrative type reporting requirements and requirements to make audits of certain DoD programs. Examples of important new legislative actions in fiscal year 1979 affecting DAS follow.

Public Law (PL) 95-452 (October 12, 1978). This law establishes an independent "Office of the Inspector General" in 12 civilian Departments. In the Department of Defense, PL 95-452 requires the Secretary of Defense to submit to Congress semiannual reports for the period October 1, 1978 through October 1, 1982, summarizing the activities of the audit, investigative, and inspection units of DoD. Such reports shall be submitted within 60 days of the close of the reporting periods ending March 31 and September 30, and shall include, but not be limited to:

- A description of significant instances or patterns of fraud, waste, or abuse disclosed by audit, investigative, and inspection activities during the reporting period and a description of recommendations for corrective action made with respect to such instances or patterns;

- A summary of matters referred for prosecution and of the results of such prosecutions; and

- A statistical summary, by categories of subject matter, of audit and inspection reports completed during the reporting period.

DAS submitted its initial semiannual report on April 30, 1979, covering the first 6 months of fiscal year 1979. A second semiannual report covering the last half of fiscal year 1979 was submitted in October 1979.

Report of the Committee on Appropriations, Fiscal Year 1979 DoD Appropriation Bill. The committee found it particularly disconcerting that there were so many overpriced items in the Defense supply system. To better determine the extent to which a pricing problem exists and to identify needed improvements in the current policies of the Military Departments and Defense Agencies, the committee recommended that DAS perform an audit of pricing policies.

Report of the Committee on Armed Services, Fiscal Year 1979 Military Construction Authorization Act. The committee was concerned about how effective the energy conservation investment program was functioning at Reserve activities and family housing projects. The committee recommended that an audit of the energy conservation investment program be made.

SAVINGS AND OTHER ACCOMPLISHMENTS

It is not possible to determine the full effect of DAS audits in terms of financial savings, improvements in operations, and increased effectiveness of programs and activities. However, DAS attempts to determine potential benefits attributable to its work which, by implementing our suggestions and recommendations, may result in dollar savings or other benefits to the Department of Defense.

For fiscal year 1979, DAS identified potential estimated savings of about $1.4 billion. About $979 million of this was nonrecurring and about $383 million was recurring. Savings resulting from management improvements many times cannot be measured accurately. Also, some improvements make programs work better, but not cheaper. Such improvements are often more important than actual financial savings.

OPERATING EXPENSES

The fiscal year 1979 total operating expenses for DAS were $13.8 million. Personnel compensation and benefits comprised $11 million or 80 percent of total expenditures, while travel and other items comprised 13 percent and 7 percent respectively.

STAFFING

Our greatest asset is the competence, dedication, and enthusiasm of our staff. As of September 30, 1979, we had 369 employees. Of these, 339, or about 92 percent, were members of our professional staff.

Analysis of Staff Changes

	Professional	Other	Total
Employees on rolls as of October 1, 1978	329	40	369
Appointments	46	11	57
Transfers between categories	1	-1	0
Total	376	50	426
Separations:			
Retirements	4	1	5
Transfers to other agencies	29	15	44
Other separations	4	4	8
Total separations	37	20	57
Employees on rolls as of September 30, 1979	339	30	369

Our diverse and complex responsibilities require staff members to have functional expertise, supervisory capability, and versatility. DAS has 311 employees with a bachelor's degree and 74 with a Master's Degree. Also, 87 professionals are certified internal auditors; 36 are certified public accountants; and 13 are certified data processing auditors. Professional staff members can get wide experience and broaden their own perspectives of Government operations by auditing diverse Defense programs, or they may remain in a functional area to expand their expertise. We consider DAS needs, as well as the individual's, in making staff assignments.

Our equal opportunity employment profile continued to improve as we hired, trained, and promoted minorities and women, who now comprise about 25 percent of our work force.

PROPOSED LEGISLATIVE ACTIONS AFFECTING DAS

Public Law 95-452 required the Secretary of Defense to establish a task force to study operations of the audit, investigative, and inspection components in DoD which engage in the prevention and detection of fraud, waste, and abuse. By April 1, 1980, the task force is required to submit a report to the Secretary of Defense, the Director of the Office of Management and Budget (OMB), and Congress. The report must cover, but not be limited to:

- descriptions of the functions of audit, investigative, and inspection components in DoD and the extent to which such components cooperate in their efforts to detect and prevent fraud, waste, and abuse;

- evaluations of whether such components are sufficiently independent to carry out their responsibilities;

- relationships among the components and the Criminal Division of the Department of Justice; and

- recommendations for change in organization or functions that may be necessary to improve the effectiveness of the components.

The Director and senior staff members of DAS have met with the task force. In addition, considerable written input on DAS operations was provided to the task force. The recommendations of the task force are expected to have a significant impact on the future operations of the audit, investigative, and inspection components of the Department of Defense.

CHAPTER TWO - SUMMARY OF MAJOR PLANS, PROGRAMS AND ACCOMPLISHMENTS

This chapter summarizes the major plans, programs and accomplishments of DAS during the fiscal year ended September 30, 1979. Organizational changes, audit priorities and emphasis, new audit techniques and approaches, research and training, management receptiveness to audit, and utilization of audit results and significant audit accomplishments are discussed.

ORGANIZATIONAL CHANGES

During fiscal year 1979, major organizational changes were made in the Defense Audit Service.

- Mr. Frank Sato left on May 11, 1979 to become the Inspector General of the Department of Transportation. Mr. Clement E. Roy was appointed the Director, Defense Audit Service effective June 3, 1979.

- The San Francisco Regional Office and the Mechanicsburg and Dayton audit sites were officially closed.

- The closing date (July 1, 1980) for the Dallas Regional Office was announced. This office will be reestablished during fiscal year 1980 in San Antonio as the San Antonio Field Office.

- The term "Regional Office" was replaced by the term "Field Office" for our major field audit sites and by the term "Field Detachment" for our smaller field sites. The DAS field organization now consists of 7 Field Offices (Philadelphia, Atlanta, St. Louis, Los Angeles, San Antonio, Pacific, and European) and 4 Field Detachments (Norfolk, Columbus, Denver and Korea).

- The functional program areas within DAS were redefined and realigned among the 4 operating divisions. Twenty-six major functional areas (Appendix H) were defined and each area was assigned to a GS-15 Program Director. Responsibility for 19 of these functional areas was assigned to Program Directors in the 4 Main Office operating divisions. The remaining 7 functional areas were assigned to the Field Office Program Directors.

AUDIT PRIORITIES AND AUDIT EMPHASIS

Congressional concern over abuse of civilian overtime in Government Agencies resulted in DAS conducting audits of civilian overtime in all Defense Agencies. In addition, DAS emphasized audits in other areas where fraud, waste, and abuse could occur. These areas include the DoD food service program, procurement and contract administration in Defense agencies and benefits received by military retirees and their survivors from both the Military Departments and the Veterans Administration.

NEW AUDIT TECHNIQUES AND APPROACHES

DAS auditors and audit managers continue to strive for improvement in the quality of their audit products through use of new and innovative audit techniques and approaches. An example of new approaches used is demonstrated by our review of retired military pay. There are about 1.2 million military retirees or retirees' survivors receiving retired pay from DoD. Some of the retirees or their survivors are also compensated from the Veterans Administration. A complete reconciliation of Veterans Administration payment records with the Uniformed Services had never been accomplished. DAS, using advanced Automatic Data Processing (ADP) audit techniques and with the cooperation of the Veterans Administration, was able to make a complete reconciliation of the payment records. This reconciliation highlighted numerous problems in retired pay. Because of these problems, DAS has initiated a number of follow-on audits, such as readjustment and severance pay. In addition, the results of our audits are being coordinated with the Veterans Administration.

RESEARCH AND TRAINING

The Defense Audit Service continued to emphasize professional development. DAS provided almost 2,400 man-days of training to its staff in fiscal year 1979.

This year's training program included internally managed courses for auditor interns, junior and senior auditors, audit managers and executive personnel. Subjects included audit standards, principles, and techniques, as well as DAS policies and procedures. The in-house training was supplemented by courses from other Government and commercial activities. This additional training included both general and functional courses such as, "Written Communications" and "Systems Acquisition Policies in DoD," respectively.

Our executive development program included graduate courses, review courses for professional certification, and a variety of conferences. DAS sponsored 5 graduate level management and public administration courses during the year and about 20 auditors attended review courses to prepare for the Certified Public Accountant Examination. Selected auditors attended seminars, conferences, and workshops sponsored by The Institute of Internal Auditors, American Association of Accountants, and the Association of Government Accountants. A list of the courses attended by DAS personnel in fiscal year 1979 is attached (Appendix G).

DAS also encourages all of its staff to participate in individual development programs and professional societies, and to attain advanced degrees and professional credentials and certification. When the training is job related, DAS pays one-half of the cost of tuition and books for courses offered in nongovernment facilities.

MANAGEMENT RECEPTIVENESS TO AUDIT AND UTILIZATION OF AUDIT RESULTS

DAS audit reports in fiscal year 1979 gained the attention of top officials in DoD as well as various congressional committees. Virtually every major staff element of the Office of the Secretary of Defense has requested DAS to perform an audit in their area of responsibility and many DAS audit reports were cited in congressional reports. DAS reports are prepared on some of the most controversial subjects in DoD and the reports have helped the users to effectively improve management of DoD programs. Even when managers nonconcur in some audit recommendations, the audit findings and results are often useful to DoD officials in seeking alternative solutions to management problems.

SIGNIFICANT AUDIT ACCOMPLISHMENTS

Audit reports issued during fiscal year 1979 resulted in both significant monetary benefits as well as improvements in operations and effectiveness of DoD activities. The potential measurable benefits attained or that could result from actions taken or planned as a result of recommendations in our reports were estimated at $979 million (nonrecurring) and $383 million (recurring).

Our operational costs for the fiscal year were $13.7 million. Therefore, the potential monetary benefits from the audit effort were about $99 for every dollar spent on audit resources. A listing of the FY 1979 reports with estimated monetary benefits by program/functional area follows:

Program/Function		Estimated Savings (millions)
Health and Public Affairs		
79-060	Improvements in administration of non-availability statements (nonrecurring)	$2.0
79-100	Consolidating DoD motion picture production facilities (recurring)	.6
Financial Management		
79-041	Improving the processsing of contractors' invoices to take advantage of discounts (recurring)	.9
Information Technology		
79-040	DoD exercise of accrued purchase credits on computer equipment leased by Defense contractors (nonrecurring)	100.0

79-062	Improved management of technologically obsolete computers in DoD (nonrecurring) Elimination of parallel ADP management information systems (nonrecurring)	2.0

Security Assistance

79-035	Government-furnished material applied to Foreign Military Sales items were not billed to the foreign governments (nonrecurring)	2.0
79-049	Collection of administrative fees would increase revenues (nonrecurring)	5.0
79-064	Improving the Defense Logistics Agency budget estimate and subsequent billings for FY 1978 administrative costs (nonrecurring)	.5
79-112	Dedicated training costs for FYs 1977 and 1978 were underbilled (nonrecurring)	1.0

Communications

79-022	Controlling long distance telephone calls in the Norfolk area--Navy (recurring)	.1
79-031	Reducing duplication in the Military Departments by controlling software development for the Worldwide Military Command and Control System ADP Program (recurring)	10.2
79-067	Use of minicomputers in lieu of large mainframe computers for automated message handling systems--Army and Navy (nonrecurring)	40.0
79-096	Cancellation of the product improvement program on the proposed Army Troposcatter radio system--Army (nonrecurring)	32.0

Mapping, Nuclear and Ammunition

79-069	Demilitarization of ammunition and explosives would eliminate the need to construct additional storage magazines (nonrecurring)	65.5

Research and Development

79-024	Cancellation of Army procurement of radio transponders because onhand equipment is suitable (nonrecurring)	7.6

79-043	Excess communications equipment for the Mark XII system could be used to satisfy foreign military sales requirements (nonrecurring)	1.6

Administration and Entitlements

79-093	Absence of correct data contributed to improper payments in disability compensation (recurring)	6.2
79-119	Administrative procedures ineffective in preventing survivor benefit plan premiums from being delinquent (nonrecurring)	3.5
79-124	Insufficient care in processing data for retiree entitlement computations (nonrecurring)	5.9

Materiel Management

79-140	Stock war reserves in accordance with established DoD criteria (nonrecurring)	503.0
79-039	Improved cash management in the acquisition of fuel and cost-effective payment priorities (recurring)	17.0

Transportation

79-025	Closing some military air passenger terminals, reducing operations at others, decreasing personnel strengths, and curtailing questionable operations (recurring 17.4 and nonrecurring 17.5)	34.9
79-052	Chartering more economical aircraft, using cost-favorable aerial ports, reducing the number of unused seats on chartered aircraft and minimizing use of costly commercial service (recurring)	52.9
79-108	Expanded use of the commercial bill of lading for shipments with shipping charges of $100 or less (recurring)	1.6
79-111	Correcting certain uneconomical procedures inherent in the Worldwide Aeromedical Evacuation System and reducing the C-9 flying-hour program and the number of pilots assigned to authorized levels (recurring 16.4 and nonrecurring 2.1)	18.5
79-122	Strengthen the procedures and controls for distribution of less-than-truckload freight	

	to highway carriers by the Defense Depot, Tracy, California (recurring)	.4

Facilities and Support Services

79-048	Consolidate printing and duplicating facilities and reduce staffing of these operations (recurring)	10.0
79-059	Better planning to increase the use of Reserve and Guard facilities and to improve the military construction program for the Reserve components (recurring 4.0 and nonrecurring 33.0)	37.0
79-076	Apply Air Force staffing criteria to Navy auxiliary air fields and cancel a military construction project (recurring 1.0 and nonrecurring 2.0)	3.0
79-130	Cancel plans to replace ESCAPAC ejection seats and upgrade the existing seats (nonrecurring)	87.0
79-127	Reduce investments in war reserves of construction and related civil engineering equipment stored in the continental United States and cancel a military construction program (recurring 2.0 and nonrecurring 2.0)	4.0
79-134	Cancel military construction projects at the Defense Construction Supply Center (nonrecurring)	3.0
79-141	Gas turbine propulsion system training facility could use simulators rather than operational equipment (nonrecurring)	61.0

Defense Logistics Agency Supply Centers and Depots

79-081	Using standard medical materiel in the supply system in lieu of local purchase and using DoD facilities in lieu of commercial maintenance and repair of medical equipment (recurring)	1.4

Defense Contract Administration Services and Disposal Activities

79-091	Reducing fees and indirect/overhead cost when special test equipment is acquired by contractors for DoD contracts; collecting rent for use of Government-owned special test equipment on commercial contracts; and	

	eliminating unnecessary storage cost charged by contractors by disposing of unneeded and obsolete special test equipment (recurring)	13.5

Maintenance

79-086	Reducing power usage on DoD aircraft (recurring)	196.0
79-087	Improving maintenance of motor vehicles, major computer systems, and production equipment at the Defense Mapping Agency (recurring)	.3

Energy, Environment and Safety

79-019	Using fire protection practices which have proven effective in one or more of the Military Departments and at commercial airports (recurring)	31.0

CHAPTER THREE - HIGHLIGHTS OF FINANCIAL AND OTHER BENEFITS

The Defense Audit Service issued 145 audit reports during the year. With respect to benefits, the reports can be categorized as resulting in (1) measurable potential financial benefits, (2) potential financial benefits that are not readily measurable, and (3) benefits other than financial. Highlights of selected reports by category follow.

MEASURABLE POTENTIAL FINANCIAL BENEFITS

Many important measurable financial benefits could accrue to DoD if DAS' recommended actions were implemented. A synopsis of selected reports in this category follows.

Selected Aspects of Workload Management at Military Hospitals. In this report, several areas were discussed where improvement in the management of military hospitals would be beneficial. The hospitals were not ensuring that authorizations granted for use of Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) were justified in 26 percent of the cases we reviewed. The potential CHAMPUS cost for the care involved in the cases we questioned was about $2 million for the 6 hospitals we visited. The Services' methods of determining staffing resulted in different numbers of physicians for a given workload and the estimates of numbers of beneficiaries used to determine workload were overstated. The Military Departments generally concurred in our recommendations.

Administrative Control of Funds, Defense Personnel Support Center, Philadelphia, Pennsylvania. Internal controls over the processing of stock fund transactions were inadequate to prevent or disclose erroneous or fraudulent payments. Outstanding obligations were not validated. The differences between unliquidated obligations reported to higher authority and the balances recorded in the subsidiary accounting records totaled almost $400 million. Unsupported transactions and adjustments were processed, and required reconciliations were not performed. There were apparent overobligations and violations of Section 3679, Revised Statutes, involving FY 1976 Operations and Maintenance funds. More timely processing of contractors' invoices involving discounts could save an estimated $900,000 annually. Similar conditions concerning the lack of adequate accounting procedures were reported in June 1976 by the Defense Logistics Agency Auditor General.

Management of DoD Investment in Contractor Leased Automatic Data Processing Equipment. Reviews at 6 of 105 Defense contractors showed that DoD had not attempted to obtain the rights to accrued purchase credits on leased computer resources in accordance with the Federal Procurement Regulation. Better DoD policy guidance and procedures were needed to recognize, report, and manage DoD's

interest in contractor leased computer resources. We could not accurately determine how much future costs could be reduced if DoD exercised its options to buy the equipment when no longer needed for the DoD contracts. However, we believe that up to $100 million could be saved.

Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items. A sample of $5.1 million of Government-furnished materiel applied to foreign military sales items indicated that about $2.0 million was not billed to the foreign governments. The sample results could not be projected because the total amount of materiel furnished to contractors under the Military Standard Requisitioning and Issue Procedures system is unknown. DoD is studying the feasibility of billing foreign military sales customers on the basis of materiel listings.

Automated Message Handling Systems - Telecommunications Oriented. Potential savings of about $40 million and enhanced operational capabilities could be achieved by selection of the Air Force automated message handling system concept as the standard for Joint Service use. The Air Force system uses minicomputers and incorporates an advanced hardware and software design. The Army and Navy planned to continue to deploy conventional, large mainframe computers. We recommended that these computers be phased out in favor of the Air Force system concept which is considerably less expensive and has greater capabilities. Management agreed that current technology favors the use of minicomputers but thought that it would be premature at this time to designate the Air Force concept as the standard. However, they indicated that interim action would be taken to limit further deployment of current systems.

Department of Defense Voice Security Programs. The purpose of the audit was to evaluate the effectiveness of the National Security Agency and Military Departments in developing and acquiring voice security for critical tactical radios by 1982 and eventually all military voice communications. The review showed that worthwhile improvements could be made in the management of voice security programs to overcome the critical shortage of voice security devices existing within U.S. combat forces. The absence of a project management reporting system resulted in cost overruns of $22 million and expenditures of $10 million for equipment that did not meet security standards. Also, because the Military Departments had not coordinated their voice security plans, requirements were not accurately identified and communications interoperability problems increased the risk of exploitation by hostile forces. Management agreed that detailed secure voice implementation plans should be developed and certain areas required additional management emphasis. However, they generally disagreed with the recommendations.

Audit of the DoD Scientific and Technical Intelligence Production Program. Sufficient management controls had not been established

to ensure that the production program was supporting valid intelligence requirements. About 62 percent of the production tasks and 78 percent of the production requirements referenced in the tasks were not validated for at least 4 years. In addition, originators of requirements for intelligence support were not provided with sufficient or timely intelligence data, and were not consulted about specific intelligence needs prior to development of needed products. As a result, many customers indicated that the products they received did not completely meet their needs, were of little use, or were not needed. Management concurred in our recommendation to establish sufficient management controls and to provide originators of requirements with sufficient data.

Defense Attache System. The review showed that the Defense Attache System was performing its overall mission in a satisfactory manner. Three areas in which improvements could be made to achieve greater management efficiency were identified. First, criteria and procedures were not established for managing the aircraft inventory valued at $9.6 million and costing $1.3 million annually to operate. Neither we nor the attache managers could determine from existent information the propriety of aircraft initial assignments, continued retention, and current stationing. Second, intelligence information reports were not being processed in accordance with established procedures. As a result, high priority requirements were not satisfied. At the same time, the attaches spent about half their efforts, at a cost of $1.4 million annually, to prepare reports from material already available to analysts or in other than intelligence or intelligence-related functions. Third, the responsibility for management of emergency and extraordinary expenditures for maintenance of attache quarters was fragmented. Minimum usage expectations were not met during the 15-month period covered by the review for 49 attache quarters on which more than $146,500 of emergency and extraordinary maintenance funds were expended. Because of the fragmented responsibility, regulatory provisions that provided for withdrawal or reduction of maintenance funds were not invoked. Management disagreed with our recommendations to better manage aircraft inventories and emergency and extraordinary maintenance funds. Management concurred that information reports were improperly processed.

Adequacy of Inventory and Accounting Controls Over Conventional Explosives. The audit showed that inventory and accounting controls over conventional explosives were ineffective. We physically inventoried 35 percent of the 44.8 million grenades, mines, and demolition charges on hand. We found inaccuracies in the custodial and/or accountable records involving 1.5 million items. Physical security at some major storage depots and installations was inadequate; and, in our opinion, unauthorized access to sensitive areas was possible. More than 108,000 short tons of ammunition and explosives awaiting demilitarization occupy about 1.8 million square feet of prime storage space. Demilitarization

of this stock could result in potential construction savings of about $65.5 million. Also, at one Army ammunition plant we visited, more than 8,600 pounds of TNT were lost in production during a 4-month period. Management stated that the findings and recommendations would be reviewed with the Services and necessary corrective action would be taken.

Tactical Fighter Aircraft Requirements. The Services had not used uniform methods and planning factors to compute aircraft requirements and had not revised projected requirements as experience showed that initial estimates could be refined. Considering the cost involved, the justification for the quantities of aircraft included in the procurement programs of the Services should be completely documented and thoroughly evaluated before current acquisition plans are fully implemented. Our review showed that aircraft valued at $5.22 billion may not be needed for the purpose stated by the Services. Management generally concurred in the report recommendations.

DoD Other Procurement Program Execution. There has been increasing concern within Congress, the Office of Management and Budget, and the Executive Office of the President that DoD has not been obligating and expending appropriated funds as planned. Since FY 1976, obligations and outlays have lagged behind estimated rates. As a result, funds have lapsed because they were not obligated within specified time frames.

We focused our review on the communications and electronics portion of the FY 1977 Other Procurement Appropriation. Review of 36 communications and electronics programs that had an approved value of $1.1 billion showed that, because of difficulties in forecasting and validating requirements prematurely, 57 programs had obligation shortfalls in FY 1977 of $250 million. We also found that 2 obligation forecasts existed: one at the Military Departmental headquarters level that was primarily negotiated with the Office of the Secretary of Defense and a second, more detailed forecast developed by the Services' program management offices. Differences that generally could not be reconciled existed between these 2 forecasts.

Retired Military Pay, the Department of Defense and the Veterans Administration. The absence of correct data contributed to improper payments of about $4.8 million in disability compensation, dependency and indemnity compensation, and payments to widows under the Minimum Income Provisions of the Uniformed Services Survivor Benefit Plan. Also, overstated entitlements could result in additional improper payments of $6.2 million. DoD and Veterans Administration officials agreed that improvements could be made in operating procedures for payments to military retirees and survivors.

Retention and Transfer of Materiel Assets. The mechanized procedures used by DoD components for making stock retention decisions were not based on true economic criteria. Demand data available to wholesale managers were not adequate as a sole basis for retention decisions. Computations were distorted in favor of disposal because the cost-to-hold factors used were unrealistically high. As a result, the established procedures were widely ignored; and special disposal programs were undertaken to eliminate inactive inventories. Because requisitions were received for many items after the items were sent to disposal, more stocks were bought to fill the new demands.

DoD did not have a shortage of warehouse space that would necessitate inventory disposal. The criteria used in most disposal decisions were not designed to free storage space.

The shortcomings in available demand data were largely beyond the control of the wholesale management activities. Several of the contributing factors could not be readily overcome. Since the cost to hold the materiel was actually very low, we concluded that the DoD retention policy should be modified to permit retention of ready-for-issue materiel if a forseeable need exists. The Military Departments concurred in our recommendations, but the Defense Logistics Agency had some reservations concerning the recommended solutions.

Military Airlift Command Air Passenger Terminals. One-time savings estimated at $17.5 million and recurring annual savings estimated at $17.4 million could be achieved by closing unneeded Military Airlift Command air passenger terminals, reducing operations at other terminals, and discontinuing predeparture customs inspections of passengers. The auditors recommended that the Assistant Secretary of Defense(Manpower, Reserve Affairs and Logistics) direct the Military Airlift Command to close 4 military air passenger terminal facilities and reduce the size (manpower and operations) of 5 others. The Secretary of Defense has since closed the Norton air passenger terminal and tasked the Air Force to reflect in the FY 1981 Program Objective Memorandum a plan that addresses consolidation and/or closure of the other 15 major air passenger/cargo terminals operating in the continental United States and overseas.

Utilization and Construction of Reserve Forces Facilities. The audit showed that improved planning of Reserve facilities would result in better use of the facilities. The audit also showed that the construction program needed improvement. Consolidation of construction requirements, as well as changes in construction criteria, could save DoD an estimated $33 million in one-time savings and about $4 million in recurring savings annually. The report contained 19 recommendations to improve the construction program for Reserve Forces facilities. The Deputy Assistant Secretary of Defense(Installations and Housing) was considering

these recommendations and had not commented on the audit report when this report was prepared.

DoD Medical Materiel Support Program. The procedures and practices used by selected health care activities did not ensure that medical materiel was procured and maintained at the lowest cost. Medical materiel was purchased locally by Army and Navy medical activities although the materiel was available at a lower cost through the Defense supply system. Annual savings of about $1.25 million could have been realized if such materiel had been obtained from the Defense supply system. Inappropriate local procurements were made because supply catalogs were inadequately screened, local purchase items were coded erroneously, and local supply records were inaccurate. Management concurred in our findings and recommendations.

Use of Contractors for Specialized Skill Training. The Defense Audit Service reviewed the Department of Defense and Service policies and procedures governing the use of contractors to train military personnel. In FY 1979, Specialized Skill Training exclusive of student salaries, will account for about $1 billion of the total $5.9 billion program for training military personnel. The $1 billion being spent on instructors and facilities to provide military personnel specialized skill training warrants comprehensive evaluation of the alternatives to in-house operations. To date, the Services have not aggressively pursued the alternatives of contracting with the private sector, or obtaining the training from civil agencies of the Government. Therefore, we believe OMB Circular A-76 should be implemented by the Office of the Secretary of Defense, with specific policy guidance to the Services, emphasizing the requirements for assessing alternative sources of specialized skill training instruction to reduce costs and to get the best use of military personnel in the active forces.

Government-Owned Special Test Equipment Retained by Defense Contractors. The Defense Audit Service reviewed procedures and controls over Government-owned special test equipment in the possession of Defense contractors. About one-third of this type property reviewed at 19 contractors was erroneously classified ($104 million of $297 million). Additional procurement costs to the Government, estimated at $13 million, were incurred; and competitive advantage was given to some contractors because Defense Acquisition Regulation (DAR) procedures for technical review and acquisition were not being followed. In addition, rent was sometimes not being collected for use of this equipment on commercial contracts. The auditors also found that unnecessary storage costs were being incurred because proper disposition action was not taken for idle and obsolete equipment. Government-owned special test equipment in the possession of all Defense contractors was estimated at $2.4 billion. The Deputy Under Secretary of Defense, Research and Engineering(Acquisition Policy) directed that the

Military Departments and the Defense Logistics Agency take corrective action on the conditions disclosed by the audit.

Reduced Power Usage on Department of Defense Aircraft. DoD could save about $196 million annually in engine maintenance and fuel costs (1977 prices) if the reduced power concept was fully exploited in terms of the development and implementation of a DoD policy to promote wider use of reduced engine power in the operation of DoD aircraft. Engine power reductions practiced by commercial airlines during takeoff and climb in past years resulted in a substantial reduction in engine maintenance and fuel savings. The Navy and Air Force supported a reduced power policy but the Army disagreed with our recommendations.

DoD Fire Protection Services. The audit report contained 11 recommendations related to improving military fire protection policy and practices. Savings estimated at $31 million could be realized without compromising safety if all Military Departments were to use fire protection practices which have been proven effective in one or more of the Services and at commercial airports. The estimated savings could be achieved through improved personnel management practices, elimination of unnecessary rescue equipment, and consolidation to eliminate unnecessary fire departments. The Deputy Assistant Secretary of Defense(Energy, Environment and Safety) advised the Defense Audit Service that his office would develop, on a priority basis, guidance for fire protection services. Moreover, the Deputy Assistant Secretary of Defense (Installations and Housing) was proceeding with planned consolidation of fire departments. Many of the recommendations in the report should be resolved after this policy guidance is issued.

POTENTIAL FINANCIAL BENEFITS NOT READILY MEASURABLE

Many important recurring or nonrecurring benefits result from our work, but the resultant benefits cannot be fully or readily measured. A synopsis of selected reports in this category follows.

Reductions to Army and Air Force Veterinary Corps. We recommended that consideration be given to assigning veterinary responsibilities on an area basis and that some functions performed by veterinarians be transferred to technicians. We also recommended that military personnel stationed in the United States be required to have their pets treated by civilian veterinarians. This should result in a need for fewer veterinarians.

Centralization of Accounting and Disbursing Functions in the Washington, DC Metropolitan Area. The 12 Defense agencies and activities located in the Washington, DC metropolitan area used a variety of in-house and support arrangements to provide financial management and administrative fund control for about $2.8 billion of FY 1978 appropriated funds. Annual operating costs for the 12 accounting systems were estimated at $5.8 million, including

pay and benefits of about $4.1 million for 219 in-house accounting personnel.

We recommended assessing the feasibility of establishing a central finance and accounting office to support those Defense agencies and activities where it would be most beneficial and cost-effective. Financial benefits could be realized through reductions in the number of personnel required to operate a centralized system. Centralization could also result in other benefits such as: reducing the number of accounting systems to be documented and approved, improving management reports, improving controls to preclude violations of Section 3679 of the Revised Statutes (31USC665), and eliminating problems encountered in support arrangements.

Accounting Procedures and Document Controls at the Security Assistance Accounting Center. We reviewed the collection policies and procedures, the use of holding accounts, and the control of documents affecting foreign military sales orders at the Security Assistance Accounting Center. Foreign countries paid only about one-half of the quarterly foreign military sales bills by the due date. Holding accounts were not specifically authorized in current accounting policy. Standard procedures had not been established to control supporting documents pertaining to about 16,600 active foreign military sales cases. Required documents were missing and responses to financial inquiries could be delayed. We made three recommendations. First, that follow-up action be initiated on unpaid bills at the earliest practical time after the billing due date. Second, that a determination be made as to whether holding accounts should be authorized or discontinued in the Foreign Military Sales Trust Fund and guidance be issued on the management and disposition of the accounts. Third, that internal operating procedures be developed for maintaining hard copy foreign military sales case records.

Fund Controls and Delivery Reporting for Foreign Military Sales. We reviewed the adequacy of controls for ensuring that all deliveries are accurately and promptly reported to the Security Assistance Accounting Center (SAAC). Significant quantities of materiel had been shipped for periods ranging from 2 to 22 months, but had not been reported to the SAAC. The primary cause of failure was that the automated requisition files and the systematic follow-up procedures were inadequately maintained. We recommended that automated requisition files be purged and follow-up procedures be instituted to determine the actual status of past-due deliveries.

Resource Management of Remote Terminals - National Security Agency. The purpose of the audit was to evaluate the management of $15.6 million of Government-owned and $3 million of leased remote terminals used in connection with automatic data processing systems installed at the National Security Agency (NSA). The audit showed that management of automatic data processing plans was fragmented. As a result, 2 resource management systems were being developed separately at a cost of $6.3 million. NSA had not established a focal point to evaluate this potential overlap or duplication of these systems. Also, 200 terminals being leased by the Agency at an annual cost of $460,000 could be eliminated through consolidation of user requirements. The operations and maintenance budgets for leased terminals for FY 1978 and FY 1979 were overstated by $3.8 million because Agency budgets were not adjusted to conform to current planning actions. In addition, over $850,000 of automatic data processing equipment was not recorded on property records or was missing.

DoD Requirements for Antiarmor Weapon Systems. Our survey showed that DoD did not determine optimum mix and quantities of antiarmor weapon systems. The Army and Air Force separately computed and structured, and DoD approved, antiarmor weapon systems' force requirements without fully considering each Service's contribution to the combined antiarmor mission. Expenditures of about $30 billion, through program completion, were programed to improve and procure new weapon systems such as the XM-1 tank, advanced attack helicopter, and A-10 close air support aircraft. The Office of the Assistant Secretary of Defense(Program Analysis and Evaluation) was generally aware of these shortcomings and was attempting to address these issues in a series of planned studies.

Defense Inactive Item Program (DIIP). We reviewed the DIIP to determine if Department of Defense components were eliminating unneeded items from inventories and active catalog files. Overall, we found the program ineffective because Defense components had either not implemented it or were applying it poorly; and top level management did not have an effective reporting system to detect the lack of results. Of 1.1 million items managed by the Service activities visited, we conservatively estimated that 75,000 items were not needed and could have been eliminated if the program had been properly applied. Proper implementation of the Defense Inactive Item Program would: eliminate large numbers of unneeded items from DoD logistics systems, eliminate related administrative and storage costs, and make the administrative effort associated with the program more productive, thus providing a payback.

Retention and Transfer of Materiel Assets. We reviewed the policies and practices used by DoD components for retaining materiel in the supply system. The established procedures were widely ignored and special disposal programs were undertaken to eliminate inactive inventories. Because requisitions were

received for many items after the items were sent to disposal, more stocks were bought to fill the new demands. Since the cost to hold the materiel was actually very low, we concluded that the DoD retention policy should be modified to permit retention of ready-for-issue materiel if a foreseeable need exists. We recommended that DoD policy be revised to require that assets be retained in the wholesale supply system based on the item's potential usefulness rather than its recent demand.

Defense Mapping Agency Aerospace Center - Supply Management. We identified deficiencies in inventory policies and practices within the Supply Division and production departments that required management attention. We identified approximately $673,000 in excess stocks which accumulated because of relaxed inventory controls and requisitioning practices. We also identified $456,000 of special level stocks for which future requirements were questionable.

We recommended that excess items which have been reclassified as "hold for attrition" be periodically reviewed for retention by potential users of the items. We also recommended that annual validations be performed by customers for all special levels and consideration be given to eliminating special levels on items which have not had demands in the past 18 months.

OTHER BENEFITS

Some actions taken in response to our recommendations resulted in benefits other than financial. These recommendations were aimed at improving the day-to-day operations within the Department of Defense. A synopsis of selected reports in this category follows.

Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). We could not verify the eligibility of about 18 percent of the CHAMPUS beneficiaries we selected for review. The Defense Investigative Service (DIS), at our request, made an investigation and determined that 46 percent of the beneficiaries they investigated should not have been paid under CHAMPUS. We recommended that DIS arrange to investigate random samples of CHAMPUS claims in the future to possibly deter abuse of CHAMPUS benefits.

Procurement Activities at American Forces Radio and Television Service - Los Angeles. Procedures for negotiating and administering American Forces Radio and Television Service - Los Angeles (AFRTS-LA) contracts for procurement of radio and television programing material needed improvement. The procurement contracting officer had not determined if $4.2 million paid during FY 1978 for programing material was reasonable. Moreover, negotiation memorandums or other supporting documents to justify the basis for, and reasonableness of, this amount were not available. We also found that purchase orders for supplies and services costing less that $10,000 were issued without securing competition and

determining that the prices were fair and reasonable. Blanket purchase agreements were outdated and were not adequately controlled. Printing services were being procured from commercial sources without Government Printing Office approval. Additionally, a significant number of formal purchase orders were issued for procurements that could have been procured using the more simplified and administratively economical imprest fund method.

We recommended that negotiation memorandums be prepared for programing material contracts. These memorandums should be the basis for determining fair and reasonable prices. We also recommended that purchase orders in excess of $500 be supported by competitive quotations or statements as to the absence of determinations of competition and price reasonableness; and that purchases be screened initially to determine if the items are available from Government sources prior to authorizing local commerical procurement.

Administration of Progress Payments in Defense Contruction Programs. The Defense Acquisition Regulation (DAR) provided basic guidance for the entire procurement process, including contract administration. Appendix E of the DAR provided for the various forms of contract financing, including progress payments. However, Appendix E did not provide specific guidance for administering progress payments on construction contracts. We found that policies and procedures were not uniform within and between the Military Departments for administering certain aspects of progress payments on construction contracts. Variances found involved the percent of progress payments retained, payments for material delivered to construction sites, and the method used to write off material inventories. As a result of these variances, the best interests of the Government may not have been adequately protected.

We recommended that paragraph 7-602.7(c) of the DAR, "Payments to Contractors," be modified by:

- deleting the first and second sentences, which inferred that the percentage retained on progress payments must be either 10 percent or zero;

- providing for retention of a percentage of progress payments to encourage completion of administrative requirements to enable timely closeout of construction contracts; and

- providing for additional percentage of retention on progress payments during any period in which the contracting officer judges the contractor's performance unsatisfactory.

Also, we recommended that additional guidance be issued which, as a minimum, should specifically cover consideration of materials delivered to construction sites, materials delivered to locations other than the sites, payments for offsite work in process by subcontractors, and write offs of material inventories.

Improving Controls on Civilian Overtime. Congressional and Executive level interest created a need for increased assurance that civilian overtime payments be properly justified, approved, and paid. To provide this assurance, overtime should be requested in writing, be approved in advance, and approvals be retained to support payments, as well as to provide a basis for review of overtime usage.

We found that procedures and controls within the Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff, Washington Headquarters Services, Defense Communications Agency, and selected Defense Logistics Agency activities needed strengthening to provide assurance that overtime payments were proper. Deficiencies found included: absence of adequate written justification, absence of prior approval, lack of management review, lack of consideration of alternatives, lack of controls to prevent approval of leave during the same day or pay period that overtime was approved, and failure to retain approval forms. Separate reports were issued to each activity reviewed with appropriate recommendations to correct the applicable deficiencies.

Administrative Control of Funds at the Defense Mapping Agency. As of September 30, 1977, about $3.3 million of invalid and questionable obligations were recorded in Defense Mapping Agency records, and reported in certified financial reports submitted to the Office of the Secretary of Defense. A system of general ledger accounts was not being used to integrate the administrative control of funds system with the accounting system. Thus, financial and managerial control over $237 million of appropriated funds was not effective. Also, because disbursements made by other activities were not recorded promptly, unliquidated obligations reported as of September 30, 1977, were overstated by about $3 million.

We recommended: that financial personnel at the Topographic and Aerospace Centers, in conjunction with operating personnel, make comprehensive reviews of unliquidated obligations at least quarterly; that these operating Centers establish a full system of general ledger accounts to integrate the administrative control of funds system with the accounting system; and that all available transactions be recorded and reported promptly in the fiscal year in which the transactions occurred.

Administrative Control of Funds in the Defense Advanced Research Projects Agency. Financial management of Agency funds needed improvement. Deficiencies in financial control and reporting could result in violations of the Anti-Deficiency Act. Official

Agency accounting records maintained by Washington Headquarters Services were so inaccurate and incomplete that the unliquidated obligation balances could not be verified. Further, funds provided to the Agency were not always used in accordance with DoD fiscal guidance. The Agency used current year appropriations to fund contract cost increases that properly should have been charged against the same appropriation cited in the original contract.

Administrative Control of Funds at Field Command, Defense Nuclear Agency. Field Command procedures governing the use of funds, fund availability, and obligational authority needed improvement to preclude violations of the Anti-Deficiency Act. As of July 1978, invalid and questionable unliquidated obligations of about $2.3 million were undetected and not available for other use. The activity improperly used $281,602 of procurement funds and $19,286 of operations and maintenance funds on a construction project having a total cost of $457,679.

Defense Mapping Agency Overtime Controls. Immediate management attention was needed to improve internal controls and to clarify the circumstances for using overtime. Inadequate procedures and controls contributed to potential overtime abuse and possible fraudulent claims for overtime pay. About $200,000 in overtime costs could have been avoided if other alternatives were taken to accomplish routine and nonemergency work.

Civilian Payroll and Travel Operations, Defense Contract Administration Services Region (DCASR), Philadelphia, Pennsylvania. Our audit showed that improvements were needed in the internal controls over payroll processing and related functions. Document processing procedures, primarily involving deductions, and distribution controls for checks and bonds should be improved. DCASR procedures for temporary duty and local travel need strengthening, especially those pertaining to approving travel and using Government and privately-owned vehicles.

Administrative Control of Funds, Defense Personnel Support Center. The Defense Personnel Support Center is the DoD integrated manager of subsistence, medical materiel, and clothing and textiles. Annual funding authorizations exceeded $2.2 billion. We reported that the Center had not established comprehensive accounting and fund administration procedures; and that internal controls were inadequate to prevent or disclose erroneous or fraudulent payments. Accounting records were unreliable; required reconciliations were not performed; significant backlogs of unprocessed transactions existed; and unsupported or improper adjustments were made to the accounting records. Validation of unliquidated obligations had not been accomplished for several years, and differences between the obligations reported to DoD and the balance in the supporting subsidiary records totaled almost $400 million.

The Defense Personnel Support Center and the Defense Logistics Agency agreed with the findings. With the assistance of other field activities, document files were researched and accounting records reconstructed. Task forces were established to develop comprehensive procedures and institute controls over financial transactions.

Improved Management of Automatic Data Processing Resources. A review of the management of Automatic Data Processing (ADP) resources at the Defense Logistics Agency Systems Automation Center in Columbus, Ohio, disclosed that the expenditure of $2 million to acquire a faster more sophisticated computer for the Center was not adequately justified. We concluded that the computer performance evaluation techniques employed did not justify the planned procurement or substantiate that existing resources could not accommodate the Center's projected processing workload. Also, we reported that the Center could increase prime shift use of existing computer resources by at least 40 percent by performing preventive maintenance on nights or weekends, processing nondevelopment programs during periods of low usage, increasing the use of certain minimally-used computer resources and adhering to mission-oriented job processing priorities.

Administrative Budgets for the Ogden Air Logistics Center (ALC) and the Aeronautical Systems Division (ASD). Our review was made to evaluate the validity of the budget estimates for foreign military sales administrative expenses. The FY 1978 foreign military sales (FMS) administrative budgets were overstated by about $4.1 million due to use of improper acceleration rates and errors in determining manpower authorizations. Personnel requirements shown in the FY 1978 budget were based on projections resulting from a 1976 manpower engineering study. We also noted that the Ogden ALC included in its administrative budget computations those personnel who worked less than 10 percent on FMS, whereas the manpower study at the ASD excluded this group. The Arms Export Control Act requires that the cost of functions conducted primarily for the benefit of any foreign country and not recouped as direct case charges will be recouped as an administrative expense.

We recommended that the criteria in DoD Instruction 2140.1 be revised for personnel to be charged to the foreign military sales administrative budget as follows:

> The personnel portion of actual or estimated actual administrative expenses will be costed on the basis of direct work applied.

We also recommended that in the future the Manpower Engineering Teams at Ogden and other Air Logistics Centers perform Security Assistance Program manpower studies before developing foreign military sales administrative budgets.

Administrative Budgets for the Naval Air System Command (NAVAIR) and the Naval Sea Systems Command (NAVSEA). The purpose of the review was to determine whether the Navy was properly recouping foreign military sales administrative costs through the administrative budget process. We observed 2 areas that deserved management attention: the use of contractual services; and the funding of administrative costs incurred at field activities. The use of contractor personnel to augment in-house capabilities to administer the foreign military sales program was of questionable propriety. We believe NAVAIR and NAVSEA used personal services contracts, totaling $389,000 in FMS administrative funds, to accomplish duties that should have been performed by Government employees. Adequate support was not available for about $3.7 million of the FY 1978 budget. The lack of support hampered budget execution review.

We recommended: that a special management review be initiated to identify and correct questionable procurement practices; that a review be made of the use of personnel involved in administering the foreign military sales program to ensure that maximum use is made of in-house capabilities; and that future budgets be thoroughly reviewed for mathematical accuracy, adequacy of supporting documentation, and completeness of remarks and narrative.

Management and Use of Sonobuoys. At the request of the Commander in Chief, Atlantic Command we made a review of Navy sonobuoy management to determine whether procedures established for the allocation and distribution of sonobuoys were equitable and permitted flexibility in their use to meet operational, training, and war reserve requirements. The review showed that shortages of sonobuoys anticipated by the Atlantic Fleet could be immediately offset by transfer of unneeded sonobuoy authorizations from the Pacific Fleet. Similarly, the Pacific Fleet, which was expecting a shortage of a different type of sonobuoy, could alleviate its shortage by a transfer of unneeded authorizations from the Altantic Fleet. Although the immediate problem was corrected, it was evident that Navy sonobuoy management was fragmented and lacked effective coordination among the various managers concerned with procurement, reliability analysis, reporting, requirements, inventory management, and war reserves at Naval Headquarters and the Fleet-user level.

Worldwide Military Command and Control System (WWMCCS) Automatic Data Processing - Mission Support in Europe. As currently configured and managed, WWMCCS automatic data processing provided only limited support to command and control in Europe. This

condition resulted from a lack of policy establishing the parameters within which the system should be used for mission support. Consequently, there was no assurance that the benefits obtained from the system were commensurate with its approximate annual cost of $13.2 million. We recommended that either the system be used for its intended purpose or funding support be reduced.

National Security Agency (NSA) Remote Terminals Automatic Data Processing (ADP) Security. This audit was made to review the effectiveness of the management of the Agency's ADP security program as it related to remote terminals. Our audit disclosed that due to fragmented management, NSA did not have visibility over existing security problems. The Agency's ADP systems had not been formally approved for processing classified data. Certain personnel with access to sensitive compartmented intelligence data on some systems did not have the necessary security clearances. In addition, remote terminals were not always provided a satisfactory degree of protection against compromising emanations.

Armed Forces Radiobiology Research Institute. We found that the Institute's inventory and accounting policies and procedures pertaining to controlled substances were ineffective. Controls required by regulations had not been established. Frequent security and safety violations were being committed because security and safety procedures were not being enforced by the Institute's officials. The Institute had not been enforcing its policy and procedures for safeguarding laboratory notebooks of scientific research data. We found that 74 of 150 notebooks of former Institute personnel were missing.

We recommended that the accounting, controlling, and dispensing of controlled substances be centralized in accordance with Chapter 21 of the U.S. Navy Manual for the Medical Department. We also advised that researchers using controlled substances in conjunction with research projects be required to account for their laboratory notebooks or some other record for amounts of controlled substances used.

Communications System Control Element for Joint Tactical Communications Systems. Our review showed that the present approach to development of the Communications System Control Element (CSCE) could result in an expenditure of about $27 million for a system that would lack required hardware processing capabilities. We recommended that development of the CSCE be deferred until a computer system is selected with adequate capacity to meet future operational requirements.

Management of DoD Communications Satellite Programs. There were 8 separate satellite communications programs for which future costs were expected to approach $1 billion annually. We found that management of these programs was too fragmented to ensure the effective and efficient use of program resources. There was no focal point that possessed the combination of authority and

capability needed to define and enforce policy or to provide cohesiveness to program management. In this environment, the Military Departments tended to overemphasize parochial interests relative to their support of joint programs. We recommended a series of actions that should provide for more centralized program management and more stringent controls over the use of program resources.

Apparent Violation of Section 3679, Revised Statutes, by U.S. Army Claims Service of the FY 1979 Defense Claims Appropriation. U.S. Army Claims Service appears to have violated Section 3679 of the Revised Statutes by overallocating its first quarter FY 1979 apportionment by $18.6 million. The Claims Service received a total FY 1979 apportionment of $53.6 million with a first quarter constraint of $17.1 million. The Claims Service allocated $36.3 million to its field operating activities. Authorizations were distributed to 175 field operating activities. The activities were advised that the amounts provided represented about 75 percent of their total FY 1979 Defense Claims allocations but quarterly constraints were not specified.

Multiple Membership in Active Reserve. As part of our review of Active Reserve Pay and Membership, we had the records of the Reserve components matched to determine whether there were any members reported in more than one organization. As of September 30, 1978, there were 8,043 reservists who were reported by the Reserve Components Common Personnel Data System as being members of more than one Reserve component (a .6 percent error rate). We determined that these reservists were not actually members of different Reserve components simultaneously. Instead, the records of multiple membership were caused by the gaining components not promptly notifying the losing components that the reservists had been accepted for enlistment. Even after notification, the losing components did not always delete the reservists from their rolls. The average length of reported multiple membership was about 13 months.

Retired Reserve Data Base - Reserve Components Common Personnel Data System. We evaluated the accuracy and utility of the Retired Reserve data base of the Reserve Components Common Personnel Data System. Our audit showed that the retired Reserve personnel data records were inaccurate. Personnel data records were not maintained for about 397,000 members who were retired from active duty but had Service commitments. Also, records were not maintained for enlisted retirees of the Army National Guard who elected to receive discharges rather than be assigned to the Retired Reserve. About 12 percent of retired reservists were incorrectly classified. About 34 percent of the addresses of Retired Reserve personnel were invalid. We concluded that efforts to improve the accuracy of the personnel data records should be concentrated on the members with reasonable mobilization potential. We advised the Services to include information on all bona fide Retired

Reserve members in their input to the Reserve Components Common Personnel Data System. We also recommended that the Services not include data on honorary Retired Reserve members who cannot be mobilized under Section 672(a), Title 10 of the United States Code.

Department of Defense Energy Conservation Investment Program. During the hearings on the FY 1979 Military Construction Appropriation, the House Committee on Armed Services directed the Department of Defense to determine whether the claimed savings of energy and dollars from the Energy Conservation Investment Program were being realized. At the request of the Deputy Assistant Secretary of Defense(Installations and Housing), we made an audit to answer this question.

As a result of our examination the Deputy Assistant Secretary of Defense(Installations and Housing) advised us that his office would:

- establish administrative limitations to restrict the use of funds to energy conservation projects,

- direct Military Departments to monitor projects more closely, and

- establish a reporting procedure for the Energy Conservation Investment Program.

Real Property Construction, Maintenance and Repair Work, Defense Construction Supply Center (DCSC). We made an audit to evaluate policies, procedures, and controls over the construction, maintenance, and repair of buildings and grounds at DCSC. Procedures at the DCSC for processing real property construction, maintenance, and repair projects lacked adequate internal controls; and the project approval process was only perfunctory. As a result, the program was susceptible to fraud; and projects that should not have been performed were approved. The need for $3 million of the $6.5 million in projects we examined was highly questionable.

We recommended that procedures for processing real property construction, maintenance, and repair projects be strengthened by requiring written justification and cost benefit analyses for all projects expected to cost over $1,000 and ensuring that the installation planning board's approval of projects over $10,000 is based on a review of the merits and cost effectiveness of the work proposed.

Individual Training Resource Reporting Systems. The objectives of the review were to evaluate the consistency among the Services with respect to restructured Program 8-T data and to ascertain the accuracy of the data reported. Our review showed that inconsistent methods were used by the Services for transferring cost data from the FY 1979 Five Year Defense Plan (FYDP) to the FY 1979

Military Manpower and Training Report (MMTR). As a result, for the 2 appropriations we reviewed, there was a net difference of about $670 million between the individual training costs reported in the FYDP and the MMTR. The methods used also portrayed aggregate individual training cost data for the MMTR, which were not consistent or compatible among the Services.

We recommended that more refined and detailed instructions for preparing the Military Manpower Training Report be issued; and that the Services be required to prepare a summary reconciliation statement by program element of resource data presented in the Military Manpower Training Report and the Five Year Defense Plan. This reconciliation should fully explain differences between the data contained in the 2 reports.

U.S. Atlantic Command Management Policies and Plans for Wartime Resupply Operations. Our review showed that certain resupply and contingency plans did not provide appropriate logistical support for military operations in the Atlantic. Also, a large percentage of supplies scheduled to be transported by air could be transported by ship or prepositioned in strategic locations.

NUMBER OF AUDIT REPORTS ISSUED DURING FISCAL YEAR 1979

Program	Number
Forces Management	2
Health and Public Affairs	14
Financial Management	28
Information Technology	3
Security Assistance	16
Communications	10
Cryptologic Intelligence	3
General Intelligence	1
Intelligence Related Activities	3
Mapping and Nuclear	2
Manpower Requirements and Utilization	1
Systems Acquisition	2
Research and Development	2
Systems Reliability, Test and Evaluation	2
Procurement and Program Execution	1
Administration and Entitlements	6
Materiel Management	8
Transportation	9
Facilities and Support Services	9
Defense Logistics Agency Supply Centers and Depots	6
Recruiting and Training	3
Defense Contract Administration Services and Disposal Activities	8
Maintenance	2
Energy, Environment and Safety	1
Theater-Wide and Special Audits in Europe	1
Theater-Wide and Special Audits in the Pacific	2
Total	145

APPENDIX A

SUMMARY OF INTERNAL AUDIT REPORTS BY TYPE OF AUDIT SERVICE	Name of Agency Defense Audit Service Fiscal Year 1979		
SECTION I			
CLASSIFICATION OF AUDIT REPORTS	Number Reports Issued	Direct Man-Years	Number Distrib. OSD
Installation or Activity (Initiated)			
Regular	22	18.2	
Total	22	18.2	
Coordinated Audits (Initiated)			
Regular	56	101.1	
Total	56	101.1	
Requested Audits			
	67	89.6	
Total	67	89.6	
Requested by OSD and Others			
Total			
Consultant Services			
Total			
Total Reports Issued	145	208.9	

AUDIT REPORTS ISSUED DURING FISCAL YEAR 1979

Forces Management

Armed Forces Capabilities to Evacuate and Care for Combat Casualties in the European Theater. 79-016, November 29, 1978 (coordinated audit).

Air Defense Activities in Europe. 79-078, April 30, 1979 (coordinated audit).

Health and Public Affairs

Procedures Used to Determine Eligibility of Users of the Uniformed Services Medical Facilities. 79-002, October 11, 1978 (requested audit).

Eligibility of Recipients of Benefits Under the Civilian Health and Medical Program of the Uniformed Services. 79-014, November 17, 1978 (coordinated audit).

Management Practices for Selecting and Monitoring Contractors Under the Civilian Health and Medical Program of the Uniformed Services. 79-027, December 21, 1978 (coordinated audit).

Evaluation of the Military Sealift Command In-House Cost Estimates to Operate T-5 Class Tankers in Response to RFP No. N00033-79-R-3001. 79-033, December 28, 1978 (requested audit).

Department of Defense Veterinary Program. 79-034, December 29, 1978 (requested audit).

Evaluation of the Military Sealift Command In-House Cost Estimates to Operate Columbia Class Tankers in Response to RFP No. N00033-79-R-3002. 79-038, January 12, 1979 (requested audit).

Department of Defense Dependents Schools Dormitory Operations and Tuition School Programs in the European Region. 79-045, January 25, 1979 (requested audit).

Selected Aspects of Workload Management at Military Hospitals. 79-060, March 9, 1979 (requested audit).

Management of Appropriated Funds by the Office of Civilian Health and Medical Program of the Uniformed Services. 79-074, April 4, 1979 (coordinated audit).

Payments Made to VisionQuest, Inc. Under the Civilian Health and Medical Program of the Uniformed Services. 79-088, May 16, 1979 (coordinated audit).

Procurement Activities at American Forces Radio and Television Services, Los Angeles. 79-089, May 21, 1979 (requested audit).

Defense Motion Picture Production, Depository, and Distribution Activities. 79-100, June 1, 1979 (coordinated audit).

DoD CONUS Medical Evacuation Infrastructure. 79-125, August 13, 1979 (coordinated audit).

Cost of Busing Department of Defense Dependents Schools Students in the European Region. 79-126, August 17, 1979 (coordinated audit).

Financial Management

Administrative Control of Funds at Headquarters, Defense Nuclear Agency. 79-012, November 9, 1978 (requested audit).

Travel Payments at Defense Contract Administration Services Regions, St. Louis, Chicago and Cleveland. 79-020, December 6, 1978 (coordinated audit)

Administrative Control of Funds at the Defense Communications Agency. 79-021, December 8, 1978 (requested audit).

Administrative Control of Funds at the Defense Mapping Agency. 79-028, December 26, 1978 (coordinated audit).

Administrative Control of Funds at the Defense Depot, Tracy, California. 79-029, December 27, 1978 (requested audit).

Administrative Control of Funds, Defense Personnel Support Center, Philadelphia, Pennsylvania. 79-041, January 18, 1979 (requested audit).

Chairman's Dining Room Fund. 79-042, January 18, 1979 (requested audit).

Administrative Control of Funds in the Defense Advanced Research Projects Agency. 79-046, February 6, 1979 (requested audit).

Administrative Control of Funds at the Administrative Support Center, Defense Logistics Agency. 79-065, March 22, 1979 (requested audit).

Civilian Payroll and Travel Operations, Defense Contract Administration Services Region, Philadelphia, Pennsylvania. 79-066, March 23, 1979 (requested audit).

Progress Payments in Defense Construction Programs. 79-068, March 26, 1979 (requested audit).

Payments to Contractors by the Defense Contract Administration Services Region, Atlanta. 79-079, April 30, 1979 (requested audit).

Office of the Secretary of Defense and Defense Agency Accounting Systems. 79-083, May 7, 1979 (coordinated audit).

Administrative Control of Funds, Defense Contract Administration Services Region, Atlanta, Marietta, Georgia. 79-094, May 29, 1979 (coordinated audit).

Civilian Overtime at the Defense Communications Agency. 79-098, May 31, 1979 (installation audit).

Civilian Overtime at the Defense Contract Administration Services Region, Dallas. 79-102, June 11, 1979 (installation audit).

Administrative Control of Funds at Field Command, Defense Nuclear Agency. 79-103, June 18, 1979 (installation audit).

Survey of Policies and Procedures for Paying Progress Payments for New Ship Construction. 79-109, July 2, 1979 (requested audit).

Civilian Overtime at the Defense Depot Memphis, Tennessee. 79-114, July 16, 1979 (installation audit).

Civilian Overtime at the Defense Contract Audit Agency, Los Angeles Region. 79-115, July 19, 1979 (installation audit).

Civilian Overtime at the Defense Contract Administration Services Region, Los Angeles. 79-120, July 27, 1979 (installation audit).

Civilian Overtime at the Defense Construction Supply Center, Columbus, Ohio. 79-121, July 30, 1979 (installation audit).

Civilian Overtime at the Defense Depot, Mechanicsburg, Pennsylvania. 79-123, August 2, 1979 (installation audit).

Defense Mapping Agency Overtime Controls. 79-135, September 6, 1979 (requested audit).

Civilian Overtime at the Organization of the Joint Chiefs of Staff. 79-136, September 6, 1979 (installation audit).

Civilian Overtime within the Office of the Secretary of Defense. 79-137, September 7, 1979 (installation audit).

Budget Execution for the FY 1978 Military Pay Appropriations. 79-138, September 13, 1979 (requested audit).

Civilian Overtime at the Washington Headquarters Services. 79-139, September 13, 1979 (installation audit).

Information Technology

Management of ADP Resources at the Defense Logistics Agency Systems Automation Center. 79-004, October 12, 1978 (coordinated audit).

Management of DoD Investment in Contractor Leased Automatic Data Processing Equipment. 79-040, January 17, 1979 (coordinated audit).

Management of ADP Systems within DoD Activities. 79-062, March 19, 1979 (coordinated audit).

Security Assistance

Foreign Military Sales Case DN-IR-SAX. 79-007, October 25, 1978 (requested audit).

Foreign Military Sales Ceiling Management. 79-011, November 6, 1978 (requested audit).

U.S. Recommendations to European Participating Governments on F-16 Initial Spares Funding. 79-013, November 13, 1978 (coordinated audit).

Interservice Audit of Government-Furnished Materiel Applied to Foreign Military Sales Items. 79-035, January 8, 1979 (coordinated audit).

Foreign Military Sales Administrative Budgets for the Ogden Air Logistics Center and the Aeronautical Systems Division. 79-036, January 9, 1979 (requested audit).

DoD Informational Program for Foreign Military Trainees. 79-047, February 6, 1979 (requested audit).

Collection of Administrative Fees by the Security Assistance Accounting Center. 79-049, February 13, 1979 (requested audit).

Management of the Assistance-in-Kind (AIK) Fund Provided by the Government of Iran (GOI), Report No. 740, 14 March 1977. 79-050, February 13, 1979 (requested audit).

Accounting Procedures and Document Controls at the Security Assistance Accounting Center. 79-053, February 28, 1979 (requested audit).

DoD Management Information Systems for Foreign Military Training. 79-063, March 22, 1979 (requested audit).

Foreign Military Sales Administrative Budget for the Defense Logistics Agency. 79-064, March 22, 1979 (requested audit).

Fund Controls and Delivery Reporting for Foreign Military Sales. 79-095, May 29, 1979 (requested audit).

Foreign Military Sales Administrative Budgets for the Naval Air Systems Command and the Naval Sea Systems Command. 79-106, June 29, 1979 (requested audit).

Defense Security Assistance Agency Military Assistance Program (MAP) Accounting System. 79-107, June 29, 1979 (coordinated audit).

Pricing of Dedicated Training Programs for Foreign Students. 79-112, July 12, 1979 (coordinated audit).

Contract Administration of Major Contracts in Iran. 79-116, July 20, 1979 (requested audit).

Communications

Communications Services Industrial Fund. 79-008, October 25, 1978 (requested audit).

Administrative Telephone Services in the Norfolk, Virginia Area. 79-022, December 13, 1978 (coordinated audit).

Worldwide Military Command and Control System Automatic Data Processing Program - Program Management. 79-031, December 29, 1978 (requested audit).

Defense Commercial Communications Office Disbursement Procedures. 79-037, January 11, 1979 (installation audit).

Communications Services Industrial Fund Billing Adjustments. 79-058, March 12, 1979 (requested audit).

Worldwide Military Command and Control System Automatic Data Processing Program - Mission Support in Europe. 79-061, March 15, 1979 (requested audit).

Automated Message Handling Systems - Telecommunications Oriented. 79-067, March 26, 1979 (requested audit).

Troposcatter Radios Used with the Army's Pershing Missile System. 79-096, May 30, 1979 (coordinated audit).

Communications System Control Element for Joint Tactical Communications Systems. 79-143, September 18, 1979 (coordinated audit).

Management of DoD Communications Satellite Programs. 79-144, September 18, 1979 (coordinated audit).

Cryptologic Intelligence

Resource Management of Remote Terminals, National Security Agency. 79-018, December 4, 1978 (requested audit).

National Security Agency Remote Terminals Automatic Data Processing Security. 79-075, April 12, 1979 (requested audit).

Department of Defense Voice Security Programs. 79-105, June 29, 1979 (requested audit).

General Intelligence

DoD Scientific and Technical Intelligence Production Program. 79-010, November 3, 1978 (requested audit).

Defense Attache System, Defense Intelligence Agency. 79-015, November 27, 1978 (requested audit).

Intelligence Related Activities

Management and Use of Sonobuoys. 79-005, October 13, 1978 (requested audit).

Interim Report on the Review of Defense Intelligence School Facilities. 79-072, March 30, 1979 (installation audit).

Mapping and Nuclear

Adequacy of Inventory and Accounting Controls over Conventional Explosives. 79-069, March 28, 1979 (requested audit).

Armed Forces Radiobiology Research Institute. 79-118, July 27, 1979 (installation audit).

Manpower Requirements and Utilization

Administration of Active Military Manpower - Individuals Account. 79-017, December 1, 1978 (coordinated audit).

Systems Acquisition

Tactical Fighter Aircraft Requirements. 79-003, October 11, 1978 (requested audit).

Survey Report on DoD Requirements for Antiarmor Weapon Systems. 79-044, January 23, 1979 (coordinated audit).

Research and Development

Interim Report on the Review of Procedures for Management of Research and Development in Support of Tactical Operation Capability. 79-024, December 15, 1978 (coordinated audit).

Interim Report on the Review of the Management of Research and Development in Support of Tactical Operational Capability. 79-043, January 18, 1979 (requested audit).

Systems Reliability, Test and Evaluation

Penguin Missile System. 79-023, December 13, 1978 (requested audit).

ROLAND Missile System. 79-077, April 26, 1979 (requested audit).

Procurement and Program Execution

DoD Other Procurement Program Execution. 79-128, August 22, 1979 (coordinated audit).

Administration and Entitlements

Apparent Violation of Section 3679, Revised Statutes by U.S. Army Claims Service of the FY 1979 Defense Claims Appropriation. 79-026, December 18, 1978 (coordinated audit).

Retired Military Pay, the Department of Defense and the Veterans Administration. 79-093, May 24, 1979 (coordinated audit).

Retired Reserve Data Base - Reserve Components Common Personnel Data System. 79-101, June 1, 1979 (requested audit).

Multiple Membership in Active Reserves. 79-110, July 5, 1979 (coordinated audit).

DoD's Administration of the Survivor Benefit Plan. 79-119, August 1, 1979 (coordinated audit).

Retired Military Pay Entitlements. 79-124, August 13, 1979 (coordinated audit).

Materiel Management

Defense Inactive Item Program in the Department of Defense. 79-001, October 10, 1978 (requested audit).

Supply Management at the Defense Mapping Agency Aerospace Center. 79-032, December 29, 1978 (coordinated audit).

Cash Management Procedures Pertaining to the Acquisition of Fuel by the Defense Logistics Agency. 79-039, January 15, 1979 (installation audit).

Cost Estimates for the Commercial Item Support Program. 79-055, March 5, 1979 (requested audit).

Retention and Transfer of Materiel Assets. 79-080, May 4, 1979 (coordinated audit).

U.S. Atlantic Command Management Policies and Plans for Wartime Resupply Operations. 79-084, May 9, 1979 (coordinated audit).

Contractor Inventory Redistribution System. 79-132, August 28, 1979 (coordinated audit).

Bulk Fuel War Reserves. 79-140, September 14, 1979 (installation audit).

Transportation

Surcharge for Transportation Costs of Subsistence Shipments to Alaska and Hawaii Commissaries. 79-006, October 23, 1978 (requested audit).

Military Airlift Command Air Passenger Terminals. 79-025, December 18, 1978 (requested audit).

International Air Passenger Traffic. 79-052, February 20, 1979 (requested audit).

Transportation of Personal Articles on U.S. Navy Ships. 79-057, March 12, 1979 (coordinated audit).

Selected Elements of the Proposed Standard Transportation Billing Format. 79-099, May 31, 1979 (requested audit).

Costs Associated with the Use of Government Bills of Lading and Commercial Bills of Lading. 79-108, June 29, 1979 (requested audit).

Worldwide Aeromedical Evacuation System. 79-111, July 11, 1979 (requested audit).

Distribution of Freight to Highway Carriers by the Defense Depot, Tracy, California. 79-122, August 3, 1979 (requested audit).

Follow-up Review of the Interservice Audit of Tactical/Command Support Aircraft. 79-133, August 31, 1979 (coordinated audit).

Facilities and Support Services

DoD Printing and Duplicating Operations. 79-048, February 7, 1979 (coordinated audit).

Department of Defense Energy Conservation Investment Program. 79-054, February 28, 1979 (requested audit).

Utilization and Construction of Reserve Forces Facilities. 79-059, March 13, 1979 (requested audit).

Leased Motor Vehicles. 79-070, March 27, 1979 (coordinated audit).

DoD Auxiliary Airfields. 79-076, April 18, 1979 (coordinated audit).

War Reserves of Construction and Related Civil Engineering Equipment Stored in the Continental United States. 79-127, August 20, 1979 (coordinated audit).

Replacement of ESCAPAC Ejection Seats in the Navy and Air Force. 79-130, August 27, 1979 (coordinated audit).

Real Property Construction, Maintenance, and Repair Work, Defense Construction Supply Center. 79-134, September 4, 1979 (coordinated audit).

Navy Plans for a Gas Turbine Propulsion System Training Facility. 79-141, September 17, 1979 (installation audit).

Defense Logistics Agency Supply Centers and Depots

Special Program Requirements for Secondary Items in the Department of Defense. 79-073, April 3, 1979 (coordinated audit).

DoD Medical Materiel Support Program. 79-081, May 7, 1979 (coordinated audit).

Requisitions for Nonstandard and Nonstocked Items, Defense Electronics Supply Center, Dayton, Ohio. 79-082, May 7, 1979 (installation audit).

Selected Aspects of Inventory Management at the Defense General Supply Center. 79-097, May 31, 1979 (installation audit).

Quantity Discounts on Stock Replenishment Transactions, Defense Construction Supply Center. 79-104, June 20, 1979 (installation audit).

Defense General Supply Center Depot Storage Operations. 79-113, July 13, 1979 (installation audit).

Recruiting and Training

Use of Contractors for Specialized Skill Training. 79-030, December 28, 1978 (coordinated audit).

FY 1979 Individual Training Resource Reporting Systems. 79-071, March 30, 1979 (requested audit).

Qualifications of Graduates from Specialized Skill Training. 79-092, May 23, 1979 (coordinated audit).

Defense Contract Administration Services and Disposal Activities

Defense Property Disposal Office, Fairbanks, Alaska. 79-009, November 2, 1978 (requested audit).

Manufacturers' Warranties. 79-051, February 16, 1979 (coordinated audit).

Quality Assurance Activities in DoD Contract Administration Organizations. 79-085, May 9, 1979 (coordinated audit).

Plant Clearance Activities. 79-090, May 21, 1979 (coordinated audit).

Government-Owned Special Test Equipment Retained by Defense Contractors. 79-091, May 22, 1979 (requested audit).

Ration Assembly Contracts, Southern Paper Products, Incorporated, Memphis, Tennessee. 79-129, August 23, 1979 (requested audit).

DoD Donation Program. 79-145, September 17, 1979 (requested audit).

Local Procurement, Defense Mapping Agency Aerospace Center. 79-146, September 25, 1979 (requested audit).

Maintenance

Reduced Power Usage on Department of Defense Aircraft. 79-086, May 10, 1979 (coordinated audit).

Defense Mapping Agency Equipment Maintenance Program. 79-087, May 14, 1979 (installation audit).

Energy, Environment and Safety

DoD Fire Protection Services. 79-019, December 5, 1978 (coordinated audit).

Theater-Wide and Special Audits in Europe

Defense Commercial Communications Office, Europe. 79-056, March 5, 1979 (installation audit).

Theater-Wide and Special Audits in the Pacific

Second Summary Report on the Interservice Review of U.S. Force Reductions in Korea. 79-117, July 25, 1979 (coordinated audit).

Pacific Stars and Stripes. 79-131, August 27, 1979 (requested audit).

PERSONNEL AND OPERATING EXPENSE SUMMARY	Name of Agency Defense Audit Service Fiscal Year 1979					
	Permanent Personnel Data by Grade as of End of Period 9/30/79					
	Field Personnel			Headquarters Office		
Section I	Auditors incl 1st line Superv	Superv and Tech Staff	Admin and Support	S&TS	A&S	Grand Total
CIVILIAN						
GS-18						
GS-17						
GS-16				5		5
GS-15		24		4		28
GS-14	42			8		50
GS-13	72			3		75
GS-12	88			2		90
GS-11	41					41
GS-10						
GS- 9	35					35
GS- 8					2	2
GS- 7			18		3	21
GS- 6			8		4	12
GS- 5			2		3	5
GS- 4 and under					5	5
Other (Non GS)						
TOTAL	278	24	28	22	17	369
MILITARY						
08						
07						
06						
05						
04						
03						
02						
01						
WARRANT						
ENLISTED:						
E9						
E8						
E7						
E6 and under						
TOTAL						
GRAND TOTAL	278	24	28	22	17	369

PERSONNEL AND OPERATING EXPENSE SUMMARY	Name of Agency Defense Audit Service Fiscal Year 1979						
Section II	Military		Civilian		Total Personnel		
	Audit and Tech	Admin and Suppt	Audit and Tech	Admin and Suppt	Audit and Tech	Admin and Suppt	Grand Total
ASSIGNED PERSONNEL							
Assigned Begin FY			329	40	329	40	369
Additions During FY			47	11	47	11	58
Separations During FY			37	21	37	21	58
Assigned End FY			339	30	339	30	369
PERSONNEL AUTHORIZED							
Authorized End FY							369
Authorized End Next FY							394

NO. OF OFFICES, END FY

Regional (Area, District)	7
Branch (Audit Office)	4
Residencies (Continuous)	2

	OPERATING EXPENSES FY 1979
Cost of Civilians (Actual)	$11,048,000.00
Cost of Military Personnel (Calculated per DODI 7220.25)	
Travel	1,868,000.00
Other	929,000.00
Total Operating Expenses	$13,845,000.00
Less Reimbursements Earned	160,000.00
Net Operating Expenses	$13,685,000.00

APPLICATION OF TOTAL TIME	Name of Agency Defense Audit Service Fiscal Year 1979					
	MAN-YEARS					
	FIELD					
PERSONNEL TIME	Auditors and 1st Line Superv	Superv and Tech Staff	Admin * and Support	Head-quarters Office	Total	%
INDIRECT AND ADMINISTRATIVE TIME						
Orientation and Training	5.4	.5	.3	.5	6.7	2.0
Leave and Holidays	52.1	5.2	2.6	5.2	65.1	17.0
PCS and Travel						
Adm. and Support			18.0	17.9	35.9	9.0
Supervision and Tech Staff		23.5			23.5	6.0
Other (Military Duties, etc.)						
TOTAL	57.5	29.2	20.9	23.6	131.2	34.0
DIRECT TIME	229.3	22.7			252.0	66.0
GRAND TOTAL	286.8	51.9	20.9	23.6	383.2	100%

* Administrative and support functions are performed by DLA Administrative Support Center under an Interservice Support Agreement.

SUMMARY OF DIRECT INTERNAL AUDIT TIME BY MAJOR FUNCTION AND TYPE OF AUDIT	Name of Agency Defense Audit Service Fiscal Year 1979						
	Direct Man-Years by Type of Audit						
	Init. by Audit Org.		Requested Audits				
	Installation or Activity	Coordinated Audits	Within Component	OSD and Others	Consultant Services	Total Direct Man-years	Percent
SUPPLY MANAGEMENT	8.7	11.7		13.8		34.2	13.6
COMPTROLLER SERVICES	3.0	8.0		2.7		13.7	5.4
MANAGEMENT OF MAINTENANCE AND REPAIR	.8	4.3		5.7		10.8	4.3
MANAGEMENT OF REAL AND INSTALLED PROPERTY		11.1		.6		11.7	4.6
PROCUREMENT AND CONTRACT ADMINISTRATION	1.2	25.8		11.1		38.1	15.1
PERSONNEL MANAGEMENT AND PAYROLLS	3.1	25.9		10.5		39.5	15.7
NONAPPROPRIATED FUND ACTIVITIES	.4			1.7		2.1	.9
SUPPORT SERVICES	.4	9.3		6.1		15.8	6.4
MANUFACTURING							
RESEARCH AND DEVELOPMENT	2.5	11.7				14.2	5.6
AUTOMATIC DATA PROCESSING SYSTEMS	4.0	5.8		1.3		11.1	4.4
MILITARY ASSISTANCE PROGRAM		1.7		14.5		16.2	6.4
COMMUNICATIONS		10.4		1.8		12.2	4.8
TRANSPORTATION	.8	2.1		9.5		12.4	4.9
INTELLIGENCE AND SECURITY		13.9		3.6		17.5	6.9
OTHER DIRECT TIME		2.5				2.5	1.0
TOTAL DIRECT TIME	24.9	144.2		82.9		252.0	100%
FORECAST FOR REPORTING FISCAL YEAR		179.0		120.0		299.0	
FORECAST FOR NEXT FISCAL YEAR		179.0		120.0		299.0	
ESTIMATED TOTAL ANNUAL WORKLOAD		343.0		299.0		572.0	
ESTIMATED TOTAL MANPOWER REQUIREMENT		457.0		305.0		762.0	

DESCRIPTIONS OF MAJOR ORGANIZATIONAL UNITS OF DAS

The following identifies DAS's major units of organization, together with a brief description of the major responsibilities of each. The lines of authority can be found in the organization chart preceding Chapter One.

Financial and Manpower Audits Division

Forces Management

This program encompasses audits of all aspects of organizing, equipping and training active and reserve combat forces. Reviews are directed toward the use made of resources provided to attain and sustain the required force structure. Systems such as the Force Status and Identity Report system and other authorization and capability reporting systems as well as contingency planning are included.

The development of unit training objectives, the extent to which those objectives are accomplished and the effectiveness of participation in field exercises are also included in this program.

Program elements 1, 2, 4 and 5 of the Five Year Defense Program and budget submissions will be covered by this group.

Health and Public Affairs

This program encompasses all aspects of the DoD medical care system including operation of hospitals and clinics; all medical (including dental) staffing requirements; and all related training requirements and facilities. Included would be requirements determinations, recruiting, assignment, utilization, classification and record keeping operations. Also included would be all aspects of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and the Tri-Service Medical Information System (TRIMIS).

All aspects of Public Affairs are incorporated, including the American Forces Radio and Television Service, all audiovisual programs which include the production, distribution and depository functions of motion picture, television, audio, multi-media and still photo products for training and information purposes.

Also addressed are all aspects of the Department of Defense Dependents Schools System which operates 259 schools in 25 countries.

Financial Management

This area is concerned primarily with the systems, functions, and activities established to carry out the fiscal responsibilities of DoD. Generally, financial management will include all comptroller-type services and activities relating to programing, budgeting, accounting and reporting. Specifically, financial management covers the needs for, receipt, control, and disbursement of public funds. It covers programing to the extent that it is organized within the comptroller area.

Financial management further covers the budgeting process through the formulation, approval and execution stages. It includes all facets of accounting systems including their approval by the Comptroller General as well as their operational aspects. It covers fiscal accounting and administrative control of funds, cost accounting, property accounting, and other types of accounting.

Financial management includes contract financing, cash management, payment of civilian and military pay and allowances, and overseas banking in DoD. Many funds and accounts are covered; for example, general funds; revolving funds such as stock funds and industrial funds; deposit funds; foreign currency accounts; and transfer appropriation accounts. Financial management incorporates all aspects of disbursing and also covers various types of reporting such as financial and budgetary reporting, and progress and statistical reporting.

Further, financial management includes the responsibility for assuring that legal and legislative requirements are met in the execution of programs using appropriated funds.

Information Technology

This program includes reviews of automatic data processing (ADP) functions such as information and word processing, administrative data processing, production control systems, computers integral to weapons systems, and related telecommunications processing resources. These reviews will include evaluations of automated systems (hardware and software) and will provide design personnel, system users and applicable management levels with timely recommendations to improve operational effectiveness and system efficiency.

Some reviews would include participation in the design, development, and testing of major DoD computer systems to assure that adequate controls and safeguards are designed into approved DoD systems. Other reviews would be made of operational, automated systems and data processing installations as well as ADP systems security and data privacy controls.

TRAINING COURSES ATTENDED BY DAS PERSONNEL DURING FISCAL YEAR 1979

I. Defense Audit Service internal courses (These courses are conducted primarily by DAS personnel.)

A. Auditor Intern School
B. Intermediate Auditor School
C. Staff Auditor School
D. Advanced Auditor School
E. Executive Conference

II. Training obtained through other Government agencies

A. Federal Executive Institute
Executive Development Days
Seminar for New Managers
Executive Leadership and Management Program
Seminar for Advancing Managers

B. Office of Personnel Management
Operation Update
Audit Techniques for ADP Systems
Basic EEO Counseling
Financial Management Conference
Automatic Data Processing Orientation

C. Pentagon Education Center
Critical Reading Skill Development Program

D. Department of Defense Computer Institute
Computer Systems Security
Introduction to Teleprocessing
Computer Performance Evaluation

E. Army Management Engineering Training Activity
ADP Orientation Seminar

F. Army Logistics Management Center
C/I Review Program Workshop

G. Defense System Management College
Major Systems Acquisitions Policy in DoD

H. Defense Logistics Agency
ANS Cobol
S/360 and DSAC Programming

I. Navy Material Command
Navy Department Planning and Management Systems

J. Defense Intelligence School
Joint Intelligence Curriculum

III. Training obtained from commercial sources

A. University of Oklahoma
Public Personnel Administration
Public Policy Analysis
Comtemporary Economic Methods and Analysis
Measurement and Analysis for Public Administrators
Program Planning and Evaluation

B. Dr. Mary C. Bromage
Writing Audit Reports

C. Mr. Phillip Yeager, CPA
Lamber's CPA Review

D. Interagency Auditor Training Center
Successful Audit Report Writing
Developing and Presenting Audit Findings
Written Communications for Auditors
Interviewing Techniques for Auditors
Operational Auditing

E. Seminars, Conferences and Workshops sponsored by Professional Organizations

1. Association of Government Accountants
Keep Your Cool Under Stress
Detection and Prevention of Computer Fraud
Productivity Symposium
Oral Presentation Techniques
Speaking and Listening
Systems Analysis for Government Auditors
Prevention of Fraud, Waste, and Abuse
Detection and Prevention of Fraud, Waste, and Abuse
National Symposium
Evaluating Internal Controls in Computer Systems

2. Institute of Internal Auditors
Professional Perspective - Internal Auditing

3. American Association of Accountants
Mid-Atlantic Region Meeting

F. Management Science Training Center
Financial Management Conference

The program responsibilities include providing ADP support and assistance, as needed, to Defense Audit Service teams making audits in an ADP environment.

Security Assistance

The program consists of 5 major parts:

The Military Assistance Program (MAP) through which Defense articles and services are provided to eligible recipients on a grant basis.

The International Military Education and Training (IMET) Program through which military training is provided to selected foreign personnel on a grant basis.

The Foreign Military Sales Financing Program through which loans and repayment guarantees are provided to eligible foreign governments on a fully reimbursable basis.

The Security Supporting Assistance (SSA) Program through which economic assistance is provided, on a loan or grant basis, to selected foreign governments.

Foreign Military Cash Sales Procedures through which eligible foreign governments purchase Defense articles, training and services.

The functional area includes audits at all levels of management of the 5 major parts, which make up the Security Assistance Program. It includes the Security Assistance Progam responsibilities of the Military Departments, Unified Commands and Military Assistance Advisory Groups. Reviews in this area may cover the overall management of the program or segments of the program, specific case execution, or compliance and performance from the recipient in-country viewpoint.

Intelligence and Communications Audits Division

Communications

This program covers all aspects of the operational management, control, and supervision of DoD communications systems, activities, or services whether commercial or Government-owned. Included are the Defense Communications System (DCS), Communications Satellite System, and programs funded by the Military Departments; and all special purpose and dedicated networks, systems and programs that support the functions of command and control (including alert and warning) at both the strategic and tactical level. The area also includes responsibility for

internal audit coverage of the Defense Communications Agency (DCA) except audits of payroll and personnel that are covered through other functional programs.

Cryptologic Intelligence

This program includes signal intelligence and communications security for all of DoD. It encompasses the National Security Agency, as well as the crytologic mission operations of the Army, Navy and Air Force. Audits would cover all aspects of operational management and analysis of the effectiveness and efficiency of mission results in relation to the resources provided through the Consolidated Cryptologic Program and the Communications Security Program. In addition, audit responsibility also includes all areas supporting the mission operations of the National Security Agency. This involves supply management, comptroller services, maintenance, procurement, personnel, research and development, computer operations, communications and field activities.

General Intelligence

This program includes audits of the DoD-wide functions and activities involved in collecting, analyzing, and producing data for basic intelligence, current indications and warning intelligence, intelligence estimates, long-range threat forecasts and scientific and technical intelligence to support DoD requirements. Functions and activities involved in counter intelligence and photo interpretation are also included. Audits of operational management procedures and analyses of the effectiveness and efficiency of mission results in relation to the resources provided through the General Defense Intelligence Program are included. Excluded are audits of the Consolidated Cryptologic and Intelligence Related Activities programs not funded in the General Defense Intelligence Program. Also, excluded are reviews of basic support functions such as payroll, supply, and maintenance, that are covered through other functional programs.

Intelligence Related Activities

This program includes audits of the operational or mission aspects of tactical surveillance and warning systems, tactical battlefield support systems (e.g., reconnaissance assets), tactical ocean support systems, intelligence staff support, intelligence direct support systems, Reserve and National Guard intelligence activities, and intelligence training functions performed by the Military Departments. As part of this program function, we also review operational management procedures development of operational systems, interfaces with other National and Defense

intelligence programs, and the effectiveness and efficiency with which resources are used for intelligence related activities outside the National Foreign Intelligence Program. Also included in this function will be audits of intelligence activities of sensitive national programs for which DoD acts as executive agent. Excluded are basic support functions such as payroll, supply, and maintenance, that are covered through other program functions.

Mapping and Nuclear

This program includes the mission aspects of the DoD mapping, charting, and geodesy (MC&G) program and the DoD nuclear weapons program. The MC&G program involves Defense Mapping Agency activities and the Military Departments involved in validating requirements, tasking collectors, analyzing collection, producing MC&G products and distributing items produced. The nuclear program involves Defense Nuclear Agency activities and the Military Departments concerned with management of the DoD nuclear weapons stockpile including the operations of the consolidated nuclear weapons reporting system. The functions normally associated with integrated materiel management are included for MC&G and nuclear items. Those aspects of Research, Development, Test and Evaluation (RDT&E) programs involved with nuclear effects and MC&G programs are included here rather than in the RDT&E program. Excluded are support functions such as supply, maintenance, fund controls, appropriation accounting and property accountability that are covered through the other functional programs.

Manpower Requirements and Utilization

This program covers most aspects of the management of military and civilian manpower. General areas of audit responsibility include programing and budgeting of manpower resources, manpower resource management, force structure management, and manpower management information systems. Specifically included are all actions affecting the: manpower programs of the Military Departments, Defense agencies and OSD staffs; military or civilian space and/or man-year authorizations and associated funding programs; and activation, inactivation and changes to units and activities. Excluded areas include training, career development and personnel readiness.

Special Programs Audits Division

Systems Acquisition

This program includes the management processes through which major weapon systems as defined in DoD Directive 5000.1, are acquired by DoD. Reviews are based on threat assessments applicable to Defense Systems Acquisition Review Counsel (DSARC) Milestone 0 - Program Initiation, as well as OSD and Military Department subsequent reassessment requirements (DSARC Milestones I through III) as related to individual weapon systems. Included are matters such as trade-off analyses among alternative weapon systems, cost versus operational capability alternatives, DSARC issue items, production and life cycle costs, and qualitative and quantitative requirements determinations and justification as related to major weapon systems acquisition plans and programs.

Research and Development (R&D)

This area covers the mission aspects of basic and applied research and developmental and applied engineering. The operations of R&D activities and studies and analyses efforts are included in this program. Primary emphasis will be on the performance of mission tasks, the scheduling and programing of operations, the degree of control exercised in assuring validity of results, and the extent to which accomplishments are used to influence doctrine and acquisition decisions.

Systems Reliability, Test and Evaluation

This program includes reviews of the adequacy of DoD policies and procedures for determining the reliability and dependability of major weapons to perform according to plan under potential combat or hostile conditions. Assessments will be made of test and evaluation procedures including test range results employed to determine the feasibility of proceeding with procurement and deployment of new systems developed in research and development programs. Reviews will include a determination of methods used to resolve systems defects discovered during operational performance and the cost-effectiveness of alternatives selected to assure that mission accomplishments are not degraded under stress situations. Evaluations will also be made to determine that prompt disposition is undertaken on systems deemed too technically deficient to accomplish mission goals, or where the cost to correct mechanical deficiencies is too high.

Procurement and Program Execution

This program includes reviews of the adequacy of DoD policies, procedures and practices for acquiring approved major hardware and software systems, products, and services. These reviews will focus on evaluating the processes for DoD validation of requirements, determining that procurement schedules are realistic, and reviewing methods used to obtain timely acquisition. Emphasis will be placed on the adequacy of DoD administrative practices employed to forecast procurement, production and delivery dates; establish obligation and outlay targets based on these forecasts; and monitor the progress of program execution. The acquisition process will include reviews of procurement requests, invitations to bid, methods of contracting, and the negotiation, award and administration of contracts.

Administration and Entitlements

This audit program area encompasses the activities and functions involved in the (a) development and execution of the retired military pay and reserve programs; (b) determination and payment of entitlements to retired military personnel or their survivors, members of the Reserve Forces and the National Guard; (c) establishment and maintenance of data bases for retired military personnel, their survivors, the Reserve Forces and the National Guard; and (d) the administration of related programs. Reviews will include the planning, programing, budgeting and implementing of actions required to economically, effectively, and efficiently accomplish related program objectives. Reviews in this area are of an interservice nature and in some instances are of an interdepartmental nature. Effective working relations are required to be maintained with the Veterans Administration and the Departments of Commerce, Transportation, and Health, Education and Welfare.

Systems and Logistics Audits Division

Materiel Management

This program includes DoD-wide audits of activities and facilities dealing with all aspects of supply system operations and those dealing with logistics data systems. Included are supply operations and related accounting systems such as inventory control points managing wholesale inventories, depots, inventories in transit, installation level supply operations, and materiel in the possession of using and supporting organizations and units. Some of the functions are inventory control, storage and issue, requirements computations, war reserves, requisitioning, warehousing, stock balance and consumption reporting systems,

reutilization screening processes, the Federal Catalog program for identifying and cataloging items of supply, item standardization programs, and management of technical data items of supply. Excluded are individual weapon system acquisitions, transportation, maintenance and overhaul, procurement, contract administration, and property disposal.

Transportation

This program includes DoD-wide and interservice audits of all aspects of the programs, systems, and activities of the Defense Transportation System. Included in the transportation system are the operation, control, and supervision of all functions incident to the effective and economical procurement and use of transportation and traffic management involving the land, sea, or air movement of personnel and equipment using both military and commercial sources. The Program Director must work closely with other Government agencies and the public sector. Components of the Defense Transportation System are the Military Traffic Management Command, the Military Airlift Command, the Military Sealift Command and the Service Transportation Offices. Only those functions related to the mission of the DoD Transportation System are in the program. Excluded are the everyday housekeeping activities and functions performed by and for these components and those responsibilities directly related to the parent Service requirements unless specific requests dictate DAS audit involvement.

Facilities and Support Services

This program includes DoD-wide and Defense agency audits of:

- maintenance, repair and utilization of real property and equipment,
- military construction,
- housing programs (family, bachelor and leased housing), and
- support services.

Reviews will be made of the management of real and installed property from determination of the need of the property through maintenance, use and disposal. Some of the specific audit entities included are in-house construction; utility systems; maintenance

of land, buildings, facilities, and installed property; fire protection; family housing programs; and related costs and property accounting systems. This program also includes evaluations of the various services required to support the operations and maintenance of a military facility or organization. It includes audits of Service-wide operations, such as mess hall operations; appropriation-funded morale, welfare and recreation functions; quarters; religious activities; and retail store operations (such as clothing and commissary).

Defense Logistics Agency (DLA) Supply Centers and Depots

This program includes audits of major supply support missions assigned to 5 DLA supply centers (excludes Defense Fuel Supply Center) and 7 field depots. The supply management functions of the supply centers include requirements computation, supply control, provisioning, procurement, requisitioning processing, distribution, materiel management, standardization and inventory accountability. Areas of audit responsibility at the depot level include receipt, inventory management, warehousing and distribution. In addition to the 7 DLA-managed depots, the Program Director has responsibility for mission audits at those Service-managed depots that perform distribution missions for DLA-owned commodity materiel. Also included are audits of storage facilities for subsistence worldwide.

Recruiting and Training

This program includes DoD-wide audits of the recruiting, training and education of military personnel. It also includes DoD-wide audits of the education and training of civilian employees. The overall objectives of these audits are: to review and evaluate the effectiveness, efficiency and economy of the DoD management of personnel and resources used in recruiting, education and training; and to determine whether there is unnecessary duplication and/or potential for the consolidation or elimination of certain functions or activities.

Defense Contract Administration Services and Disposal Activities

This program includes audits in the following areas:

- Contract Administration. The activities involved in the administration of contracts, quality assurance, Government-furnished property administration and industrial security are included in this program. Reviews of deliveries, undelivered

items, contract financial status, program status, partial and advanced payment terms, and intransit inventory controls are included. This area includes reviews of DoD contract administration organizations. The establishment of requirements and the storage and distribution of materiel to meet the needs of consumers are not covered except when these matters are directly effected by contract administration practices and procedures.

- Property Disposal Activities. This program reflects the management and control of inventories accounted for in the Integrated Disposal Management System from receipt through disposition including in-transit accountability from the turn-in activity and to the receiving activity. Some of the identifiable functions are receipt and storage, utilization, donation, demilitarization, sales, downgrading to scrap, precious metals recovery, and ship and aircraft sales.

- Accountability and Security of Small Arms, Ammunition and Explosives. This program reflects the management and control of inventories from acquisition to use or disposal. Some of the identifiable functions are inventory control, storage and issue, security, requisitioning, and stock balance and consumption reporting systems.

Maintenance

This program includes the various systems facilities, services, and activities devoted to the maintenance, repair, and overhaul of equipment and supplies. It includes organic and contractual organizational, intermediate, and depot repairs. Also covered is the use of equipment and supplies by maintenance and repair activities. Maintenance operations funded by industrial funds are also in this program. Reviews will cover maintenance philosophies, and concepts developed during weapon and subsystem conception, design, test and operation. Some of the identifiable functions are depot maintenance, vehicular maintenance (for example, tanks, personnel carriers and trucks), ship overhaul, missile and other ordnance maintenance, maintenance of organizational materiel, and related cost and appropriation accounting for maintenance and repair activities. Maintenance of real property will not be included.

Energy, Environment and Safety

This program includes audits of programs under the cognizance of the Deputy Assistant Secretary of Defense(Energy, Environment and Safety). Energy programs include fuel supply assurance, development of alternate fuels, energy technology application, engineering and analysis, conservation investment, conservation management and training.

Enviromental programs require compliance with environmental laws and environmental protection agency regulations. The programs deal with air and water pollution abatement, hazardous materiel management, solid waste disposal, noise suppression, pesticide management, environmental impact statement, conservation of natural resources, and preservation of historic sites.

Safety programs require compliance with work place safety standards established in accordance with the Occupational Safety and Health Act of 1970. DoD safety policy requires safety training for employees, mishap investigation, standardized reporting of mishaps, and use of personal protective equipment if work place hazards cannot be eliminated. DoD safety programs also cover chemical weapon systems ammunition, explosives, hearing conservation, traffic safety, flight safety, nuclear safety and system safety engineering.

Theater-Wide and Special Audits in Europe/Pacific

This program includes audits of Unified Command organizations and functions, audits of any Defense program, function, or system when audit scope is limited to the overseas theater, and special audits of activities within the theater in response to OSD or Unified Command requests. The Program Director represents the Director, DAS in dealings with the overseas Unified Command and the Military Departments overseas commands and activities. He acts as point of contact for all commands in the theater for ongoing audits.

DEPARTMENT OF THE NAVY

The attached documents were provided to the Carter-Reagan Transition Team. Attachment (1) contains those documents releasable in their entirety; attachment (2) is comprised of those documents which have been segregated and are releasable; attachment (3) lists those documents denied in their entirety and attachment (4) provides the appropriate FOI exemptions claimed, rationale, and the Initial Denial Authority.

If you wish to appeal the denial of any of the above documents or information you should address your appeal to the Department of the Navy, Office of the General Counsel, Washington, D. C. 20360.

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C 20350

30 January 1981

SECRET (UNCLASSIFIED UPON THE REMOVAL OF ATTACHMENTS)

MEMORANDUM FOR THE DIRECTOR, FREEDOM OF INFORMATION AND SECURITY REVIEW, OASD (PA)

Subj: U.S. News and World Report and the Armed Forces Journal Freedom of Information Requests for Transition Issue Papers (DFOI-81-44; DFOI-81-49)

In response to your January 13, 1981 request (Ref: CORR 81-11), four attachments are provided. Attachment (1) contains those documents releasable in their entirety; attachment (2) is comprised of those documents which have been segregated and are releasable; attachment (3) lists those documents denied in their entirety; and attachment (4) provides the appropriate FOI exemptions claimed, rationale, and the Initial Denial Authority.

H. A. HOPE JR.
CAPT USN
Executive Assistant & Naval Aide
to the Secretary of the Navy

ATTACHMENTS

SECNAV CONTROL # 1-0074183

SECRET
SECRET

CATEGORY I DOCUMENTS

RELEASABLE IN ENTIRETY

ATTACHMENT (1)

ATTACH 1

1 December 1980

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OP-090/24 Nov 1980

MARITIME ASPECTS OF U.S. STRATEGY

The limits of U.S. national security interests extend far beyond our territorial boundaries. Setting aside the obvious requirement to deter strategic nuclear attack, the need to deter threats in distant areas to our vital overseas interests or those of our allies requires maritime strength and a forward strategy. It also requires that the U.S. maintain military forces which are ready and on-scene to preserve peace and foster stability, forces which have sufficient mobility and self-sustainability to operate virtually anywhere in the world, forces which are powerful enough to be credible when deployed to a region of interest and victorious when committed to action.

Maritime strength rests on the nation's economic power and political will; it is manifested in naval forces, a merchant marine, a coast guard, fishing and research fleets, the capacity to build and repair ships, ports and cargo handling facilities, and command and control. Of these, naval forces contribute most conspicuously to deterrence and to influencing events in a way favorable to national interests. Even if non-naval options are chosen in the commitment of military power, the adequacy and security of sealift are crucial to the deployment and logistics support of U.S. forces. Naval forces--the Navy and Marine Corps--combine the mobility, range, versatility, controllability, and logistical independence that are most often useful in dealing with crises abroad. Naval forces have offensive capabilities--air strike, shore bombardment, mine laying, landing of Marines--that are highly relevant and uniquely credible in time of crisis or confrontation. Because military options should facilitate, rather than complicate, reaction to crisis, the fact that naval forces can be employed quickly, and generally without political impediment, is of central importance.

After a quarter-century of unquestioned maritime superiority following World War II, the U.S. faces a growing world-wide challenge at sea from the Soviet Union. This challenge sweeps across the whole spectrum of maritime power, from the Navy to the merchant fleet, to the shipbuilding industry. Of concern is our ability to influence events in regions of interest as nations of the world perceive that the maritime balance is shifting. The U.S. refrains from tending to the maritime aspects of national security at its peril.

OP-965/28 Nov 1980

NAVY/MARINE CORPS OVERVIEW

Today's Navy/Marine Corps Team consists of:

- 456 active fleet ships
  - 376 combatants
  - 80 support ships
- 82 additional ships
  - 49 Naval Reserve Force (NRF) ships
  - 26 Naval Fleet Auxiliary Force (civ manned)
  - 7 TAKX/RX (preposition ships)
- 5542 aircraft
  - 3168 Navy (Active
  - 1119 USMC (Active)
  - 618 NRF/4th MAW
  - 637 Pipeline
- USMC is organized in:
  - 3 active and 1 reserve divisions.
  - 3 active and 1 reserve air wings.

There are:

- Navy: 528,000 active (68,000 officers; 460,000 enlisted)
  Of these 4,639 officers, 29,891 enlisted are women.
  87,000 reserve (17,000 officers; 70,000 enlisted)
- Marine Corps: 188,000 active (18,000 officers; 170,000 enlisted)
  Of these 528 officers, 6,343 enlisted are women.
  30,000 reserve (3,000 officers; 27,000 enlisted)
- Civilians: 314,000
- Flag/General Officers: 219 USN line (8-4 star, 30-3 star)
  42 USN staff
  66 USMC (2-4 star, 7-3 star)

These forces are maintained and operated with approximately 31% of the DOD budget broken down as follows:

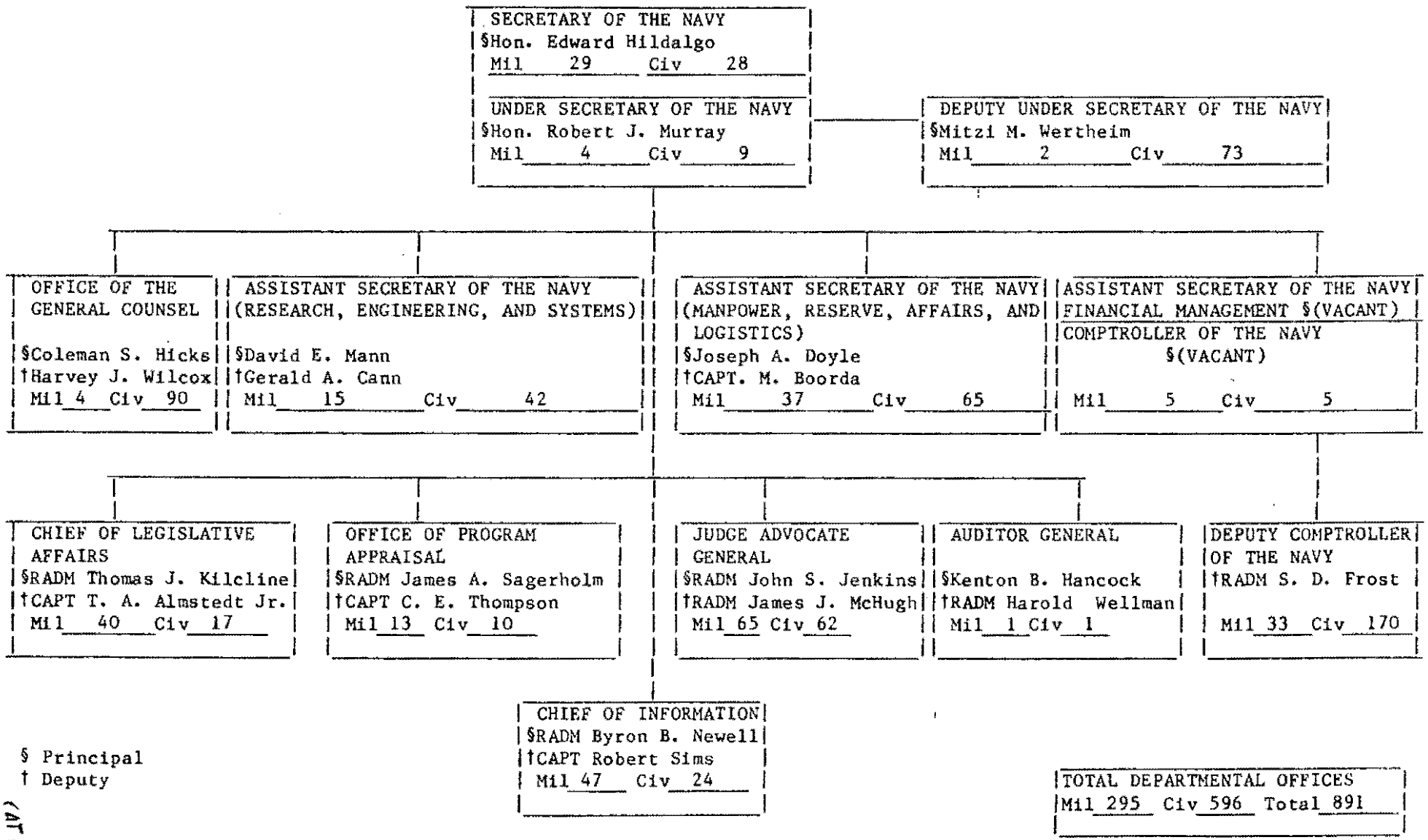
- FY81 Pres. Budget as Amended

	Navy ($M)	USMC ($M)
Military pay	$ 7,795	$2,355
Operations & Maintenance	17,139	981
Procurement	16,504	470
RDT&E	4,862	-
Stock fund	4	-
TOTAL	$46,176	$3,806

- Ordnance expenditures - FY81: USN: $1,154M
  USMC: 81M
- Fuel costs - FY81: USN: $3,542M
  USMC: 61M

Cat 1/965

DEPARTMENT OF THE NAVY SECRETARIAT AND STAFF OFFICES
FISCAL YEAR 1981



SECRETARY OF THE NAVY
§Hon. Edward Hildalgo
Mil 29 Civ 28

UNDER SECRETARY OF THE NAVY
§Hon. Robert J. Murray
Mil 4 Civ 9

DEPUTY UNDER SECRETARY OF THE NAVY
§Mitzi M. Wertheim
Mil 2 Civ 73

OFFICE OF THE GENERAL COUNSEL
§Coleman S. Hicks
†Harvey J. Wilcox
Mil 4 Civ 90

ASSISTANT SECRETARY OF THE NAVY (RESEARCH, ENGINEERING, AND SYSTEMS)
§David E. Mann
†Gerald A. Cann
Mil 15 Civ 42

ASSISTANT SECRETARY OF THE NAVY (MANPOWER, RESERVE, AFFAIRS, AND LOGISTICS)
§Joseph A. Doyle
†CAPT. M. Boorda
Mil 37 Civ 65

ASSISTANT SECRETARY OF THE NAVY FINANCIAL MANAGEMENT §(VACANT)
COMPTROLLER OF THE NAVY §(VACANT)
Mil 5 Civ 5

CHIEF OF LEGISLATIVE AFFAIRS
§RADM Thomas J. Kilcline
†CAPT T. A. Almstedt Jr.
Mil 40 Civ 17

OFFICE OF PROGRAM APPRAISAL
§RADM James A. Sagerholm
†CAPT C. E. Thompson
Mil 13 Civ 10

JUDGE ADVOCATE GENERAL
§RADM John S. Jenkins
†RADM James J. McHugh
Mil 65 Civ 62

AUDITOR GENERAL
§Kenton B. Hancock
†RADM Harold Wellman
Mil 1 Civ 1

DEPUTY COMPTROLLER OF THE NAVY
†RADM S. D. Frost
Mil 33 Civ 170

CHIEF OF INFORMATION
§RADM Byron B. Newell
†CAPT Robert Sims
Mil 47 Civ 24

§ Principal
† Deputy

TOTAL DEPARTMENTAL OFFICES
Mil 295 Civ 596 Total 891

CAT 1 / DUSN

DUSN

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FISCAL YEAR 1981

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Mil 37 Civ 65

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COMPTROLLER OF THE NAVY
†(VACANT)
Mil 5 Civ 5

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DGC (PROCUREMENT)
©James A. MacMillian

AGC (ACQUISITION)
§Margaret Olsen

PDASN (RE&S)
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DASN (C3I)
§Joseph S. Hull

DASN (ADVANCED CONCEPTS)
§©VACANT

DASN (R,A&ST)
©Herbert Rabin

PDASN (M&RA)
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PDASN (L)
§THOMAS HARVEY

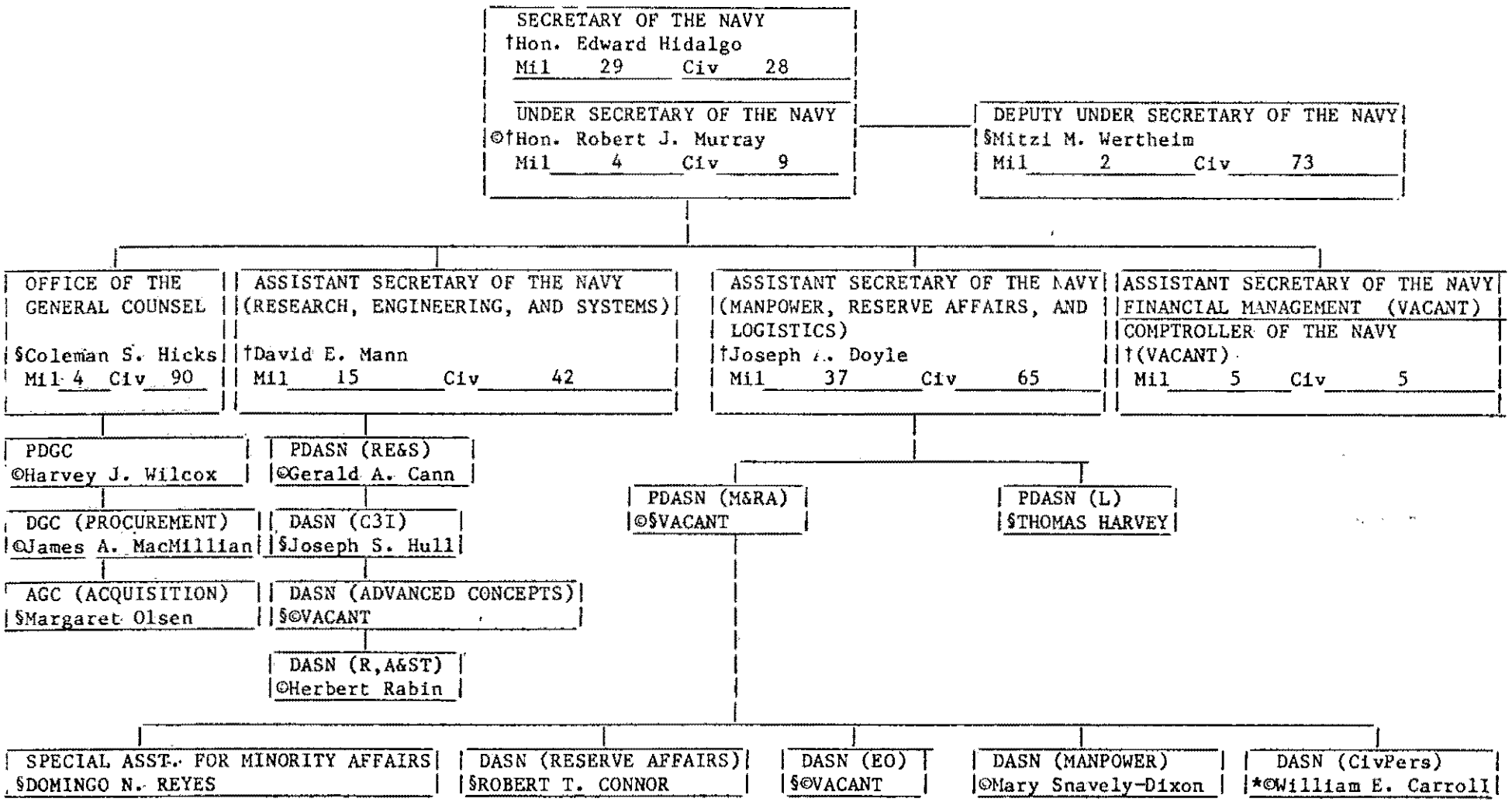
SPECIAL ASST. FOR MINORITY AFFAIRS
§DOMINGO N. REYES

DASN (RESERVE AFFAIRS)
§ROBERT T. CONNOR

DASN (EO)
§©VACANT

DASN (MANPOWER)
©Mary Snavely-Dixon

DASN (CivPers)
*©William E. Carroll



§ SES NON-CAREER APPOINTMENTS
† PRESIDENTIAL APPOINTMENTS
© SES CAREER
* Position not permanently established, although currently occuppied on a reimbursable basis payable to International Communication Agency.

PAT 1/DUSN

SCHEDULE "C" INCUMBENT AND POSITION LIST

SECRETARY OF THE NAVY

Mary Golden	Staff Assistant to the SECNAV	(GS-301-12)

UNDER SECRETARY OF THE NAVY

Charlotte McCabe	Private Secretary to the UNSECNAV	(GS-318-11)
Ronald L. Jackson	Special Assistant to the UNSECNAV	(GS-301-15)
Eddie Serrano	Special Assistant to the UNSECNAV	(GS-301-12)
William F. Cuff	Special Assistant to the UNSECNAV	(GS-301-12)
Clifford J. Sharrock	Special Assistant Emergency Planning	(GS-301-12)

DEPUTY UNDER SECRETARY OF THE NAVY

Mary Margaret Goodwin	Special Assistant for Environment	(GS-301-15)
J. Regan Kerney	Staff Assistant	(GS-301-13)

ASSISTANT SECRETARY OF THE NAVY (RESEARCH, ENGINEERING, AND SYSTEMS)

Rose Marie Moore	Private Secretary to the ASN(R&D)	(GS-318-10)

ASSISTANT SECRETARY OF THE NAVY (MANPOWER, RESERVE AFFAIRS, AND LOGISTICS)

Donna Lloyd	Private Secretary to the ASN(MRA&L)	(GS-318-10)

ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)

Rebecca A. Doniff	Private Secretary to the ASN(FM)	(GS-318-10)

CAT 1 / DUGN

Cdr R.J. Zlatoper, USN; EA, DIR OPA
X79396 19 Nov 1980

OFFICE OF PROGRAM APPRAISAL (OPA)

BACKGROUND

- OPA is a small appraisal staff office under the immediate supervision of SECNAV.
- Mission is to provide SECNAV with evaluations of existing and proposed Navy/Marine Corps programs for his use in the decision-making process.

HISTORY

- 1952-1963: Office of Analysis and Review was comprised of civilians whose mission was to review mobilization/operations plans and requirements for balance/validity.
- 1963-Present: OPA was formed following the 1962 Dillon Board Study of DON organization to provide military/civilian analysts solely and immediately responsive to SECNAV.
- Current composition: 12 military, 4 civilian, with varied disciplines to span Navy/USMC programs.

OPA FUNCTIONS

- Analyze validity, adequacy, feasibility and balance of proposed DON programs to provide SECNAV a basis for assessing overall directions and priorities.
- Conduct, coordinate, or provide guidelines for special studies requested by SECNAV and key Civilian Executive Assistants.
- Appraise and advise SECNAV and his Civilian Executive Assistants on items relating to the Planning, Programming and Budgeting System (PPBS).
- Review/evaluate the responsiveness of DON's programming system in meeting SECNAV needs. Present recommendations as required.
- Analyze/appraise correspondence, reports and studies. Present recommendations to SECNAV and Assistants.
- Prepare backup material for SECNAV's annual authorization/appropriation Congressional appearances.
- Prepare special analyses/reports as SECNAV directs.

INTERFACES

- Office of Secretary of Defense - PA&E
- Navy Secretariat - All OASN's
- OPNAV - OP-090; OP-90; OP-92; OP-96; OP-098
- HQ, USMC - Requirements and Programs

CAI/OPA

UNCLASSIFIED

CAPT S. F. Loftus, USN
EA ASN(FM), 72325, 20 Nov 1980

SUBJECT

The Navy Comptroller Function

BACKGROUND

The Comptroller of the Navy is the ASN(FM); "double-hatting" is unique to Department of the Navy only since function encompasses both Navy and USMC. Comptroller is responsible for policy and procedures related to:

- Budget development, justification, and execution
- Reporting fiduciary information to DOD and Treasury
- Financial systems, procedures, and practices
- Special procedures for contract financing and military banking

DISCUSSION

Budget for FY 1981 cleared SAC in November 1980 and will probably go to Conference in December. Budget for FY 1982 has been developed and will be presented to Congress in January. Budget execution for FY 80 resulted in 88.3% obligation against availability (100.7% against plan) and 99.7% expenditure against availability/plan. Required reports have been rendered to DOD and Treasury.

Navy financial systems are not fully approved by GAO - we are under pressure to revise and update to meet GAO standards. A massive effort both in time (10 years) and dollars ($50 million). Solid plans have been developed and implemented.

PROBLEMS

Budget schedule is always hectic - driven by White House, Congressional, and DOD schedules. Navy has strong reputation for consistently preparing quality budget and documentation - significant effort under constant pressure. SECNAV is intimately involved in major issues.

Financial systems are not glamorous but require manpower, dollars, and ADP investment to improve and update. These systems are critical to sound financial management and budget execution.

FY 81 and 82 Budgets may require early supplemental/amendment action to meet Presidential program goals. Will need timely program and fiscal guidance - even so, process is time-consuming.

ACTION REQUIRED

None - for information only.

CAPT [illegible] ASN(FM)

OP-09B/24 Nov 1980

OFFICE OF THE CHIEF OF NAVAL OPERATIONS

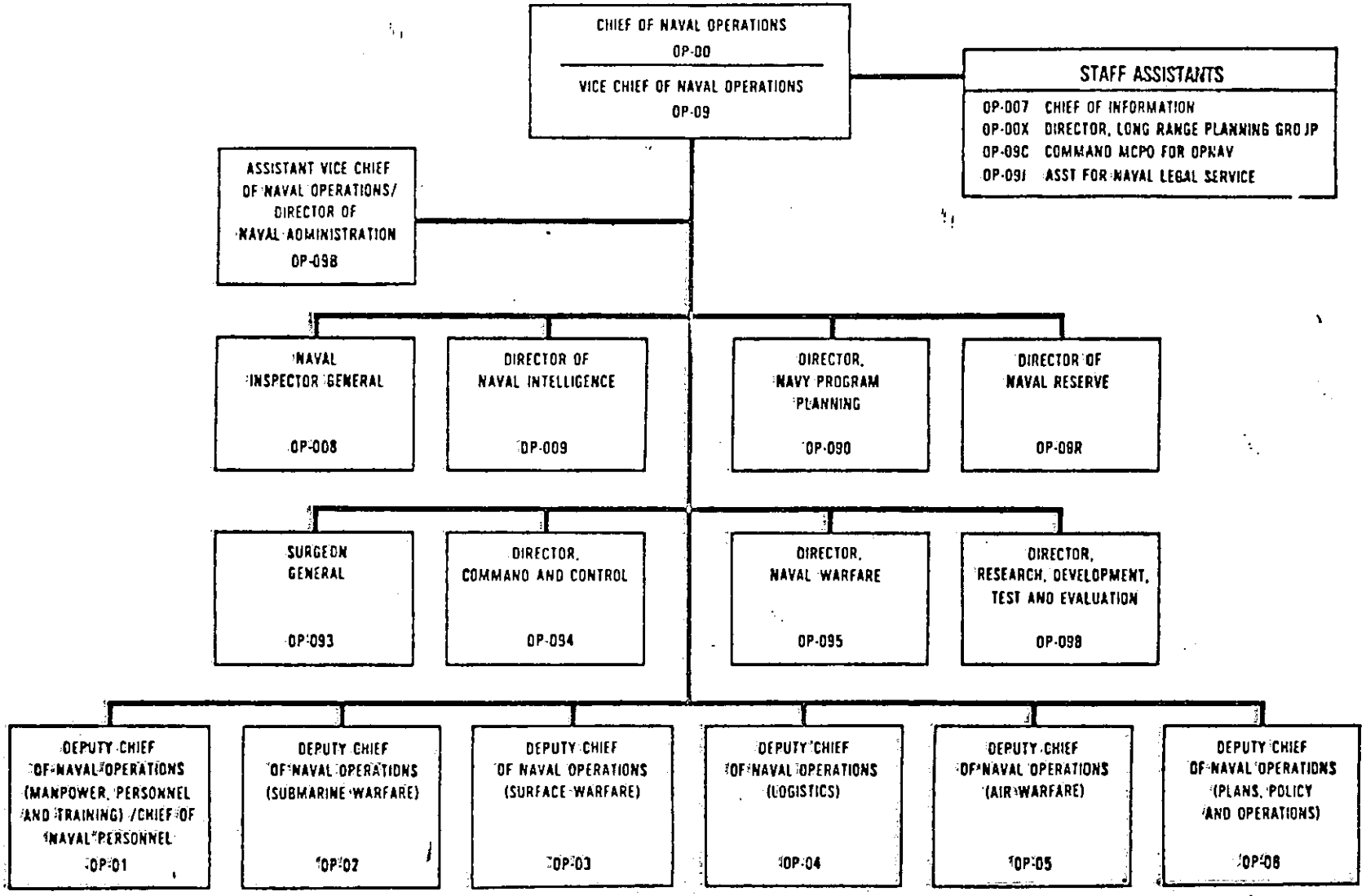
- Chief of Naval Operations (CNO)
  - statutory position
  - senior military officer of Department of the Navy (DON)
  - principal naval adviser to the President and Secretary of the Navy (SECNAV) on conduct of war
  - principal naval adviser and naval executive to SECNAV on the conduct of activities of the DON
  - Navy member of the Joint Chiefs of Staff
  - Incumbent is ADM Thomas B. Hayward, appointed in July 1978 for a four-year term.

- Vice Chief of Naval Operations (VCNO)
  - statutory position
  - also a four-star officer, he directs the staff of the Chief of Naval Operations and is his alternate as a member of the JCS.
  - the incumbent is ADM James D. Watkins, appointed in September 1979.

- Office of the Chief of Naval Operations (OPNAV)
  - headquarters of the Navy
  - advises and assists CNO in discharge of his responsibilities
  - formulates Navy-wide policy
  - plans, programs for, and supervises activities of the Navy
  - consists of 1693 personnel: 867 military officers, 224 enlisted, 602 civilians
  - organized around six Deputy Chiefs of Naval Operations (DCNO) and five Directors of Major Staff Offices (DMSO), who are vice admirals, and supporting elements.

- OPNAV organization chart is provided at TAB A.

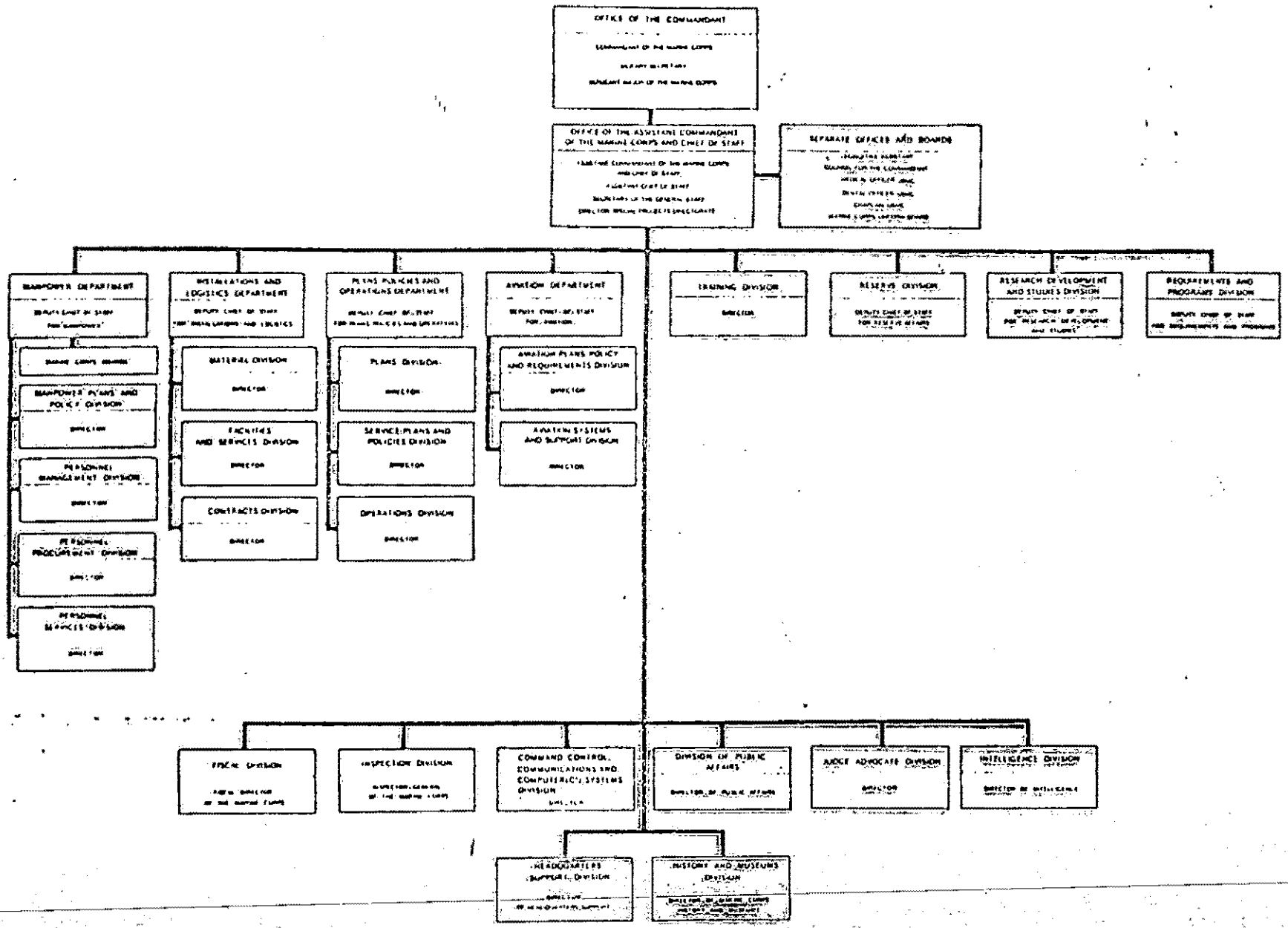
OFFICE OF THE CHIEF OF NAVAL OPERATIONS



OFFICE OF THE COMMANDANT OF THE MARINE CORPS

- CMC
  - statutory position
  - commands and is responsible for the total performance of the Marine Corps
  - principal adviser to SECNAV on Marine matters
  - not a part of CNO Command structure
  - close relationship with CNO within the DON
  - Marine member of Joint Chiefs
  - incumbent is Gen. Robert H. BARROW, appointed on 1 July, 1979.
- ACMC
  - statutory position
  - also a four star officer, he directs the General Staff and is the Commandant's alternate as a member of the JCS
  - the incumbent is Gen Kenneth MCLENNAN, appointed on 1 July 1979
- Headquarters Marine Corps (HQMC)
  - Headquarters of the Marine Corps
  - advises and assists the Commandant in discharge of his responsibilities
  - plans, programs for, and supervises the activities of the Marine Corps
  - organized around eight general officer Deputy Chiefs of Staff and six Directors of Major Divisions.
- HQMC Organization Chart is provided at Tab A.

HQMC ORGANIZATION CHART



CNM/24 Nov 1980

NAVAL MATERIAL COMMAND

- The Naval Material Command (NMC) is the Navy's single agency for acquisition and logistics support of all ships, aircraft, weapons, electronics equipment, and supporting systems. Its responsibilities encompass research and development, procurement, production, installation, maintenance, overhaul and modernization.

- The NMC is structured as shown at TAB A, and commanded by a four-star officer. The major operating divisions are the five systems commands:
  - Air Systems Command (3-star) -- aircraft, missiles, airborne weapon systems.
  - Electronic Systems Command (2-star) -- communications and electronics equipment other than weapon systems.
  - Facilities Engineering Command (2-star) -- planning, design, construction, maintenance and disposal of shore facilities.
  - Sea Systems Command (3-star) -- ships, submarines, weapon systems, sensor systems.
  - Supply Systems Command (2-star) -- logistic support, resupply.

- Over 200 separate shore activities provide a nucleus of trained personnel to perform specialized functions on a basis not normally adaptable to contracting.

- Eight Research and Development Centers centrally managed by the Chief of Naval Material provide a core capability in research and development organized on a "Center of Excellence" basis.

- The Chief of Naval Material reports to the Chief of Naval Operations in the performance of his duties. The incumbent is ADM Alfred J. Whittle, appointed in August, 1978.

END STRENGTH/BUDGET

- FY 81 authorized end strength is 14,200 military and 204,800 civilian personnel.

- FY 81 budget is $28.6 billion.

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NAVAL MATERIAL COMMAND

PERSONNEL SUMMARY
(Mil & Civ, End FY-81 Authorized)

Hq Naval Material Command	933
CNM Project Managers Offices	1,031
R&D Centers	20,177
Other Shore activities	3,840
Air Systems Command	43,410
Electronic Systems Command	3,681
Facilities Engineering Command	20,605
Sea Systems Command	101,050
Supply Systems Command	24,246
Total Naval Material Command	218,953

CHIEF OF NAVAL MATERIAL

VICE CHIEF OF NAVAL MATERIAL

DEPUTY CHIEF OF NAVAL MATERIAL

HEADQUARTERS NAVAL MATERIAL COMMAND

PROJECT MANAGERS

Strategic Systems	PM-1
Trident	PM-2
Joint Cruise Missiles	JPM-3
Anti-Submarine Warfare Systems	PM-4
Saudi Navy Expansion	PM-5
High Energy Laser	PM-22
Tactical Nuclear Warfare	PM-23

SHORE ACTIVITIES

R&D CENTERS

Air Development Center, Warminster, PA
David W. Taylor Ship R&D Center, Bethesda, MD
Weapons Center, China Lake, CA
Ocean Systems Center, San Diego, CA
Underwater Systems Center, Newport, RI
Surface Weapons Center, Dahlgren VA
Coastal Systems Center, Panama City, FL
Personnel Research & Development Center, San Diego, CA

LOGISTIC ACTIVITIES

Industrial Resources Detachment, Philadelphia, PA
Training Equipment Center, Orlando, FL
(ADDU to CNM for Acquisition Matters)
Maintenance & Supply Support Office, Norfolk, VA
Maintenance Support Office, Mechanicsburg, PA

STRATEGIC SYSTEMS SUPPORT

Astronautics Group, Point Mugu, CA
Ordnance Test Unit, Cape Canaveral, FL
Plant Representative Office, Pittsfield, MA
Plant Representative Office, Sunnyvale, CA
Polaris Missile Facility, Atlantic, Charleston, SC
Strategic Weapons Facility, Pacific, Bremerton, WA

In Development Status:

Submarine Base, Bangor, Bremerton, WA
Submarine Support Base, Kings Bay, GA
Trident Refit Facility, Bangor, Bremerton, WA
Trident Training Facility, Bangor, Bremerton, WA

NAVAL AIR SYSTEMS COMMAND

SHORE ACTIVITIES:
Aviation Logistics Center
Air Rework Facilities (6)
Logistic Support Activities (2)
Plant Representatives (7)
Test and Engineering Activities (8)
Other (5)

NAVAL ELECTRONIC SYSTEMS COMMAND

SHORE ACTIVITIES:
Systems Engineering Centers (4)
Systems Engineering Activity
Security Engineering Center
Space Systems Activity

NAVAL FACILITIES ENGINEERING COMMAND

SHORE ACTIVITIES:
Regional Field Divisions (8)
Public Works Centers (8)
Construction Battalion Centers (3)
Officers in Charge of Construction (8)
Other (3)

NAVAL SEA SYSTEMS COMMAND

SHORE ACTIVITIES:
Supervisors of Shipbuilding (18)
Shipyards (8)
Inactive Ship Facilities (2)
Weapon Stations/Support Centers (8)
Ordnance Stations (2)
Underseas Warfare Station
Sea Support Centers (2)
Combat Direction Systems Activities (2)
Test and Engineering Activities (8)
Plant Representatives (4)
Other (12)

NAVAL SUPPLY SYSTEMS COMMAND

SHORE ACTIVITIES:
Supply Centers/Annexes (7)
Inventory Control Points/Branches (3)
Fleet Material Support Office
Contracting Offices (4)
Fuel Activities (2)
Publications and Printing Activities (5)
Navy Exchanges (28)
Other (8)

TAB A

NAVY ACQUISITION PROCESS

- Development and procurement programs
  - 500+ individual programs in DON
  - 19 designated as "major" (i.e., SECDEF decision authority) monitored by Defense Systems Acquisition Review Council (DSARC)
  - DON decision authority delegated program by program to SECNAV, CNO, DCNO/DMSO, CNM. Selected programs monitored by Department of the Navy Acquisition Review Council (DNSARC), chaired by SECNAV.

- Acquisition Policy set by OSD
  - requirements based on mission area needs
  - phased development, periodic decision authority reviews
  - procedures for major (OSD decision authority) and DON controlled programs similar

- Basic/Applied Research
  - Managed by Chief of Naval Research/Chief of Naval Development
  - Maintains a technology base
  - Developments support ongoing programs or initiate new systems

- Mission Area Analysis (MAA)
  - establishes existence of a deficiency or technological opportunity
  - stand alone studies or in support of POM development
  - conducted within OPNAV
  - basis for requirements documents

- Requirements documents
  - Mission Element Needs Statements (MENS) for potential major program
  - Operational Requirement (OR) for all other
  - drafted by OPNAV program sponsor
  - approved by either CNO, SECNAV or SECDEF as appropriate

- Development Phases
  - Concept Formulation, Demonstration & Validation, Full Scale Development, Production
  - each phase preceeded by a program milestone

- Key milestones
  - Milestone Zero: program initiation, need agreement, MENS/OR approval
  - Milestone II: system deployment commitment

- Program reviews
  - at each milestone by the decision authority
  - yearly as part of POM/Budget development
  - monitor progress and approve development plans

- Program management
  - day-to-day technical and business/financial management by SYSCOM Program/Project Manager
  - OPNAV oversight by Resource Sponsor, Director, RDT&E and Director, Navy Program Planning
  - SECNAV oversight by ASN(RE&S)/ASN(MRA&L)

Cat 1/96E

CAPT C. T. WHITLEY
OPA EXT. 79152
17 December 1980

PROGRAM BALANCE

BACKGROUND

- In Navy and Defense program and budget resource allocation, balance refers to the distribution of prospective assets which, over an extended time, against a dynamic and considerably uncertain threat, and arrayed against a large variety of functional demands, is likely to result in the greatest overall effectiveness and the least probability of unacceptable outcomes.

- Such a balance, for greatest total naval capability and the best maritime defense, can be, and is, addressed in many ways. To cite a few:

  - Force Levels vs Modernization vs Readiness

  - Strategic Forces vs General Purpose Forces vs Support and Mobility Forces vs General Support

  - Active Forces vs Reserve Forces

  - Strike vs Anti-Air vs Anti-Surface vs Anti-Submarine vs Mine Warfare

  - Peacetime Presence vs Non-Mobilization Contingency vs General Mobilization War

  - Initial Combat Capability vs Combat Sustainability

  - Power Projection vs Sea Control

- All of these, and other, ways of setting up the cost-effectiveness equations address means to the same end. In a severely constrained fiscal environment, however, these requirements appear, not as mutually supportive parts of a harmonious whole, but as active competitors for scarce resources. It is obvious that some reasonable balance must be struck in every case. Over-emphasis on one or some, at the expense of the other(s) leads to a diminished overall effectiveness and less likelihood of success in carrying out our future national tasking.

DISCUSSION

- All resource allocation decisions, large and small, affect these balances in some way. These decisions are judgment calls; almost all based on imperfect knowledge and not demonstrably correct beyond reasonable doubt.

CAT 1 /OPA

- Sometimes, as in the immediate post-Vietnam period, imbalance is fairly obvious and generally agreed. In this case, both modernization (ship-building) and readiness (material condition) had suffered due to emphasis on Force Levels (keeping older ships), operating tempo, ordnance expenditure, and replacement/repair of battle-damaged aircraft. The dramatic decrease in active fleet ship forces during the 70's reflects not only a rebalancing toward modernization and readiness, but the end of service life of World War II capital investments.

- It is fair to assume that the present program is reasonably in balance. Most of it has been reviewed and refined many times by multiple management levels, both within and without the Navy.

  - To illustrate, $325M is about ½% of the present DON budget. Identification of offsets, from within another account, to add one $325M unit to the shipbuilding program is difficult and almost certainly causes or enlarges significant problems elsewhere. The same would be true in offsetting a $325 increment to construction, maintenance, development, or weapons inventories.

- Also, discretionary access to resources in the DON program, and hence management flexibility, are much more restricted than might be assumed.

  - Large, immediate costs of ownership must be paid.

  - Long standing programs representing large sunk costs are abandoned or redirected with difficulty.

  - Institutional resistance to change or innovation exists both within and without the Navy.

  - Political sensitivities or pressures sometimes inhibit or thwart otherwise desirable actions.

  - Lead times are long and tenure is, in most cases, shorter.

- In seeking to maintain this balance, pitfalls are numerous. Some involve loss of objectivity or judgment within too narrow a context. Some arise from uncertainty, evitable or inevitable, and inability to perceive alternative implications fully.

  - Sincere, able advocates are highly persuasive.

  - The need for X system or program, considered alone, is compelling.

  - Intuitive fixations (more and cheaper, technological innovation, quick payoff, traditionalism, threat over/under stated) mislead.

- Well-intentioned overmanagement from too high a level (as we perceive in OSD/OMB and the Congress) loses sight of too many significant factors.

- Time alone, frequently more than a human generation, obscures the outcome of a given course of action.

- Navy headquarters management, like the program it oversees, is an evolutionary product. It is, in its present state, necessarily responsive to top-down direction, but it also reflects a large degree of bottom-up approach to decision making.

  - Many needs and proposals, generally products of experience, are generated by fleet and shore commands.

  - These, together with threat assessment from intelligence sources, top-down guidance, resource limitations, and internally generated factors, are appraised at sponsoring staff levels intimately familiar with narrow sectors of the program.

  - Sponsor staffs then present their appraisals of capabilities, needs, shortfalls, and options to first level decision makers.

  - The first level decision makers pass judgment on numerous of these appraisals, seeking best balance and most effectiveness within their broader areas of cognizance, but still without need or responsibility to place their areas or problems in proper balance or context within the much greater whole of the DON program.

  - First level areas and requirements are then aggregated for second level consideration, and so on.

  - While all programs and decisions do not rigorously follow the somewhat simplified and idealized process described, practically all DON resources and plans are submitted to as many as four levels of such review one or more times a year.

  - By this approach, a minimum of relevant detail is overlooked and fuller implications are taken into account before, rather then after, the fact of the decision. Obviously, the level of detail directly considered gets progressively higher as the scope of consideration broadens to encompass eventually the entire DON.

CONCLUSION

Perfect program balance at the scale of the DON is, for all practical purposes, impossible to achieve or to recognize. Present balance is, by all accounts, reasonable now. Needs change, and grow. Significant improvements in balance or overall capability are very difficult to achieve with

confidence, lacking increased real resources. The present imperfect system works fairly well. Management devices such as MBO and ZBB do not necessarily render the undertaking more tractable nor enhance likelihood of success except to the degree that they permit botton-up participation and afford reasonable insight at each decision level. While, at each decision level, advocates compete vigorously for support of their programs' needs, an atmosphere of teamwork and good faith is essential. Suspicion and adversary relationships, particularly between decision levels, compound the difficulty of an already arduous task. Balanced inadequacy, or equal distribution of dissatisfaction, may be the best answer in prospect.

OP-965/26 Nov 1980

NAVY PLANNING, PROGRAMMING AND BUDGETING PROCESS

BACKGROUND

- Planning Phase: Five Year Defense Plan (FYDP) produced in previous fiscal cycle is appraised in warfare and support areas, deficiencies are identified and alternatives proposed for correcting deficiencies. Conducted by OP-96.

- Programming Phase: Fiscally constrained resources are applied to manpower, hardware, operating and R&D requirements to achieve the proper balance between readiness, force structure, sustainability, and modernization. Conducted by OP-90.

- Budgeting Phase: Programs approved for funding are scrubbed for pricing, executability, and conformance to guidance. Concentration is on first year of FYDP, which will be submitted to SECDEF as Navy Budget. Conducted by OP-92.

DISCUSSION

- Services prepare Program Objectives Memoranda (POM) beginning in Fall each year, submit to OSD in May. OSD reviews, enters into dialogue with Services, SECDEF decides major issues by August.

- Budgets are prepared at field level beginning in Spring, reviewed at Department level in July/August, adjusted to SECDEF program decisions in August, submitted to OSD/OMB in September.

- SECDEF and OMB jointly review department budget requests and establish overall priorities in November and render final budget decisions in December. Final fiscal control by OMB determines funding cut off level. Budget to Congress in January.

- TABS A and B provide a more detailed overview of the programming/budgeting process.

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TAB A

DEPARTMENT OF THE NAVY PROGRAMMING PROCESS FOR FY83

EVENT	DOCUMENT	REMARKS	TIME
SECDEF issues policy guidance	Defense Policy Guidance (DPG-83)	National strategy and objectives, planning assumptions, force sizing and special interests.	November 1980
SECNAV issues policy, programming guidance	Department of the Navy Planning and Programming Guidance (DNPPG-83).	Identifies areas requiring special attention in the Navy programming process. Amplifies or supplements SECDEF guidance as necessary.	November 1980
SECDEF issues programming guidance	Consolidated Guidance (CG-83)	The authoritative statement of fundamental strategy, issues and rationale. Provides fiscal guidance for development of service programs.	Draft in January 1981, approved version in April 1981
SECNAV forwards Navy Program to SECDEF	Navy Program Objectives Memorandum (POM-83)	SECNAV's recommendations to SECDEF on the Navy's resource requirements. Recommends force levels, manpower, procurement within fiscal guidelines specified by SECDEF. Covers a five-year period.	May 1981
JCS assessment of composite Defense Program	Joint Program Assessment Memorandum (JPAM-83)	JCS risk assessment of POM composite force recommendations. Evaluates capabilities of POM force and support levels to execute the approved national military strategy.	June 1981
OSD Issues vis a' vis Navy POM	Issue Papers	Interaction between DON and OSD on major program issues related to force levels, system acquisition and rates/ levels of support.	June 1981

EVENTS	DOCUMENT	REMARKS	TIME
SECDEF issues tentative program decisions	Program Decision Memorandum (PDM)	SECDEF tentative decisions on service and agency POMs.	July 1981
SECNAV contests unfavorable PDM actions	Navy Reclama to PDM	Formal appeal to SECDEF for reconsideration of issues which have been disapproved (in whole or in part).	July 1981
SECDEF issues final program decisions	Amended Program Decision Memorandum (APDM)	Final decision on service programs.	August 1981

OP-96/24 Nov 1980

U.S. NAVY MISSION AND FUNCTIONS

- The mission of the U.S. Navy, as set forth in Title 10, U.S. Code, is to be prepared to conduct prompt and sustained combat operations at sea in support of U.S. national interests.

  - The U.S. Navy must be able to defeat, in the aggregate, potential threats to continued free use of the high seas by the United States.
  - The U.S. Navy carries out its mission within the framework of a national strategy, in joint coordination with other services and in combined planning with U.S. allies.

- The Navy's basic interrelated functions are sea control and power projection.
  - Sea control is the fundamental function of the U.S. Navy.
    - -- Connotes control of sea areas of interest and the associated air space and underwater volume.
    - -- Selectively exercised when and where needed;
    - -- Enhances security for sea-based strategic deterrence forces.
    - -- Power projection can be a necessary element to ensure sea control of contiguous land areas essential to control of the seas.
  - Power projection as an independent function is a means of supporting land or air campaigns.
    - -- Covers a wide spectrum of offensive naval operations.
    - -- An essential element is the amphibious task force, the nation's only means of inserting substantial U.S. ground forces into hostile environment.
    - -- Employment of power projection forces requires sea control.

- In the exercise of its mission responsibilities the Navy has three main roles:

  - Strategic nuclear deterrence.
  - Forward deployed forces operationally ready to support allies and protect U.S. interests.
  - Security of the sea lines of communication.

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OP-96/24 Nov 1980

U.S. NAVY STRATEGIC CONCEPTS

- Naval forces must have global reach because any conflict between NATO and the Warsaw Pact will almost certainly be worldwide in scope.
  - Control of sea approaches to Eurasia is essential to support forward-based forces and allies
  - Critical to maintain naval forces that can go anywhere and stay as long as necessary to support national objectives.

- Naval forces must have the capability to take the offensive to the Soviets.
  - Must be able to destroy hostile forces at times and places carefully selected to provide maximum advantage to our side.
  - Gives option to take the initiative and force Soviets into defensive mode
    - -- Taking advantage of Soviet geographic disadvantages
    - -- Compelling them to concentrate forces close to home where they can threaten sea lines of communication (SLOCs) least.

- Flexibility in concepts for force employment is central to planning and force structure development.
  - Naval forces serve as an instrument of foreign policy, providing the National Command Authority with a variety of options for dealing with crises.
  - Implies capability to operate across the spectrum of warfare tasks--from deterrence through forward deployment of forces in peacetime to the full range of wartime tasks.

- Naval forces must have the degree of sophistication dictated by most likely threats.
  - The most severe threat is defined by the Soviet Union--which has made substantial investments in military procurement, R and D, and construction--and the expansion of Soviet naval power.
  - No choice but to meet the Soviet challenge with forces of requisite quality, sophistication and capability.

- Taking into account the probability that international instability is high, naval forces must be responsive.
  - Implies forward deployment or prepositioning of forces and concern for supporting infrastructure.
  - Implies capability to move rapidly to the scene of the crisis to deter and to contain conflict.
  - Implies capability to perform a full range of warfare tasks.

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Col O. K. STEELE, USMC, PL2, 44221
19 November 1980

SUBJECT
Maritime Strategy

BACKGROUND

- Although the U.S. is continental in scope, the inescapable fact remains that we are an insular nation with global economic, political and security interests.

  — We are a nation that:

    — Has a 180 billion dollar investment overseas

    — Transacts 74 to 80 billion dollars in foreign commerce annually

    — Imports, in addition to our energy needs, 90% of the minerals and metals needed to supply our industries

    — Uses the sea to transport 99% of all of its foreign trade

    — Has legal and moral security commitments with nations of other hemispheres, many of which share with us a historic and cultural tie.

DISCUSSION

- The trends for the 1980s and beyond:

  — Despite strong national interests and increasing competition for scarce resources, interdependence between nations will increase and become a dominant economic trend.

  — The importance of the third world regional powers will grow

  — Competition for resources will intensify

  — Access to raw materials will be threatened by producer restraint

  — Open passage on the high seas will be endangered by enlarged national claims

  — Political alignments will be increasingly based on economic ties.

  — An expanding Soviet merchant fleet, backed by a modern navy with greater global reach; this can threaten the U.S. in two ways:

    — Indirectly: loss of trading partners through presence and domination

    — Directly: loss of lines of communication during times of war or international crisis.

- It should be clear that if the U.S. must depend on the freedom of the seas for its future well-being and survival, then it is imperative that the leadership of this country revive a nation-wide interest in that strategy which can best guarantee this objective. It is to this nation's misfortune that this vital element of power has been cast adrift for too long.

  — National maritime power consists of two mutually supporting components:

    — Maritime Commerce: Maritime commerce embraces a wide range of institutions ranging from transport and fishing fleets to shipbuilding and port and repair facilities that support international trade.

— Naval Forces - Naval forces maintain secure bases and can deploy and operate in a manner that ensures sea lines of communication remain open to both national and friendly merchantmen. In addition to this basic function, naval forces:

- o play a major role in diplomatic affairs by representing the U.S. around the globe
- o can respond with aid and assistance during natural disasters
- o can respond as a show of force during times of international crisis
- o engage the enemy during conflict, destroying his forces, suppressing his commerce, and projecting U.S. power beyond its own borders without maintaining sizable land or air forces on foreign soil

SUMMARY

- Meeting our future national security and economic needs will depend in large measure on our ability to selectively control and exploit the seas and the sea lines of communication. If we are to survive, the nation must look again to strengthening its maritime posture.

ACTION REQUIRED

- Initiate a program to enhance public awareness of the contribution naval forces make to American security.
- Promote the requirement for a National Maritime Strategy.
- Support initiatives that strengthen the maritime aspects of the national strategy.

NAVY AND MARINE CORPS
OPERATING FORCE ORGANIZATION

- Fleet Commanders in Chief and subordinate numbered fleet commanders have geographically oriented responsibilities and are permanently organized and assigned to a unified (theater) command.
  - CINCLANTFLT, the Navy component of the ATLANTIC COMMAND
    - -- SECOND FLEET (Atlantic)
  - CINCPACFLT, the Navy component of the PACIFIC COMMAND
    - -- THIRD FLEET (EAST/MID PACIFIC)
    - -- SEVENTH FLEET (Western Pacific, Indian Ocean)
  - CINCUSNAVEUR, the Navy component of the U.S. EUROPEAN COMMAND
    - -- SIXTH FLEET (Mediterranean)

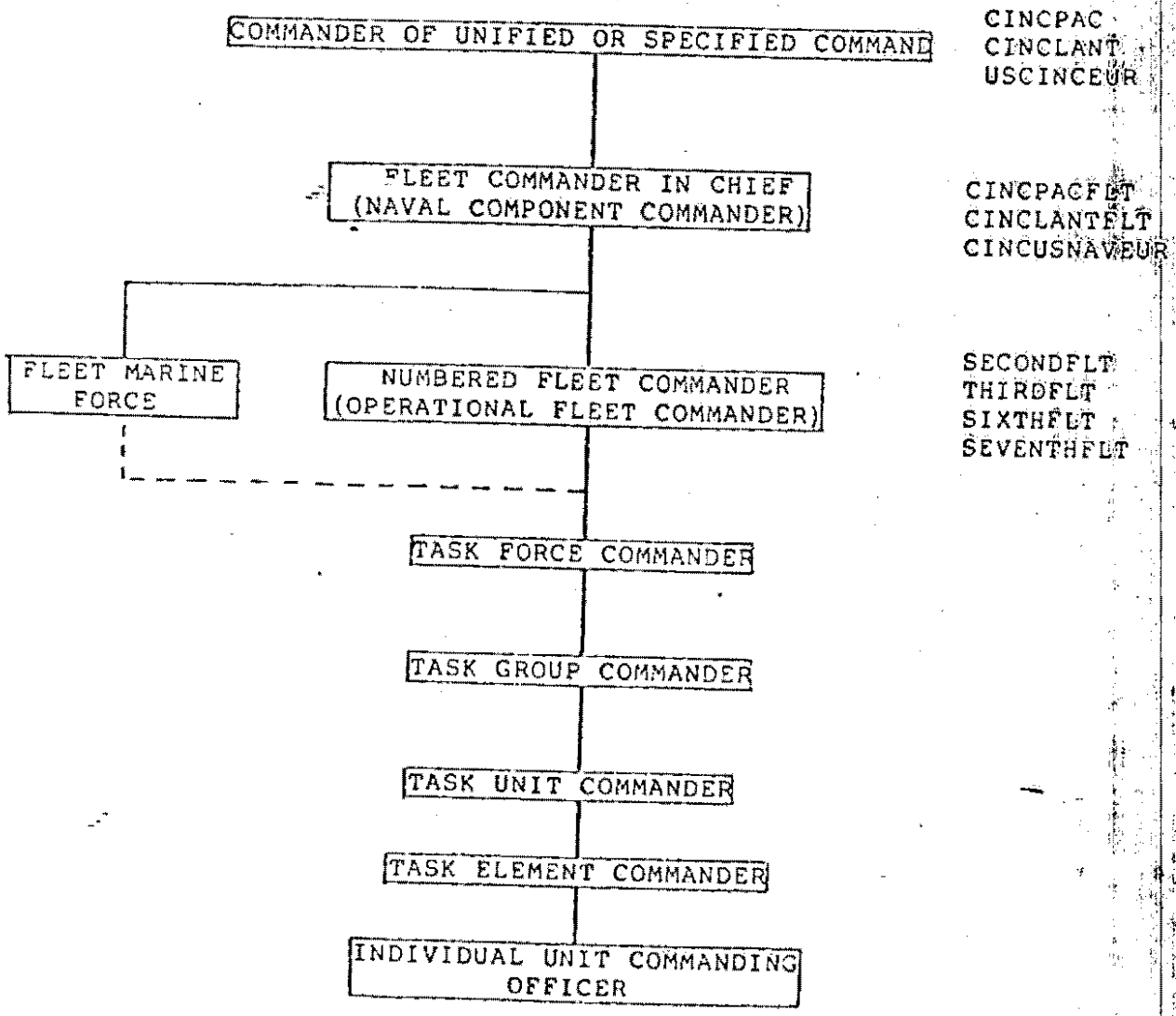
- Below the numbered fleet level, the operational chain of command is task oriented.

- The purpose of tactical force organization is to group Navy and Marine Corps units to achieve the proper balance of individual forces for specific tactical employment.
  - Units are tactically deployed in task organizations tailored to the intended employment of the force.
    - -- Task forces are normally constituted to conduct broad naval warfare missions, e.g. to establish local naval superiority.
  - The principal task organization of Navy forces is that established to meet hostile forces in battle at sea.
  - The principal task organization of Marine forces is that established to conduct amphibious operations.

- Battle forces are formed for the specific purpose of challenging the enemy's main combatant force at sea.
  - Each included battle group must be able to perform effectively the full spectrum of at-sea offensive warfare tasks.
  - Battle groups at a minimum include within the task organization a carrier, surface combatants and submarines in direct support.
  - Task groups, units and elements normally have progressively narrower operational missions within the broader mission of the task force.

- Other naval tasks may require other types of task forces composed of ships and units with other capabilities, e.g., maritime surveillance and reconnaissance force and mobile logistics support force.

- Fleet Marine Forces are under operational command of the Fleet Commanders in Chief.
  - Fleet Marine Forces are employed as integrated Marine Air Ground Task Forces (MAGTF's) containing command, ground, aviation and combat service support elements.
    - -- Subordinated to the numbered fleet commanders when deployed operationally as part of a naval task force.
  - Types of MAGTF's are:
    - -- Marine Amphibious Force - division/wing team;
    - -- Marine Amphibious Brigade - regimental landing team and provisional air group as basis;
    - -- Marine Amphibious Unit - battalion size with an air squadron.


COMMANDER OF UNIFIED OR SPECIFIED COMMAND
CINCPAC
CINCLANT
USCINCEUR
FLEET COMMANDER IN CHIEF (NAVAL COMPONENT COMMANDER)
CINCPACFLT
CINCLANTFLT
CINCUSNAVEUR
FLEET MARINE FORCE
NUMBERED FLEET COMMANDER (OPERATIONAL FLEET COMMANDER)
SECONDFLT
THIRDFLT
SIXTHFLT
SEVENTHFLT
TASK FORCE COMMANDER
TASK GROUP COMMANDER
TASK UNIT COMMANDER
TASK ELEMENT COMMANDER
INDIVIDUAL UNIT COMMANDING OFFICER

TAB A

LtCol WALKE, USMC, POC14, 43059
19 Nov 80

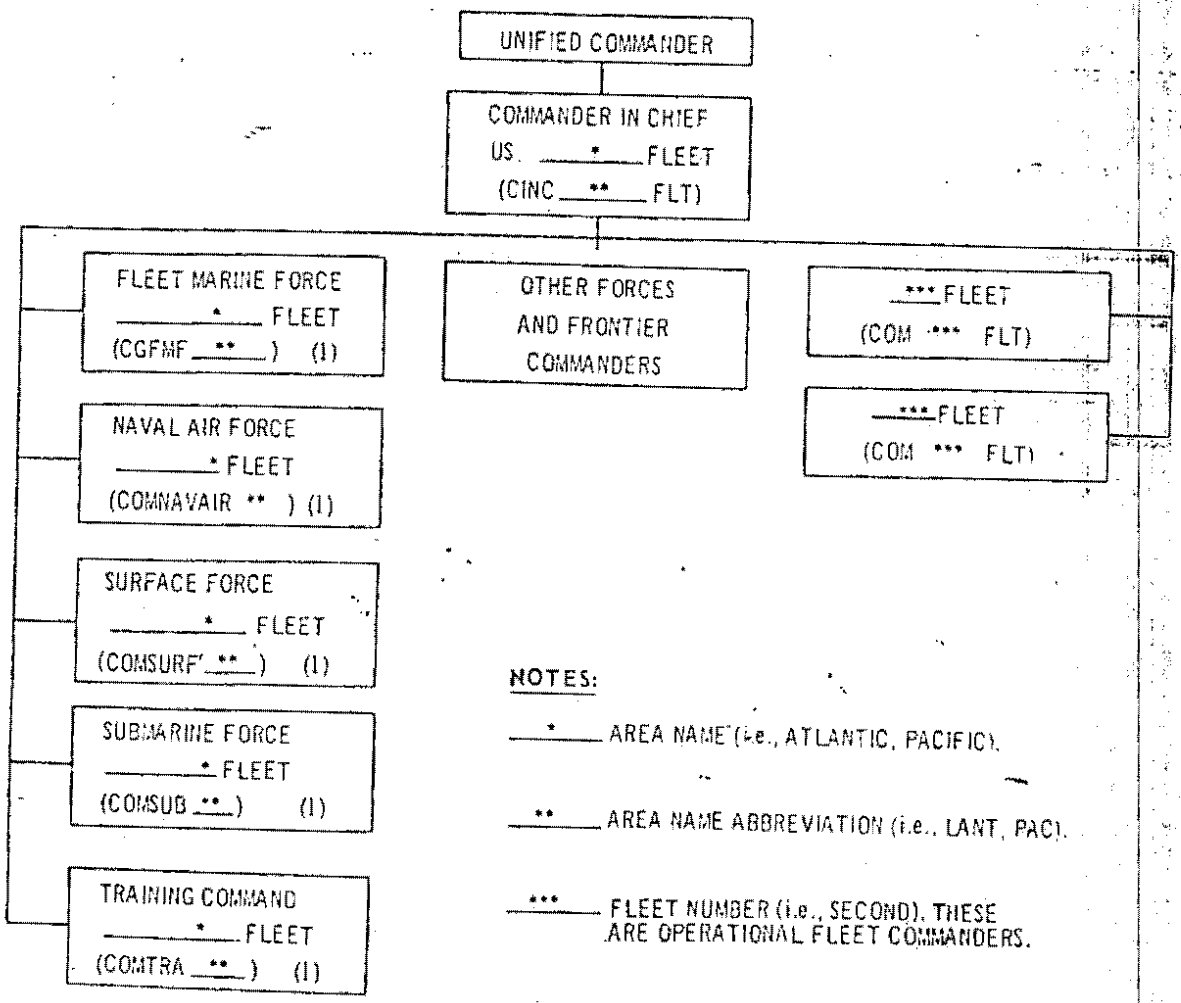
SUBJECT

Organization of Fleet Marine Forces

BACKGROUND

- Fleet Marine Forces (FMF) are assigned to the Atlantic and Pacific Fleets. See figure 1.
- Fleet Marine Forces are organized around Marine Division/Wing Force Service Support Group Teams. See Figure 2.
- Marine Forces are tactically employed by tailoring Marine Air Ground Task Forces (MAGTF) from forces assigned the FMF for each specific requirement. MAGTFs are temporary in nature, but nucleus headquarters are maintained for operational planning and to facilitate formation of task forces when directed. See figure 3.

FLEET ORGANIZATION



NOTES:

* AREA NAME (i.e., ATLANTIC, PACIFIC).

** AREA NAME ABBREVIATION (i.e., LANT, PACI.

*** FLEET NUMBER (i.e., SECOND). THESE ARE OPERATIONAL FLEET COMMANDERS.

(1) TYPE COMMANDERS.

Figure 1

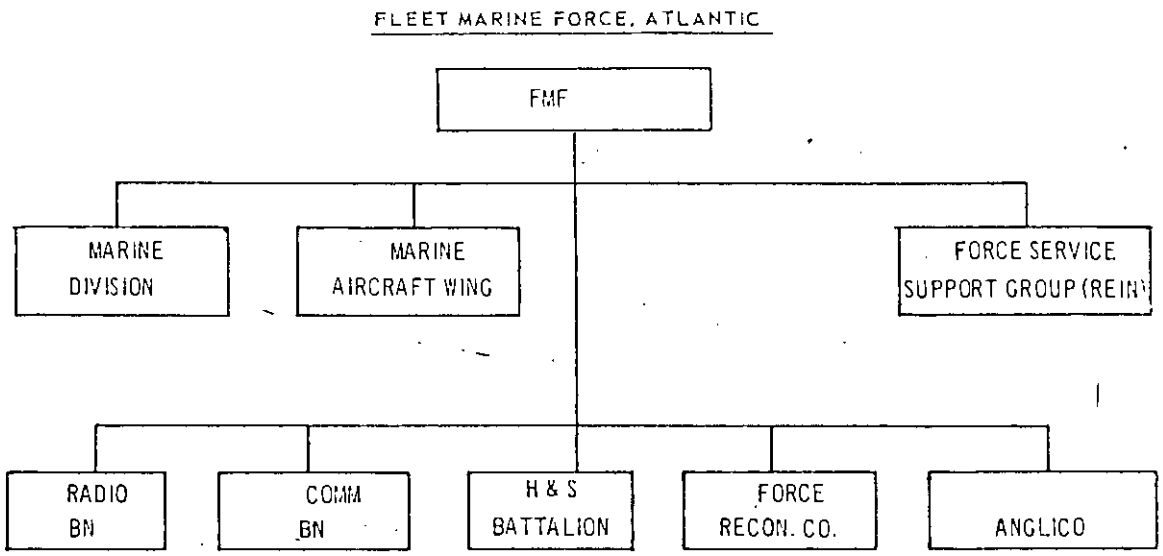


Figure 2

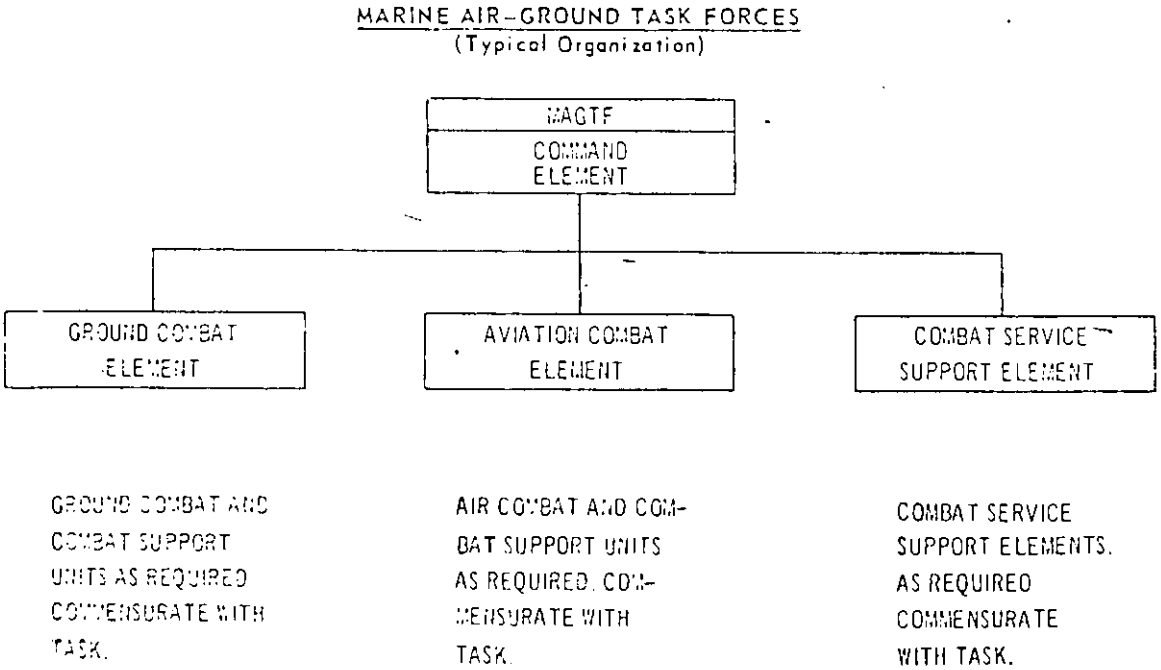


Figure 3

Maj W. M. HATCH, USMC
POG12, 4-2529, 19 Nov 80

MARINE CORPS TACTICAL FORCE ORGANIZATION

BACKGROUND

Fleet Marine Forces are comprised of air, ground, combat support, and combat service support (CSS) units which are routinely task organized into Marine Air-Ground Task Forces (MAGTF's) for training exercises and deployments. These integrated, combined arms forces, properly task organized for combat, can perform missions which range across the spectrum of conflict and crisis situations.

MAGTF's are capable of being rapidly deployed by any strategic mobility means. Deployed in amphibious shipping, these forces represent the nation's foremost force-in-readiness capable of being immediately employed under an appropriate level headquarters as a balanced air-ground team of combined arms and service support.

DISCUSSION

Marine Corps policy is that Fleet Marine Forces will normally be employed as integrated air-ground teams. The Fleet Marine Forces are capable of task-organizing air-ground task forces required by the assigned mission. This capability is designed to exploit the combat power inherent in closely integrated air and ground operations. These task organizations are called Marine air-ground task forces.

Regardless of the size of the MAGTF, it will include the following four major components:

- A command element.

- A ground combat element.

- An aviation combat element.

- A combat service support element (including Navy support elements).

Although a MAGTF is a task organization tailored to accomplish a specific mission, there are three basic types of MAGTF's. These types are:

- The Marine amphibious unit is a task organization which is normally built around a battalion landing team and a composite squadron. It is normally commanded by a colonel and employed to fulfill routine forward afloat deployment requirements. The MAU provides an immediate reaction capability to crisis situations and is capable of relatively limited combat operations. Because of comparatively limited sustainability, it is not envisioned that the MAU will routinely conduct amphibious assaults. When committed, the MAU is normally supported from its seabase. The MAU is considered to be the forward afloat deployed element of a larger landing force, such as the MAB, which would be constituted as required from CONUS/forward based combat ready Fleet Marine Forces.

- The Marine amphibious brigade is a task organization which is normally built around a regimental landing team and a provisional Marine aircraft group. It is normally commanded by a brigadier general and is capable of conducting amphibious assault operations of limited scope. During potential crisis situations, a MAB may be forward deployed afloat for an extended period in order to provide immediate response and may serve as the precursor of a MAF. Under these conditions, MAB combat operations may be supported from the seabase, facilities ashore, or a combination of the two.

- The Marine amphibious force, largest of the MAGTF's, is normally built around a division/wing team. However, it may range in size from less than a complete division/wing team up to several divisions and aircraft wings, together with an appropriate combat service support organization. The MAF is commanded by either a major general or a lieutenant general, depending on its size and mission. It is capable of conducting a wide range of amphibious assault operations and sustained operations ashore. It can be tailored for a wide variety of combat missions in any geographic environment. Currently I MAF is on the West Coast, II MAF is on the East Coast and III MAF is in the Central and Western Pacific.

The MAGTF is not a permanent organization; it is task organized for a specific mission and, after completion of that mission, is dissolved in accordance with prearranged plans. A MAF, because of its size, may be forward based, but not forward deployed. The effectiveness of a MAGTF is far superior to the sum of its separate air, ground, and combat service support capabilities. Separate employment of elements of the MAGTF under another command structure is not permitted, in that combat effectiveness is reduced, combat power is fragmented, and the tactical and logistic supportability of the force becomes questionable.

MAGTF's, task organized for amphibious operations, usually deploy as the landing force aboard amphibious task force shipping. MAGTF's may also be deployed for rapid response or reinforcing roles by use of tactical or strategic air or sealift. MAGTF's may be formed and deployed for combat, contingency deployments, and training exercises. They may be committed to combat from contingency deployments.

When employed in other than amphibious operations, MAGTF's are capable of functioning as self-sustaining uniservice forces under the operational command of unified, subordinate unified, or joint task force commanders.

The preplanned, coordinated tactical employment of two MAGTF's is not contemplated except where operations are separated in space or time, or are of a limited duration. Where a given situation requires added combat power, a larger MAGTF should be deployed to join and absorb the smaller force.

A forward deployed MAGTF is a contingency force usually deployed aboard amphibious shipping with the fleet. It is not task organized in the classical sense, since its structure is not oriented for the accomplishment of any given mission. Rather, it is configured based upon available forces and shipping, with consideration given to a variety of potential mission requirements. Forward deployed MAGTF's

are capable of rapid but limited response in a variety of possible contingencies. When committed to a combat role, they are normally considered as the forward element of a larger MAGTF, such as a MAF. The functions and roles which may be performed by forward deployed MAGTF's include:

- Assist U. S. diplomatic efforts through peaceful projection of influence and, during periods of threatening crisis, provide a selective show of force and interest.

- Permit early commitment of U. S. forces to combat when required.

- Preserve options limiting the degree, direction, and character of U. S. involvement.

- Assist allies through provision of flexible and selective levels of military assistance.

- Provide humanitarian assistance/disaster relief.

- Protect/evacuate noncombatants or installations.

ACTIONS REQUIRED

Background only; no action required.

OP-60/24 Nov 1980

SHORE ESTABLISHMENT: BASES AND STATIONS

- The shore establishment consists of all activities ashore assigned to support the operating forces in terms of personnel, material, supply, and fiscal procurement; training; maintenance; and planning and operational guidance.

- Principal Navy shore commands under the Chief of Naval Operations

  - Naval Material Command
  - Bureau of Medicine and Surgery
  - Naval Education and Training Command.

- Fleet Commanders-in-Chief command over four hundred shore activities; principal activities:

  - Atlantic:
    - -- Naval Bases: Charleston, SC; Guantanamo Bay, Cuba; Norfolk, VA; and Mayport, FL.
    - -- Naval Air Stations: Norfolk, VA; Brunswick, ME; Oceana, VA; Key West and Jacksonville, FL.

  - Pacific:
    - -- Naval Bases: San Diego, CA; Pearl Harbor, HI; Guam; Subic Bay, RP.
    - -- Naval Air Stations: Cubi Pt., RP; North Island, CA; Barbers Point, HI; Alameda, CA; Miramar, CA.

  - Europe:
    - -- Naval Station: Rota, Spain.
    - -- Naval Support Activity: Naples, Italy.
    - -- Naval Air Facilities: Sigonella and Naples, Italy.

- Marine Corps - The Commandant of the Marine Corps commands the Marine Corps shore establishment. The principal Marine Corps shore installations are:

  - Marine Corps Bases: Camp Lejeune, NC; Camp Pendleton, CA; Camp Butler, Okinawa.

  - Marine Corps Air Stations: El Toro, CA; Kaneohe, HI; Futema, Okinawa; Iwakuni, Japan; Cherry Point, NC; and Beaufort, SC.

Cat 1/06

LtCol E.O. LeROY
Code LFF-1
21 Nov 1980

MARINE CORPS INSTALLATIONS

BACKGROUND

- The shore establishment of the Marine Corps supports the operations, training, maintenance and administration of Marine forces.
- The Marine Corps operates 23 major installations in the Continental United States and overseas.

DISCUSSION

- These installations are located as follows:
  - East Coast
    - Marine Corps Base, Camp Lejeune, NC
    - Marine Corps Air Bases, Eastern Area
      - Marine Corps Air Station, Cherry Point, NC
      - Marine Corps Air Station, Beaufort, SC
      - Marine Corps Air Station(H), New River, NC
    - Camp Elmore, Norfolk, VA
    - Marine Corps Development and Education Command, Quantico, VA
    - Marine Corps Recruit Depot, Parris Island, SC
    - Marine Corps Logistics Base, Albany, GA
    - Marine Barracks, Washington, DC
    - Henderson Hall, Arlington, VA
  - West Coast
    - Marine Corps Base, Camp Pendleton, CA
    - Marine Corps Air-Ground Combat Center, 29 Palms, CA
    - Marine Corps Air Bases, Western Area
      - Marine Corps Air Station, El Toro, CA
      - Marine Corps Air Station, Yuma, AZ
      - Marine Corps Air Station(H), Tustin, CA
      - Marine Corps Auxiliary Landing Field, Camp Pendleton, Ca
    - Marine Corps Recruit Depot, San Diego, CA
    - Marine Corps Logistics Base, Barstow, CA
  - Pacific
    - Commander, Marine Corps Bases, Pacific
      - Camp H.M. Smith, Oahu, HI
      - Marine Corps Air Station, Kaneohe Bay, Oahu, HI
      - Camp Smedley D. Butler, Okinawa, JA
      - Marine Corps Air Station(H), Futenma, Okinawa, JA
      - Marine Corps Air Station, Iwakuni, JA

OP-11/24 Nov 1980

ORGANIZATION OF THE NAVY'S TRAINING ESTABLISHMENT

- Deputy Chief of Naval operations for Manpower, Personnel and Training (OP-01) is responsible for planning, programming, and monitoring execution of naval training.

- Deputy Chiefs of Naval Operations for Surface, Subsurface and Air Warfare (OP-03, OP-02, OP-05) assist OP-01 in identifying training requirements and allocating resources to accomplish identified requirements.

- Six major Training Agents exercise command of and provide support for major increments of the Department of the Navy's training effort:

  - The Chief of Naval Education and Training (CNET) is responsible for assigned shore-based education and training of Navy, certain Marine Corps, and other personnel in support of the Fleet, Naval Shore Establishment, Naval Reserve, Interservice Training Program, and Military Assistance and Foreign Sales Programs.

  - Fleet Commanders in Chief (CINCLANTFLT and CINCPACFLT) are responsible for afloat, underway, operational, and overall readiness training of units assigned.

  - Chief of Naval Reserve is responsible for mobilization training of surface, air, and ashore reserve units.

  - Chief of Bureau of Medicine and Surgery is responsible for all medical, dental, nursing, and physician assistant training.

  - Chief of Naval Material is responsible for overall industrial training and in addition, provides major material support to other Training Agents.

Cat 1/01

BRIEFING PAPER

UNCLASSIFIED

LtCol Kutchma, USMC, Code TRB, 694-2056

TRAINING ESTABLISHMENT

BACKGROUND

The Marine Corps training establishment provides both individual and collective training. They are under the military command and management control of the Commandant of the Marine Corps. The purpose of all Marine Corps training is the development of skilled forces-in-readiness prepared at all times to carryout any assigned mission.

DISCUSSION

Marine Corps training installations include the Marine Corps Development and Education Command, recruit depots, special schools, and other commands dedicated to training.

-Specific formal training locations include:

-Marine Corps Development and Education Command, Quantico, VA

-Marine Corps Recruit Depot, Parris Island, SC

-Marine Corps Recruit Depot, San Diego, CA

-Camp Lejeune, NC

-Camp Pendleton, CA

-Twentynine Palms, CA

-Albany, GA

-Aviation training is conducted at various Marine Corps air bases/stations after basic training in the naval air training command.

-Unit training is accomplished at home base facilities as well as at a variety of locations visited during deployed status. These areas include, but are not limited to Okinawa and Camp Fuji, Japan, Subic Bay, P.I., Korea, the Mediterranean area, and in Hawaii.

-The Commanding Generals, 4th Marine Aircraft Wing and 4th Marine Division are responsible for the training of reserve units. This training is conducted at both active force facilities and at local training areas.

-Also, other service schools are utilized extensively for the formal training of Marines.

-For information only.

UNCLASSIFIED

OP-04/24 Nov 1980

ORGANIZATION OF INDUSTRIAL FACILITIES

- Navy Industrial facilities consist of shipyards and weapons/ordnance facilities which operate under direction of Commander Naval Sea Systems Command (NAVSEA), and Naval Aviation repair facilities under Commander, Naval Air Systems Command (NAVAIR).

- Shipyard facilities

  - Sixteen Supervisor of Shipbuilding, Conversion and Repair offices which administer and manage new ship construction contracts, ship repair, modernization and conversion efforts. (FY80 end strength: 3748 civilians/320 military).

  - Eight shipyards operated by the Navy (FY80 end strength: 67,508 civilians/840 military).

  - Three Ship Repair Facilities managed by CINCPACFLT to support U.S. Seventh Fleet operations in Western Pacific.

- Fifteen weapons/ordnance facilities (6 operated by contractors) manufacture and repair weapons. (FY 80 end strength: 18,273 civilians/1300 military).

- Six Naval Air Rework Facilities perform depot level maintenance of airframes, engines, and associated components. (FY 80 end strength: 22,700 civilians/200 military).

- The Naval Avionics Center performs depot level maintenance of avionics components. (FY 80 end strength: 2300 civilians/ 8 military).

- Overseas Repair Activities perform minor repairs and support services for deployed units and are manned by foreign nationals.

- Commercial Contractors complement/supplement organic aviation maintenance facilities.

Cat 1/04

NRC/24 Nov 1980

RECRUITING ORGANIZATION

- Navy Recruiting Command (NAVCRUITCOM):
  - recruits men and women for enlisted and officer programs (less Naval Academy) in regular and reserve components of the Navy.
  - under command of Commander, Naval Military Personnel Command/Deputy Chief of Naval Personnel.
  - receives policy guidance and recruiting goals from Deputy Chief of Naval Operations (Manpower, Personnel and Training).
  - divided into 6 geographic recruiting area commands:
    - -- Recruiting Areas divided into 43 Recruiting Districts;
    - -- Recruiting Districts maintain over 1400 field Recruiting Stations.
  - FY80 end strength 6164: 610 officers, 5054 enlisted, 500 civilian.

Cat I

UNCLASSIFIED

LtCol S.B. GRIMES, HQMC
Code MRP, 694-2162
20 Nov 1980

SUBJECT

Organization of Marine Corps Recruiting Service

BACKGROUND

The present organization of the recruiting service has been in effect since 1 June 1976.

DISCUSSION

The Marine Corps recruiting service is unique in that there is no single recruiting command. Responsibilities are shared between HQMC and recruit depots.

Organization of the Marine Corps Recruiting Service

- Personnel Procurement Division, Manpower Department Headquarters Marine Corps

  -- Officer Procurement: Operational and administrative control direct to six districts

  -- Enlisted Procurement: Administrative, fiscal and logistics, recruitment advertising, plans, policy and management control.

- Marine Corps Recruit Depots (Eastern Region - Parris Island, South Carolina and Western Region - San Diego, California)

  -- Officer Procurement: Not applicable

  -- Enlisted Procurement: Operational control of and responsible for quantity and quality of total accessions within geographical area.

- Marine Corps Districts (1st - Northeast; 4th - Eastern Central; 6th - Southeast; 8th - Central and South Central; 9th - Northern Central; and 12th - Western)

  -- Responsible for officer and enlisted procurement

- Marine Corps Recruiting Stations

  -- Forty-seven throughout the United States

  -- Forty-five stations have one or more Officer Selection Teams for a total of fifty-four teams.

- Recruiting Offices (1,041 throughout the United States) consisting of Recruiting Substations and Permanent Contact Stations for enlisted procurement.

ACTION REQUIRED

None - For information only

UNCLASSIFIED

NAVAL RESERVE

- Provides trained units and qualified individuals for active duty in times of war or national emergency and at such other times as national security requires.

- Under direction of Director of Naval Reserve/Chief of Naval Reserve. Incumbent: RADM Frederick F. Palmer, USN.

- Three Categories of Personnel:

  - Ready Reserve: 254,000
  - Retired Reserve: 128,000
  - Standby Reserve: 23,000

- Ready Reserve composed of both active and inactive reservists.
  - 65,000 reservists on active duty.
  - Inactive reserves composed of
    - -- 87,000 Selected Reserves to meet earliest post-mobilization requirements. They train in paid drill status and are assigned to:
      - --- Commissioned Units: provide complete operational entity (ship, aircraft squadron, or construction battalion) to operating force.
      - --- Reinforcing Units: augment active commissioned units and operating staffs.
      - --- Sustaining Units: augment fleet and force support activities.
    - -- 96,000 Individual Ready Reserves available to meet mobilization requirements, but not trained as regularly as Selected Reserve. 6,000 drilled without pay.
    - -- 6,000 Naval Reserve Officer Training Corps.

- Naval Reserve Fleet Ships:

- Destroyers	6
- Mine Warfare	22
- Amphibious Warfare	6
- Mobile Support, Auxiliaries	8
TOTAL	42

- Naval Reserve Aviation Squadrons:

- VF Squadrons	4
- VAL Squadrons	6
- VAQ Squadrons	4
- VAW Squadrons	2
- VP Squadrons	13
TOTAL	29

Cat 11/09R

OP-92/24 Nov 1930

CONTINUING RESOLUTION AUTHORITY (CRA) LIMITS

BACKGROUND

- In the absence of an FY 1981 Appropriation Act, the DOD has been operating under Continuing Resolution Authority, which provides fund availability through 15 December 1980.

- The FY 1981 CRA permitted the obligation of funds at a rate of operation not to exceed the rate provided in the House Appropriation Bill. However, the Committee directed that agencies avoid obligating funds for controversial programs or at rates which would restrict the prerogatives of the Congress.

- Within DOD, obligation of funds for items not included in the President's budget is not permitted unless an exception is granted by DEPSECDEF.

DISCUSSION

- If the Congress does not complete work on the FY 1981 DOD Appropriation Act during the current session, then another CRA would be required. It is assumed that a second CRA would provide the same limitations as contained in the current CRA and that OSD would support requests for exceptions to the current OSD imposed limitations.

PROBLEMS

- The most serious limitations imposed by Continuing Resolution Authority are restrictions on reprogrammings, and funding of discretionary items due to the need to prevent eventual overobligation of funds.

- Late enactment of the FY 81 Appropriation could impact on the availability of obligational authority in the operating accounts which could lead to invoking R.S. 3732 authority (used to incur obligations in excess of available appropriations for fuel, pay, transportation, etc.).

STATUS

- It appears likely that Congress will complete action on the FY 1981 DOD appropriation bill prior to 15 December.

Cat 1/92

SECOND CONCURRENT BUDGET RESOLUTION

BACKGROUND

- The Congressional Budget Act of 1974 requires the enactment of two concurrent resolutions which establish recommended levels for budget authority, outlays, and revenue.

- The first concurrent resolution is required in May before any of the appropriation bills are voted.

- The second concurrent resolution is enacted after Congress completes action on the appropriations bills. This resolution may revise or reaffirm these initial targets. Once it is approved, Congress is not permitted to enact appropriations which would exceed the amounts specified.

- The second concurrent resolution may be revised to permit Congress to enact supplemental appropriation. For example, in FY 1980, a revision was required before Congress could act on the FY 1980 Supplemental request for DOD.

DISCUSSION

- Concurrent resolutions apply to the National Defense function which encompasses DOD appropriations less military construction plus relatively small amounts for DOE (atomic energy) and HUD (selective service). None of the individual military departments are separately identified.

- Concurrent resolutions are internal Congressional actions not requiring DOD participation.

- DOD is not restricted in its request for additional FY 1981 funding by the existence of second concurrent resolution levels.

PROBLEM

- Second concurrent resolution approved by the Congress on 19 November 1980, may not be sufficient to permit the Congress to approve the full amount expected to be required for Defense during FY 1981, i.e., the FY 1981 appropriation bill plus supplemental requests for pay, inflation, fuel, and Indian Ocean related costs.

- Levels established in the second concurrent resolution would be a problem for DOD only if Congress were unwilling to revise them.

Cat 1/92

OP-92/24 Nov 1980

FY 1981 APPROPRIATIONS BILL

BACKGROUND

- The FY 1981 DOD Appropriation Act has not yet been passed by Congress, requiring program execution under Continuing Resolution Authority.

DISCUSSION

- The Military Construction Appropriation Act, signed into law on 13 October 1980, provides $801.0 million for the Military Construction, Navy and Naval Reserve appropriations.

- The Authorization Act for DOD appropriations, signed into law on 8 September, authorizes $22.7 billion or $4.2 billion more than requested in the President's Amended Budget for DON (includes USMC) programs requiring authorization.

- The House appropriations bill, passed on 16 September 1980, provides $52.9 billion in total obligational authority (TOA) or $2.7 billion more than requested for DON programs in the President's Amended Budget.

CURRENT STATUS

- Senate Committee markup, completed on 19 November, provides $54.3 billion of TOA. This bill excludes the proposed Indian Ocean budget amendment now being forwarded to Congress.

- Senate passed on 21 November. Awaits joint conference action.

Cat 1/92

CONGRESSIONAL BUDGET STATUS REPORT
ACTION ON APPROPRIATION

11/22/00

		PRESIDENT'S BUDGET AS AMENDED	AUTHORIZATION ACT	HOUSE BILL	SENATE BILL	HOUSE COMPARED TO PRES. BUDGET	SENATE COMPARED TO PRES. BUDGET	SENATE COMPARED TO HOUSE
MILITARY PERSONNEL, NAVY	TOA	7,533,294	--	7,644,094	7,867,173	110,800	333,879	223,079
MILITARY PERSONNEL, MARINE C	TOA	2,260,051	--	2,284,951	2,359,836	24,900	99,785	74,885
RESERVE PERSONNEL, NAVY	TOA	262,174	--	288,274	297,003	26,100	34,829	8,729
RESERVE PERSONNEL, MARINE CORP	TOA	93,224	--	93,424	104,567	-1,800	9,343	11,143
OPERATION & MAINT., NAVY	TOA	16,635,952	--	16,865,275	16,544,229	229,323	-91,723	-321,046
OPERATION & MAINT., MARINE C	TOA	952,900	--	994,200	990,050	41,300	37,150	-4,150
OPERATION & MAINT., NAVY RES	TOA	502,545	--	597,145	510,235	94,600	7,690	-86,910
OPERATION & MAINT., MARCORPS	TOA	28,394	--	28,654	28,694	260	300	40
AIRCRAFT PROCUREMENT, NAVY	TOA	5,015,200	6,150,600	6,057,607	6,140,707	1,042,307	1,125,407	83,100
WEAPONS PROCUREMENT, NAVY	TOA	2,253,500	2,810,500	2,679,829	2,818,500	426,329	565,000	138,671
SHIPBUILDING & CONVERSION, NA	TOA	6,179,200	8,363,200	7,300,800	7,803,200	1,121,600	1,624,000	502,400
OTHER PROCUREMENT, NAVY	TOA	3,055,547	--	2,983,125	3,062,097	-72,422	6,550	78,972
PROCUREMENT, MARINE CORPS	TOA	469,700	183,358	477,141	513,313	7,441	45,613	36,172
RESEARCH, DEVEL., TEST&EVAL., N	TOA	4,862,879	5,165,115	4,508,263	5,110,015	-354,616	247,136	601,752
STOCK FUNDS	TOA	4,417	2,760	4,417	4,417	--	-	-
DOD APPROPRIATION ACT	TOA	30,111,077	22,683,533	32,807,199	34,156,036	2,696,122	4,044,959	1,348,837

MILITARY RETENTION (NAVY)

ENLISTED RETENTION

- Enlisted retention goals established as percentage of those eligible for reenlistment in each of three categories: completing 1st enlistment (1st term), completing 2nd enlistment (2nd term), finishing 3rd or later enlistment (3rd term and beyond).
  - FY-80 enlisted retention/steady state goals:
    1st Term - 36.7%/45%
    2nd Term - 50.5%/60%
    3rd Term & beyond - 91.6%/95%
  - Retention rates have declined between 1975 and September 1980, particularly in career force (3rd Term and beyond).
    -- A serious shortage, 21,000 midgrade petty officers, resulted, impacting readiness.
    -- To eliminate petty officer shortfall, must achieve recruiting and retention goals for several years in a row.

OFFICER RETENTION

- Goal is 60% retention overall. Two major areas of concern in officer retention:
  - 39% shortage of Lieutenant pilots relative to billets authorized; shortfall projected to increase to 46% by end FY82.
  - Nuclear submarine officer retention: 36% in FY80, projected to decline to 24% in FY82. Nuclear submariner can now expect to spend 15 of first 18 years of service on sea duty.

CORRECTIVE ACTION

- Inadequate compensation identified as most significant factor contributing to poor retention. Purchasing power of military members has declined steadily since advent of All Volunteer Force in 1972.

- Major initiatives proposed for FY81 to improve compensation are summarized at TAB A.

- Significant improvements became effective 1 October 1980; they are expected to have positive effect on retention, but it is too soon to tell. Initiatives for FY82 are summarized at TAB B.

PROBLEMS

- 11.7% pay raise authorized for FY81 good start...does not recoup lost purchasing power.

- Selective Reenlistment Bonus requirement underfunded $24.5M for FY81.

- Aviation Continuation Bonus not expected to be funded.

- Present levels of reimbursement for PCS inadequate.

- Sea Pay and Submarine Duty Pay levels inadequate.

Cat 1/01

TAB B

FY82 COMPENSATION ISSUES

	1982 Goals ($M)	Programmed 1982-86 ($M)
Basic Pay	$465 1/	$0
Enhanced Sea Pay 2/	$200	0
Increased Sub Pay 2/	35	
50% increase to Aviation Career Incentive Pay	11	0
Quarters Allowance when afloat (E-5 and up)	25	0
Travel reimbursement	96	0
Transportation & Living Expenses	52	0
Selective Reenlistment Bonuses	84	400

1/ To fund 6.6% growth - first step toward catch up to lost purchasing power. Uncapped cost of living increase would be in addition.

2/ Potential for Congressional authorization for FY81.

TAB A

MAJOR FY81 COMPENSATION INITIATIVES

		Authorized	Appropriated3/ 4/
1.	Basic Pay	Yes1/	
2.	Variable Housing Allowance	Yes	(Situation changing rapidly. Will update prior to SECDEF submit)
	Increased Travel Reimbursement	No	
4.	Transportation & Living Expenses	No	
5.	Selective Reenlistment Bonus Enhancement	Yes	
6.	Aviation Continuation Bonus	Yes2	
7.	25% increase in Aviation Career Incentive Pay	Yes	
8.	15% increase in Sea Pay	Yes	
9.	Physicians Pay	Yes	

1/ $11.7% basic pay raise authorized. Navy request was for additional $1.2B as first step toward catch up to lost purchasing power.

2/ Discretionary authority.

3/ As of 19 Nov 1980, Senate Appropriations Committee has recommended funding of all items except
- 11.7% pay raise to be funded in FY81 supplemental.
- Aviation Continuation Bonus. If DOD provides plan for payment, committee will consider recommending funding through reprogramming or supplemental.

4/ House Appropriations Committee recommended funding only items 2, 5, 7, 8 above and other Nunn-Warner increases.

LtCol T.W. Steele, USMC
MPP-47, 694-1464
20 November 1980

END STRENGTH (U)

BACKGROUND (U)

- Between 1972 and 1978, Marine Corps end strength declined from 198.2K to 190.8K as a result of strength shortfalls and congressionally mandated reductions.

- For POM-81, the Marine Corps programmed a 10,000 man end strength reduction for a more balanced allocation between manpower, procurement, and operations and maintenance.

- By late summer of 1979 in recognition of new RDF/MPS requirements and congressional concern regarding strength levels, the Marine Corps request for FY 1981 was increased to 185.2K.

- Improved retention trends experienced in summer of 1980 led to actions by the Congress to fund a 2,900 strength increase in FY 1980 and FY 1981.

- The drawdown from Vietnam and the difficulties of recruiting and retaining qualified manpower in the AVF environment have contributed to an erosion of a firm structure requirements benchmark.

DISCUSSION (U)

- In May 1980, UNITREP established the force structure immediately required for war as the criteria for measuring readiness.

- Current 1981 FYDP structure represents POM-82 decisions on force manning, strength achievability, and resource allocation.

- Increased FY 1980 and 1981 end strength (+2900) permits higher manning levels.

- Considerable disparity exists in readiness and force capability between the UNITREP and FYDP structures primarily in the activation and manning of logistics and certain aviation units. The differences in force structure are shown below:

	Officer	Enlisted	Total	
FYDP Structure	18,172	165,918	184,090	(185.2K E/S)
△ Improved FY80 Retention		+2,900	+2,900	
Revised FYDP Structure	18,172	168,818	186,990	(188.1K E/S)
△ to fill UNITREP	+2,160	+23,993	+26,153	
UNITREP Structure	20,332	189,911	210,243	

PROBLEMS (U)

- While current retention improvements are encouraging, the true limiting feature to any significant increase in strength above FYDP levels is the number of qualified individuals that can be trained in the critical skill areas.

Critical skill shortages are far more serious and bounding on force capability than overall end strength.

- Programs to attract higher quality recruits (MG I & II) must be introduced to insure sufficient quality in the AVF environment.

- Force expansion without such programs or the draft can only be achieved by reducing current physical, mental and educational standards.

ACTIONS (U)

- Action should be initiated to introduce a GI Bill-like education program to attract higher quality recruits.

- Retention initiatives improving compensation should be continued to retain the attractiveness of military service.

UNCLASSIFIED

LtCol T.W. Steele
MPP-47, 694-1464
20 Nov 1980

MILITARY COMPENSATION (U)

BACKGROUND (U)

- The FY 1981 DOD Authorization Act and the Military Personnel and Compensation Amendment of 1980 provided significant increases in compensation - most notably, VHA, PCS enhancements, 11.7% pay raise, increased per diem, flight pay, subsistence and bonuses.

- FY 1982 POM initiatives continue these enhancements and in the case of PCS reimbursements increase the FY 1981 levels.

DISCUSSION (U)

- Although FY 1981 and FY 1982 actions have not achieved comparability with 1972 levels, they have improved overall QOL and purchasing power.

- OSD projections for retention improvements to the career force (Marines in 5-30 years of service) resulting from compensation initiatives support the Marine Corps' career force objective levels of 49-50K.

- Although considered optimistic, funding to support a richer career force content was added in the PDM by OSD.

- The ability to recruit and retain sufficient numbers of qualified and skilled personnel at least partially depends on continued improvements to include, inter alia, the following:

  -- A stable compensation system which restores 1972 purchasing power levels, removes pay caps, maintains PCS reimbursements compatible with other Federal employees, modernizes and updates various special/incentive pays.

  -- A non-contributory educational program which provides additional incentives for entering and continuing service and permits transfer of entitlements to spouse or dependent.

  -- An improved military health care program with more military physicians and dentists, improved CHAMPUS care and a CHAMPUS dental care program.

PROBLEMS (U)

- To recruit and retain the numbers of qualified personnel necessary to man the force structure requires sufficient allocation of resources.

- The alternative is a short-term, rapid turnover personnel inventory sustained by the draft.

ACTION (U)

- Action to provide the resources to adequately recruit and retain needed quality Marines must be continued.

UNCLASSIFIED

OP-49/24 Nov 1980

CIVILIAN MANPOWER CEILING REDUCTIONS/HIRING FREEZE

BACKGROUND

- Since FY74, marking the end of the Vietnam War for all practical purposes, Department of the Navy (DON) civilian employment has decreased by 26,500 (8%). Military manpower has decreased by 21,300 (4%) during the same period.

- Civilian hiring freeze imposed on 1 March 1980 limits outside-DOD hiring of full time permanents to one for every two vacancies.

- Majority of DON civilians are in readiness and quality of life functions (e.g. industrial facilities, medical, training).

DISCUSSION

- DON has accommodated reduction/freezes by hiring temporaries to perform budgeted readiness related work and releasing them prior to the end of the fiscal year, resulting in inefficient workyear utilization rate. Appropriate use of temporaries is for workload surges at industrial activities.

- At end FY-80, DON was 2,700 below its FY-80 Full Time Permanent (FTP) ceiling as a result of the current freeze and 10,200 below its budgeted FY-81 FTP end strength.

- OMB will impose a full-time equivalent (FTE) or workyear ceiling government-wide in FY-82. Part time and temporary personnel will have to be counted against these ceilings. If ceilings are not keyed to funded workload, they will constrain ability to hire temporaries and thus will impact on ability to accomplish workload.

- Contracting out to circumvent personnel ceilings is prohibited by congressional restriction and OMB circular A-76.

PROBLEMS

- Failure to accomplish budgeted work loads at DON activities, affected by civilian manpower reductions, has direct impact on overall fleet readiness.

Cat 1/04

OP-443/24 Nov 1980

A-76 EFFECTS ON CONTRACTING OUT

BACKGROUND

- With the objective of reducing the size of the Federal payroll, OMB Circular A-76, as modified and reissued on 29 March 1979, requires a detailed study comparing costs of alternative means of carrying out functions--use of civilian employees of DON vs contracting with the private sector--in every case where the line item is in excess of $100,000.

- In FY80, Congress required a cost comparison study for all functions to be contracted out. Additionally, Congress required notification of all intents to review, study, and award contracts before any action was taken. The requirement became permanent law in FY81.

DISCUSSION

- Flexibility in contracting out provided by the original Circular A-76 has been virtually eliminated. The necessity to conduct cost comparison studies for all functions regardless of size requires development of an in-house organization, an in-house bid, and an independent review. This can add as much as six months to the process leading to the actual contract.

PROBLEMS

- In practice, the requirement for detailed cost studies delays proposed contracting out actions, creates turmoil in workload planning, and diverts limited manpower and funding resources from productive effort. DON has not been able to achieve budgeted civilian personnel reductions imposed in anticipation of contracting out. For example, in FY80, DON contracted out 637 of 4427 end strength reductions budgeted in anticipation of contracting out. A total of 194 studies remain incomplete. The FY81 budget assumes an additional 2241 civilian spaces will be contracted out. On a cumulative basis a restoration of 4300 ceiling spaces has been requested for FY81 in the FY82 Budget. The result is a budget execution problem; either critical work goes undone or Navy must request restoration of civilian personnel ceiling to levels higher than statutory and administrative constraints allow.

- Repeal of section 502 of the 1981 DOD authorization Act (PL 96-342) and raising the $100,000 A-76 threshold to $500,000 would reduce the resource requirements for operating the program and permit DON to proceed to contract out, when feasible, without undue delay.

STATUS

- Announcement of functions for cost studies which affect approximately 1400 military and 5500 civilian positions are before ASN(MRA&L).

- Issue of boosting $100,000 threshold to $500,000 is endorsed by the Defense Audit Service and presently in staffing at OSD.

Cox 1/04

LtCol. W. H. WHITE, USMC
Code RPR-5 (X42081)
24 November 1980

READINESS AND SUSTAINABILITY

BACKGROUND

° Readiness is the capability of a unit, formation, ship, weapon system or equipment to perform its primary mission.

° Sustainability is the ability to maintain the level and duration of combat activity necessary to achieve the desired national objectives.

DISCUSSION

° Readiness

°° Primarily measured by the UNITREP reporting system.

°° Marine Corps combat/combat support units are generally reporting that they are substantially ready with the primary areas of degradation being personnel and equipment.

° Sustainability

°° Primarily measured through the quantities of war materiel on-hand and in the pre-positioned war reserves (PWRS)

°° The Marine Corps is marginally ready with the primary area of degradation being ammunition.

PROBLEMS

° Readiness - Previous and current funding limitations have required that certain combat service support organizations be cadred. Organizations such as bridge, bulk fuel, port operations, marginal terrain vehicle, etc. are rarely used in peacetime but are critically needed during war.

° Sustainability - Previous and current funding limitations have precluded the procurement of sufficient quantities of ammunition in order to achieve and maintain the desired inventory objective.

READINESS AND SUSTAINABILITY

° Although deficiencies exist in both readiness and sustainability, modest improvement are projected through funds currently programmed in the out years.

ACTION REQUIRED

° Action, Longer Term

°° Increased end strength, to include increased funding levels, to allow activation of currently cadred combat service support units.

°° Increased funding levels to allow the procurement of critically needed equipment and war materiel, e.g. ammunition, bridging, electronic countermeasures and chemical warfare equipment, etc.

UNCLASSIFIED

Mr J. L. LOCKE, USMC, Code LMG 695-1191
19 November 1980

SUBJECT

Marine Corps Ground Combat Ammunition

BACKGROUND

o Ground ammunition is fired principally from weapons (artillery, tanks, mortars, hand guns) but also includes non-weapon types such as signals, demolitions, pyrotechnics, hand grenades, etc.

DISCUSSION

o Funds in budget not adequate to procure minimum requirements. Defense Consolidated Guidance (DCG) authorizes acquisition of 60 days combat munitions (and sustain training).

PROBLEMS

o Funds in FY82 and prior year budgets not adequate. Forecast funding for POM down years (FY83-86) are much higher but historically have been reduced as subsequent budgets moved forward. In either case, funds not adequate to procure/support minimum requirements.

CURRENT STATUS

o Attainment of FY82 programmed quantities will provide for only:

- 27 days modern and 36 days non-modern ammunition for all active MAFS and priority units of IV MAF LESS RDF and prepositioning requirements; OR

- 13.5 days modern and 18 days non-modern ammunition for all active MAFS and priority units of IV MAF PLUS RDF and prepositioning requirements.

SUMMARY

o Funds for ammunition procurement is inadequate.

ACTION REQUIRED

o Action will be required; longer term.

UNCLASSIFIED

UNCLASSIFIED

J. W. BLINN (Civ), USMC
Code LMM-1 (X41775)
20 November 1980

WAR RESERVE MATERIEL (WRM) AND SPARES

BACKGROUND

- Secondary item stores deficiencies exist within the fundable level addressed in the Consolidated Guidance.

DISCUSSION

- As of 31 October 1980 approximately 55% of the summary dollar value of the requirements to include sustainability had been attained.

- Requirements are projected to increase in the out years due to new equipments, e.g., Chemical Protective Clothing; additional outfitting requirements for cold weather items and the MPS program.

SUMMARY

- Although there are existing deficiencies, improvements are projected from funds programmed in the out years.

- Corrective actions include continued refinement of the requirement data base.

ACTION REQUIRED

- Action will be required, longer term.

UNCLASSSIFIED

NAVSEA/24 Nov 1980
Rev. 1

SHIPBUILDING CLAIMS

BACKGROUND

- Value of outstanding claims against the Navy by shipbuilders totaled $2.7 billion in April 1977
- In an effort to avoid future claims and alter the then existing adversary relationship between the Navy and some members of industry, the Naval Ship Procurement Process Study (NSPPS) was initiated in early 1977. Final report was published in July 1978.
- All major claims outstanding were settled Mid-1978

DISCUSSION

- The objective of the NSPPS was to identify the problem areas which over the years had emerged between the Navy and the shipbuilding industry and to find the means with which to resolve outstanding issues and minimize the potential for future claims.
- Thrust of the study recommendations was the improvement of acquisition procedures and the more equitable allocation of risks between the government and the shipbuilding industry. General areas targeted for improvement included acquisition planning, contract types and techniques, contract management, and change management. Specific recommendations were included for a number of subject elements within these general areas.
- Navy processing of the NSPPS report resulted in the identification of 65 significant topics. These topics were analyzed and a Navy position developed for each. As a result of this effort, 85% were adopted, and 15% were not.

STATUS

- SECNAV/Shipbuilder meeting held in April 1980 to review progress on NSPPS recommendations
- To date 54% of the recommendations have been implemented.
- At present, there are no outstanding claims on Navy shipbuilding contracts. However, as shown on TAB A, other claims totaling $12.3 million are being evaluated and negotiated by the Navy or are before the Armed Services Board of Contract Appeals (ASBCA) for resolution.

Cat 1/CNM

CURRENT SHIPBUILDING CLAIMS POSTURE

CONTRACTOR	AMOUNT (Millions)	TYPE OF WORK	STATUS
Sun Shipbuilding and Drydock	$3.7	Overhaul of LKA-117	Being evaluated and negotiated
Sun Shipbuilding and Drydock	$1.0	Overhaul of LPD-15	Being evaluated and negotiated
Norfolk Shipbuilding and Drydock	$6.4	Construction of PF-107 (FMS)	Being evaluated and negotiated
Norfolk Shipbuilding and Drydock	$0.3	Overhaul of LSD-32	Claim submitted to Armed Services Board of Contract Appeals (ASBCA) for resolution
Merritt-Chapman & Scott	$0.9	Interest claim	Claim submitted to Armed Services Board of Contract Appeals (ASBCA) for resolution
TOTAL	$12.3		

TAB A

PMA265/24 Nov 1980

F/A-18

BACKGROUND

- As the replacement for F-4 and A-7 aircraft, the F/A-18 is designed for strike escort, fleet air defense, interdiction and close air support roles. Reconnaissance and trainer versions are also planned within a total production of 1,366 aircraft.

DISCUSSION

- All development aircraft are in flight test; over 2,500 flight hours have been accumulated. Navy preliminary evaluations have demonstrated flying qualities and carrier suitability. Initial test and evaluation scheduled for completion Dec 80. All major milestones expected to be met except on-time completion of fatigue testing and start of Navy Board of Inspection and Survey trials.

PROBLEMS

- Flight test program five months behind schedule, but good aircraft availability has permitted us to regain some of the lost time.
- Acceleration and takeoff weight thresholds will require adjustment. Wing redesign to correct roll rate deficiency not yet verified.
- Two accidents--one unmistakably engine-related, the other not yet determined--have marred an otherwise extraordinary development program.

CURRENT STATUS

- $3.7B sunk cost through Oct 80. Navy FY 82 Budget (Basic level) total procurement cost is $35.1B; program cost is $37.4B and unit flyaway cost for 1366 aircraft will be $21M.
- Inflation, exceeding OSD/OMB projection, has absorbed funds needed for changes and support. Navy has asked for additional $121M for FY 82 airframe escalation adjustment. Cost growth and September 80 crash of an R&D aircraft have created a $78.5M+ RDT&E funding shortfall over Navy FY82 budget.

Cat 1/05

MC-APW/24 Nov 1980

AV-8B

BACKGROUND

- The AV-8B light attack aircraft is designed with a vertical/short take-off and landing (V/STOL) capability to provide increased responsiveness to ground force close air support requirements through basing flexibility and high sortie rates.
- The Flight Demonstration Phase of the AV-8B program --- approved in March 1976--was successful.

DISCUSSION

- Development/procurement have not been supported throughout OSD. Issue has historically centered on affordability.
- DON continues to support development and procurement of the AV-8B for the Marine Corps, if funding levels become high enough to meet other tactical aircraft procurement goals at the same time.
- Congressional action in FY78, 79 and 80 restored RDT&E funding. Recent action by the Congress assured FY81 funding of $243M in RDT&E and $90M in long lead procurement for the first 12 production aircraft.

PROBLEMS

- The technical capability of the aircraft has not been a primary issue. The aircraft has met or exceeded all performance test objectives in the vertical takeoff mode and conventional performance mode, and has surpassed expected performance in the various short takeoff modes.

CURRENT STATUS

- RDT&E for FY82 currently at the enhanced level of the OSD Budget Request (Band 6).
- The AV-8B is the highest priority Marine aviation modernization program. Required funding to meet Congressionally directed FY85 IOC:

	82	83	84	85	86
RDT&E	231.1	97.5	47.7		
APN	667.3	773.6	1309.1	1143.5	1116.4
#A/C	(12)	(24)	(54)	(54)	(54)

UNCLASSIFIED

LtCol C.T. HUCKELBERY, APW-22, 4-1741
19 November 1980

ANTI-ARMOR (U)

BACKGROUND (U)

- Present mobile armor threat to MAGTF operations cannot be adequately countered with present spectrum of anti-armor weapons.
- Work situations dictates a special urgency for the RDF.
- General Requirements
  - Precision Guided Munitions (PGM) for high kill probability and stand off which reduces aircraft attrition.
  - Area weaponry for conditions which preclude precise target designation.
  - Area denial weaponry to canalize and impede the armor threat.
  - Multi-purpose aircraft gun that is versitile, responsive and complimentary to other weapons.

DISCUSSION (U)

- Current inventory consists of iron and laser guided bombs, TOW, and an area weapon-ROCKEYE.
- Funded developmental programs are: Laser Maverick (FY-84), Infrared Maverick (FY-85), GATOR (FY-85) and AV-8B 25mm Gun (FY-85).
- Available unfunded programs: Laser Zuni, Hellfire, 20mm Ammo Improvement.

PROBLEMS (U)

- Laser Zuni available in near term (FY-83), however, it is unfunded.
- Laser Maverick requires increased funding in FY-82 for FY-83 IOC.
- Air Force has withdrawn funding for GATOR from POM-82 and affordability an issue for USMC stand alone procurement.
- Hellfire is main weapon on Army advanced attack helicopter. USMC submitted in FY-81 but failed to be funded by DON.
- 25mm funding delays gun until FY-85 and has insufficient monies for an adequate supply of ammunition.

CURRENT STATUS (U)

Program ($M)	FY-81	FY-82	FY-83	FY-84	FY-85	FY-86
Laser Maverick	3*	5*	60	73	122	164
Infrared Maverick	10	14	-	36	65	77
GATOR	2	-	-	37	47	82
25mm Gun	11	26	47	73	63	63

* Joint Conference

SUMMARY (U)

- CNO Executive Board scheduled to review DON Anti-Armor Capability by end of November 1980.

ACTION REQUIRED (U)

- Action will be required; longer term.

NAVFAC/24 NOV 1980

SAN DIEGO HOSPITAL CONSTRUCTION

BACKGROUND

- Replacement required due to age of existing facility
  - commissioned 1919
- Present site, 78 acres in Balboa Park, determined inappropriate for construction of new facility due to:
  - proximity to San Diego Airport
    -- noise and aircraft accident potential
  - problems entailed in maintaining hospital operations during construction of new site.

DISCUSSION

- Navy selected site adjacent to Balboa Park in Florida Canyon in December 1979.
- Florida Canyon land obtained by condemnation in February 1980.
- Seismic fault running through chosen site discovered in Spring 1980.
- City of San Diego voters chose to convert use of Helix Heights site from cemetery to hospital in June 1980.
  - Helix Heights location previously proposed by City of San Diego in early 1979.

CURRENT STATUS

- Construction project authorized at $293 million
  - First phase funded at $25 million in the FY81 program
  - Funding approval for $202 million in FY82 will be requested
  - Balance to be requested in subsequent year.
- Construction contract for $25 million to be let in late 1981.

SUMMARY

- Congressional language requirement
  - House Appropriations Committee directed construction be on land owned by U.S. Government.
  - Senate Armed Services Committee directed comparative study of Florida Canyon and Helix Heights sites.
- Study near completion
  - local government and interest group comments being incorporated.

ACTION REQUIRED

- SECNAV make final site selection.
- Submit report of comparative study to Senate Armed Services Committee prior to obligating construction funds.
- Action anticipated prior to 20 January.

Cas 1/04

OP-44/24 Nov 1980

FORT ALLEN SUPPORT FACILITY

BACKGROUND

- On 23 September 1980 the Administration's Cuban/Haitian Task Force directed DOD to establish, operate and maintain a reception/holding facility for Cuban/Haitian refugees at the former Naval Communications Station, Fort Allen, Ponce, Puerto Rico.

- The Department of the Army, DOD Executive Agent, tasked CINCLANT to develop the facility for 5,000 inhabitants at Fort Allen; Commander, Antilles Defense Command was designated as local agent.

DISCUSSION

- On 25 September 1980, CINCLANT was directed to erect a tent camp for 2,000 refugees within 15 days, with the capability to increase to 5,000 within 30 days. By 6 October 1980 the camp was ready to receive 3,000 refugees. Up to 1400 military and civilian personnel were involved in the preparation of Fort Allen.

- The Governor of Puerto Rico, a Commonwealth environmental agency and a citizens' group all brought suits in the Federal District Court, San Juan, to bar the Navy from further actions at Fort Allen. The District Court issued an injunction barring further actions to transfer refugees to Fort Allen.

- The Justice Department appealed the decision to the Boston Circuit Court of Appeals which subsequently reversed the decision of the District Court. When the appellate court's reversal was appealed, the U.S. Supreme Court upheld the Appeal's Court's decision.

- There has been much press interest. There have also been demonstrations, bomb threats and the discovery of a bomb which was defuzed.

- Never having received or processed a single refugee, on 18 November 1980 Fort Allen was placed in a caretaker status, capable of reopening within 10 to 14 days, if necessary.

- The camp was scheduled to become civilianized on 21 November 1980. That transition is approximately one week behind schedule.

FUNDING

- The Federal Emergency Management Agency is responsible for funding all activities related to Fort Allen, on a reimbursable basis.

Cat 1/04

OP-04/24 Nov 1980

VIEQUES

BACKGROUND

- Navy has continuing requirement for 3 air-to-ground and 2 naval gunfire support (NGFS) target complexes in Puerto Rico area.

DISCUSSION

- Until 1975, Navy used target complexes on Culebra and Vieques for weapons training.
- In response to increasing political pressure, Navy was directed to cease weapons training on Culebra and its cays by 1975.
- Public Law 93-166 (Nov 1973) provides that suitable replacement range for Culebra be made available for long term Navy use by Commonwealth of Puerto Rico. Joint DOD - Commonwealth of Puerto Rico Commission has failed to identify alternative site.

STATUS

- Navy continues to use 2 air-to-ground target complexes on Vieques, one of which can be used for NGFS.
- Various political groups, including Governor of Puerto Rico, have attempted to obtain injunctions against continued Navy use of Vieques.
  - Navy obtained temporary injunction in September 1979 against fishing activities in vicinity of Vieques when range is in use. Permanent injunction granted 13 Nov 1980.
  - Other suits against use of Vieques still pending. Final Environmental Impact Statement filed 27 October 1980. Undergoing 30 day public review. Record of decision to be prepared December 1980.
- Opposition to Navy use of Vieques continues, satisfactory alternatives have not been identified.

Cat 1/04

EXTREMELY LOW FREQUENCY (ELF) COMMUNICATIONS

BACKGROUND

- The extremely low frequency (ELF) communications system was recommended by the Secretary of Defense to the President in January 1978 and December 1978.

DISCUSSION

- ELF is the only currently available technology which can provide essential operational messages for submarines at increased operational speeds and depths. The ELF communications system will enhance the survivability of our strategic submarine forces and thereby improve the credibility of those forces to deter war. In addition, ELF will improve the operational effectiveness of our attack submarines.

- The transmitter portion of the system will consist of a new transmitter, located on K. I. Sawyer Air Force Base, powering a 130 mile antenna located in the Upper Peninsula of Michigan and operated synchronously with an improved, though not expanded, facility already in Wisconsin.

- The 1981 DOD Authorization Act authorized $2.5M in FY81 R&D funds for ELF. It also made available to the Secretary of the Navy FY79 R&D funds (approximately $2.7M) which had been held up by the language of the FY79 and FY80 DOD Authorization Acts, and required the President to provide the Congress by 1 April 1981, plans for deploying an operational ELF system.

CURRENT STATUS

- In November 1980 the CNO reaffirmed to the Secretary of Defense the Navy's requirement for ELF and his belief that the recommendation made to the President two years ago remains the most feasible, cost-effective way to proceed with ELF. CNO also stated some acceleration of the IOC is possible if additional resources are provided in FY81 or FY82.

SUMMARY

- The years of development and testing show that ELF works and that ELF is safe. The Navy's requirement is reaffirmed.

ACTION REQUIRED

- Action will be required by 1 April 1981 to satisfy the requirements of the 1981 DOD Authorization Act.

Cat 1/094A

OP-50/24 Nov 1980

TACTICAL AIRCRAFT FORCE LEVELS

BACKGROUND (U)

- In recent years DON has procured tactical aircraft at a rate well below that needed to maintain approved force levels, 12 Carrier Air Wings and 3 Marine Air Wings. Fiscal constraints have reduced procurement programs for many aircraft to inefficient rates, dramatically increasing unit costs.

DISCUSSION (U)

- Congressional action on the FY 81 budget request resulted in increased authorization for procurement of tactical aircraft. A-6E, EA-6B, F-14 and F/A-18 procurements were increased over the budget request. Additionally, funds were provided for development and long lead procurement for AV-8B.

- DON plans include conversion in lieu of procurement (CILOP) and service life extension program (SLEP) to upgrade capability and ease the procurement shortfall.

PROBLEMS (U)

- The F-14 procurement will not sustain the force beyond FY 87.

- EA-6B and A-6E procurement will not support the required force levels; procurement rates are inefficient with attendant high unit costs.

Category 1/05

UNCLASSIFIED

Prepared by: Babil Arrieta
DASN(EO) Office
26 November 198

FEDERAL EQUAL OPPORTUNITY RECRUITMENT PROGRAM (FEORP)

Background: The Civil Service Reform Act provided nine basic merit principles, governing all personnel practices in the Federal Government. The first merit system principle is that recruitment must occur from all segments of society for positions within the Federal government.

Discussion: Congressman Garcia introduced the requirement that all agencies conduct minority recruitment programs to help eliminate underrepresentation of minorities in the Federal workforce. The Office of Personnel Management and the Equal Employment Opportunity Commission were assigned responsibility for issuing guidance and assistance.

On 19 September 1980, the Office of Personnel Management issued FPM Letter 720-2 requiring Federal agencies to develop and implement a FEORP. Federal agencies under FEORP are required to conduct an underrepresentation analysis for minorities and women by occupational groups and grade groupings. If underrepresentation is determined to exist, then the agency must establish specific recruitment strategies to increase the applicant pool of the underrepresented group.

The Department of Navy issued SECNAVINST 12720.1 on 4 February 1980 requiring all DON components to implement the requirements under 720-2 and for CNO and CMC to issue necessary guidance and procedures to implement and maintain a DON Equal Opportunity Recruitment Program.

Problems: In general, the requirements mandated by FEORP are not insurmountable; however, the two Federal agencies delegated to offer guidance and assistance have issued guidance that is inconsistent. FEORP guidance issued by OPM deals only with recruitment programs and targeted occupations. Guidance issued by EEOC on hiring goals is based on distinct occupational series. The programs are dependent on each other for success, but will be ineffective if ambibuity continues. The current process will create a credibility gap among managers.

Follow-up guidance from CNO and CMC has not been issued; consequently, implementation of FEORP within DON components has not been widespread.

Action required: DON must continue supporting the establishment of goals by occupational groups. OPNAV must issue FEORP instructions requiring DON components to comply with the requirements and identify the necessary actions.

UNCLASSIFIED

Cat 1/DA.'(CP)

UNCLASSIFIED

Prepared by: Babil Arrieta
DASN(EO) Office
26 November 198

EEO IN THE SES AND MPS OBJECTIVES

Background: The CSRA established the Senior Executive Service and the Merit Pay Ssytem. A primary objective of CSRA is to improve the efficiency and responsiveness of the federal government's managers and supervisors. DON established the requirement that SES and MPS incumbents must have at least one EEO objective as their first performance objective.

Discussion: The management guidance issued by SECNAV to all SES and MPS incumbents stressed that providing equal opportunity for men and women of all backgrounds must be a high priority, that EEO is an inherent responsibility of line managers, and as such, it requires management attention as to how we hire and how we use existing training programs. SES and MPS members must contribute by establishing EEO objectives that address the primary needs of their organizations. SES and MPS incumbents are the necessary ingredient in meeting the affirmative action hiring goals, as they are the officials with the authority to make an employment offer.

DON, in its training program for SES and MPS incumbents, included training concerning the establishment of the EEO objective.

Problem: EEO is a nebulous term to managers and supervisors who in the past have categorized it as a duty handled by the EEO office. DON must continue reinforcing the premise that EEO is an inherent line manager's responsibility and that actions of all managers reflect the EEO posture of the activity.

Action necessary: DON guidance on the manager's/supervisor's responsibility in EEO should be issued before the FY 82 objective setting process.

UNCLASSIFIED

Cat I/DASN(EO)

UNCLASSIFIED

Prepared by: Babil Arrieta
DASN(EO) Office
26 November 198

AFFIRMATIVE ACTION PROGRAM PLANS (AAPP)

Background: The CSRA transferred affirmative action planning to EEOC from the Civil Service Commission. The EEOC issued Management Directive 702 on 11 December, 1979. In implementing the directive, the DON developed centralized ADP support and along with many other agencies began questioning the process imposed for establishing goals.

Discussion: The EEOC established FY 80 as the transition year with regards to AAPP. During the period from May to December 1979, EEOC issued draft guidance which DON reviewed. DON supported the transfer of authority to EEOC, optimistic that guidance would provide agencies with a sensible approach to affirmative action. EEOC stated that their measurement "Bottom Line" would be the representation of women and minorities in the workforce.

The guidance issued by EEOC on 11 December 1979, was divided into two phases with the first phase due from all agencies with 500 or more civilian employees on 1 February 1980, and the second phase due 1 April 1980. The guidance required an extensive analysis of the workforce to determine if underrepresentation existed and a measurement for determining underrepresentation in the civilian labor force. Analysis had to be conducted by distinct occupational series. DON, however, argued that analysis by distinct occupational series was counter productive. Specifically, requiring a comparison to the civilian labor force was unprecedented and unsupported by court decision. Further, EEOC guidance required agencies to use a mathematical formula for establishing hiring goals. This formula created hiring goals that were viewed by agencies as completely unrealistic and unsupportable by managers responsible for meeting the hiring objectives.

DON argued with EEOC that calculation of underrepresentation should be based on the relevant civilian labor force and should be by occupational groups. Further, that the establishment of hiring goals should reflect the availability of the relevant labor force and should be by occupational groups.

Problem: EEOC is currently drafting multi-year AAP guidance for FY 82 which may require agencies to continue the unrealistic approach under Management Directive 702 and may require agencies to establish goals that will create parity for each occupation within 5 years. The transition year has been extended into FY 81. The AAP generated has created a credibility gap among DON supervisors and managers.

Action required: DON must continue the effort to bring reality into the AAPP planning process.

UNCLASSIFIED

Cat 1 / DASN(EO)

UNCLASSIFIED

Prepared by: Babil Arrieta
DASN(EO) Office
26 November 198

DEPARTMENT OF THE NAVY EQUAL OPPORTUNITY

ACCOUNTABILITY SYSTEM (DONEAS)

Background: DON is responsible for assuring that all employees and applicants are afforded equal employment opportunity in all areas of employment. Further, DON and its components are required to conduct extensive analytical surveys by OPM and EEOC.

Discussion: Compliance with EEO requirements by DON requires the utilization of ADP systems. As such, the DASN(EO), in establishing the support staff, includes specialists in this area. The development of a centralized ADP system, for evaluating DON's EEO efforts and its components, and providing the required analytical processes, has been a priority project of the DASN(EO).

The efforts expended in this area have produced a system that responds and meets the DON data requirements for internal evaluation of activities with 200 or more employees. The system can produce the analysis required by OPM and EEOC to meet their reporting requirements.

The DONEAS' capability to run the program from a centralized base provides the DASN(EO) with the necessary data to evaluate the DON in meeting its EEO objective.

Problem: The DONEAS provides all the necessary information required by OPM and EEOC. However, the DONEAS currently provides the analysis by occupational groups rather than by occupational series and the format differs from that requested by OPM and EEOC.

Action required: DON must continue to support the implementation of DONEAS and acceptance by EEOC with data provided by DONEAS.

Cat 1 /DASN (EO)

UNCLASSIFIED

UNCLASSIFIED

CAPT T. Coldwell, USN, OP-007
X76724 20 November 1980

PUBLIC AFFAIRS ORGANIZATION

Purpose

- This paper describes the Department of the Navy public affairs organization and functions and its relationship to the Department of Defense.

Discussion

- The Navy's Chief of Information (CHINFO) is the direct representative of and advisor to the Secretary of the Navy and the Chief of Naval Operations for community relations and internal and external information matters. He meets daily with these officials. Under the supervision of the Under Secretary of the Navy he operates the Office of Information and nine field activities, and he coordinates activities of the Navy Internal Relations Activity (TAB A) and Navy Broadcasting Service (TAB B). He maintains liaison with the Assistant Secretary of Defense (Public Affairs) (ASD(PA)) to ensure policy and program compliance with Department of Defense directives.

- Mission: To inform the public and naval service personnel concerning Navy policies, operations, plans and programs.

- Authority for Public Affairs Program: Vested in the ASD/PA and implemented by SECNAV Instruction 5720.44, Navy Public Affairs Regulations.

- Public Information Functions: Respond to press queries; produce and distribute news and photo feature materials on naval personnel; arrange interviews and Fleet visits for media; release official photography; release contract announcements (in accordance with public law) and other announcements through ASD(PA); and assist commercial film producers.

- Community Relations Functions: Maintain liaison with national civic organizations; arrange Navy participation in public events; sponsor the Navy Band; coordinate official ceremonies; and administer civilian guest cruise programs.

- Internal Information Functions: Produce internal print and broadcast information materials; procure and administer shipboard and shore based radio and television broadcast facilities.

- Planning and Coordination Functions: Formulate public affairs plans and policy; coordinate programs with Department of the Navy staff offices, Fleet and shore based commands, and other uniformed services.

- Both the Navy and Marine Corps are subject to the direction of the Secretary of the Navy on public affairs matters. Additionally, CHINFO coordinates all Navy and Marines Corps matters of mutual interest. No command within the Department of the Navy, except Headquarters, Marine Corps, will deal directly with OASD(PA) on public affairs matters unless authorized to do so by CHINFO.

CAT I/OI

CAPT R. K. LEWIS, JR., USN
OP-0071, 695-5710
24 November 1980

SUBJECT

The Navy Internal Relations Activity

BACKGROUND

The Navy Internal Relations Activity (NIRA) was established in 1972 to centralize the Navy's internal information efforts. NIRA is a shore activity, in an active operating status, under an officer in charge and under the command of the Chief of Naval Operations, exercised through the Chief of Information. NIRA is subject to the area coordination authority of the Commandant, Naval District, Washington, D.C.

DISCUSSION

NIRA's mission is to plan and execute those functions necessary to ensure two-way channels of communication between Navy policy-makers and the five primary internal audiences (active duty personnel; dependents, reserves, retirees and civil service employees). To disseminate authoritative and timely information to all internal audiences concerning plans, policies and actions that are being considered or implemented for the purposes of strengthening national defense, improving Navy life, promoting morale and esprit de corps and assisting in the retention of quality personnel. NIRA operates on an annual budget of $1.9 million (FY80). Of this, $1,066,000 is for military and civilian salaries. Additional funding for film and video tape production is provided by the Navy Photographic Center. NIRA is staffed by 54 personnel, including 15 officers, 23 enlisted personnel and 16 civilians who are distributed among five divisions which perform the following functions:

- ADMINISTRATIVE SERVICES DIVISION, providing overall budget and administrative assistance and to coordinate distribution of NIRA products;

- PRINT MEDIA DIVISION, producing periodicals such as All Hands; Direction, Wifeline, Navy Editor Service, Navy Policy Briefs, Captain's Call Kit and Backgrounder;

- BROADCAST MEDIA DIVISION, producing the CHINFO Newsgram and the Navy Radio News Service;

- FILM AND TELEVISION DIVISION, producing the CNO SITREP series; the Navy Video News Service, and Navy Spotlight and spot announcements;

- PROGRAM, PLANS AND EVALUATIONS DIVISION, conducting periodic evaluations of NIRA products, coordinating the CHINFO Merit Award Contest, participating in internal information seminars across the country and providing assistance for special projects.

CAT I / OI

LCDR T. C. WYLD, USN
OP-007CB/695-2919
20 November 1980

NAVY BROADCASTING SERVICE (OP-007C)

Special Assistant for American Forces Radio and Television, Department of the Navy.

Mission: Assists the Chief of Naval Operations (CNO) in providing direction and coordinated policy for the management, operation, acquisition and maintenance of American Forces Radio and Television (AFRT) in the Navy; serves as CNO project office for Shipboard Information, Training and Entertainment (SITE) TV; represents the CNO in dealing with U.S. government agencies, commercial activities, and foreign officials in broadcast matters; acts as coordinator for the CNO in dealing with NMPC, CNM, and other Navy commands. The Director acts as Special Deputy for the purpose of evaluating shipboard AFRT TV systems and providing service approval. The Navy Broadcasting Service, an echelon 2 command, operates approximately 40 detachments overseas and a few support elements in CONUS and provides radio and television services to at-sea and overseas-based Navy people and their dependents.

CAT 1 / OE

UNCLASSIFIED LtCol W. S. DEFOREST, USMC, (Code PAM)

MARINE CORPS PUBLIC AFFAIRS

BACKGROUND

Marine Corps Public Affairs (Public Information, Internal Information, Community Relations) are coordinated by the Division of Public Affairs, HQMC. Navy/Marine matters are coordinated with CHINFO.

DISCUSSION

With the advent of the RDF/RDJTF and the implementation of the Near Term Ships Prepositioning Program, major news media have focused increasing attention on Marine Corps capabilities, needs, and role in the RDF. Topics of primary interest include: amphibious shipping, the light armored vehicle, maritime prepositioning, the AV-8B and F/A-18 aircraft, and Navy/Marine Corps expeditionary/force projection capabilities; continuing interest in recruiting/retention.

PROBLEMS

-The "Garwood" case; a general court-martial of a Vietnam returnee at Camp Lejeune: PA policy -- inappropriate to comment on the trial until judicial action/review complete.

-Iran hostages - nine Marine security guards held among the 52 remaining: queries referred to State Department.

-The issue of posing nude in magazines: Marine Corps policy calls for administrative discharge for failure to meet standards in most cases.

CURRENT STATUS

-NBC Magazine: plans are being made for segment on Marine Corps role in the RDF/RDJTF.

-ABC's 20/20: is producing a segment on the 1975 evacuation of Saigon.

-U.S. NEWS: is scheduled to print a story in early December about the Marine Corps.

UNCLASSIFIED

LCDR PAUL HANSON, USN
Office of Information (OI-05)
697-8711
24 November 1980

SUBJECT (U)

Clearance of information for release to the public

DISCUSSION (U)

Authority to release information from Navy is delegated to the lowest command echelon having exclusive cognizance over the matter.

- This may be local, type or fleet commander.

- However, all proposed releases having Congressional or diplomatic impact are cleared by the Assistant Secretary of Defense (Public Affairs) (ASD(PA)) through CHINFO.

- All information originated at, or proposed for release at the Seat of Government shall be submitted to ASD(PA). Information of other-than-national-interest can be released by the Service component concerned once ASD(PA) has concurred.

- Speeches touching on national policy must be cleared by Naval Security Review (OP-009D3).

PROBLEMS (U)

None involving the Secretariat.

ACTION REQUIRED (U)

None; provided for background only.

CAT 1

UNCLASSIFIED

Unclassified

CDR J. J. Harnes, USN
OI-21, x74627
24 November 1980

SUBJECT

INTERVIEWS

BACKGROUND

Navy Department routinely honors print and electronic media requests for interviews with uniformed and civilian Department members. The interviews are conducted on an "on background" or "on-the-record" basis.

DISCUSSION

The Office of Information (CHINFO) receives and coordinates several hundred media interview requests each year. Requests are staffed with the appropriate Navy Department office(s) or individual(s) responsible for the requested topic area. Once a request is approved and ground rules established, a CHINFO representative escorts, monitors and provides public affairs assistance during the interview. SECNAV and CNO interviews are monitored by their respective public affairs assistants. Interviews are conducted within the following guidelines:

o On Background--Information may not be quoted or attributed to the Navy official being interviewed.

o On-the-Record--The reporter receives information which may be quoted or attributed to a specific Navy official.

ACTION REQUIRED

Background only; no action required. Requests for interviews can be expected on a continuing basis.

CAT I

Unclassified

UNCLASSIFIED

CAPT J. L. MARRIOTT, OI-09
X76265 20 November 1980

EXTERNAL PUBLIC AFFAIRS CONGRESSIONAL LIMITATIONS

Background

- In 1972 Congress passed, as a part of the Defense Appropriation Act, language which prohibited the Department of Defense (DOD) from spending more than 28 million dollars for public affairs activities. This spending limitation remained at 28 million through 1974.

  From 1975 through 1980 the spending limitation was reduced to 25 million for public affairs.

Discussion

- "Public Affairs Activities" defined by DOD as public information and community relations.

- Public Information: All functions and activities which are performed primarily for the purpose of providing official information about the military departments and defense agencies to the public, public media, government executive agencies, and Congress.

- Community Relations: All functions and activities which are performed for the purpose of contributing to good relations between the military departments and defense agencies and all segments of the civilian population at home and abroad to help foster mutual understanding, respect, and cooperation.

- Public Affairs (PA) limitation applies to all Operation and Maintenance (O&MN) costs which includes civilian salaries and military personnel costs.

- Public affairs personnel are those who deal directly with the public in excess of 50% of their time.

- Overall limitation is for the Department of Defense and each military department is given a limitation during Congressional mark up of budget.

- The Navy Department's public affairs limitation in Fiscal Year 80 was 7.1 million dollars. This money authorization included 4.6 million for the Navy and 2.5 million for the Marine Corps.

- The following activities are specifically excluded from public affairs limitation: aerial teams, military bands, museums, exhibits, and costs of speeches delivered by other public affairs personnel.

Problems

- Continued limitation of 25 million will adversely affect Navy Department public affairs programs.

Current Status

- DOD has justified to the current session of Congress an increase in the public affairs limitation to 28 million dollars.

Action Required

- Background only; no action required.

CAT 1

CAPT R. K. LEWIS, JR., USN
OP-0071 695-9184
24 November 1980

SUBJECT

Liaison with the Maritime Constituency

BACKGROUND

(NIRA Lists 60-64)

A special direct mail effort was launched in August 1966 by the Chief of Information to develop contact with reserve and retired Navy people engaged in public affairs-oriented civilian occupations and with military-oriented organizations.

Expanded in 1976 to include retired flag officers regardless of cilivian occupations plus high ranking civilians identified by CNO (OP-OOK). Expanded in 1977 to include recruiting district council chairpersons and college liaison officers. Expanded in 1979 to include selected active duty people and commands.

Names of individuals were originally obtained from naval reserve and Navy recruiting activities and naval air stations. Only individuals expressing a desire annually to receive information are retained on the distribution lists.

DISCUSSION

Materials sent to categorized lists of above described audiences include:

Materials produced by NIRA/CHINFO	Materials produced by other organizations
Navy Policy Briefs	Navy Recruiting Update (CNRC)
Newsgram Summary	CNO and SECNAV Speeches
Backgrounder	Navy Sabbath brochure (NRA)
Direction Magazine	U.S. Lifelines (OP-09D)
Items of Interest	Seapower Facts & Statistics (OP-09D)
CNO Report to Congress	PRO-Navy Cards (CNRC)
CHINFO Fact File	Shareholders Reports (CNRC)
Understanding Soviet Naval Developments	The Foreword to Jane's (Navy League)
Ships, Aircraft and Weapons Systems of the U.S. Navy	You Can Help The Navy Booklet (CNRC)
	U.S. Navy Sea Cadet Booklet (Navy League)

ADDENDUM

A representative from the Navy Internal Relations Activity participates in monthly meetings of the Navy-Marine Corps Council, semi-annual briefings for military organizations by the Navy Recruiting Command, quarterly Wifeline Association meetings and other ancillary groups.

CAT 1

UNCLASSIFIED

LCDR P. H. Saxon, OI-32A, X57113
21 November 1980

SUBJECT

NAVY-MARINE CORPS COUNCIL (N-MCC)

BACKGROUND

The N-MCC was established by SECNAV in 1967 to provide a means by which the Department of the Navy could keep organizations primarily concerned with Navy and/or Marine Corps matters informed about issues, and to provide a forum for those organizations to coordinate common interests and objectives. There are currently 12 member organizations: Fleet Reserve Association; Naval Reserve Association; Naval Enlisted Reserve Association; Marine Corps Reserve Officers Association; National Naval Officers Association; Navy Club of the United States of America; Marine Corps League; Navy League of the United States; Women Marines Association; Navy Mothers' Club of America; Navy Wives Club of America; Navy Wifeline Association.

DISCUSSION

Representatives of member organizations meet monthly with CHINFO, CRUITCOM, and HQMC representatives to exchange information. The Secretary of the Navy annually sponsors a day of briefings (usually in April) to members of Council organizations. Attendance is by invitation, and approximately 100-125 persons attend each year.

PROBLEMS

In January the Chairman of N-MCC will request by letter that SECNAV authorize this annual briefing and be the luncheon speaker. The primary date requested will be Friday, April 10. When approved by SECNAV, CHINFO and HQMC Division of Public Affairs will coordinate agenda and complete all arrangements.

ACTION REQUIRED

Action will be required within 90 days.

CAT 1

UNCLASSIFIED

LCDR S. H. SAXON, OI-32A, X57113
24 November 1980

SUBJECT

Support to Military and Veterans Organizations

BACKGROUND

The Assistant Secretary of Defense for Public Affairs (OASD(PA)) establishes policy for dealing with, and coordinates military support for, all associations and organizations. CHINFO serves as the Navy's primary point of contact for military and veterans groups' national headquarters' staffs. COMNAVCRUITCOM is the point of contact for all youth-oriented organizations.

DISCUSSION

As authorized by OASD(PA) and within public affairs regulations, CHINFO coordinates support to groups such as the American Legion, VFW, The Retired Officers Association, and the Non-Commissioned Officers Association, in addition to organizations of the Navy-Marine Corps Council (see separate briefing sheet). Support includes providing speakers, patriotic music programs, color guards, assistance with visits to naval activities, and general information on Navy programs.

PROBLEMS

Close coordination between CHINFO and COMNAVCRUITCOM is required to ensure that we take advantage of all opportunities for community support, and such cooperation is evident at all levels of both organizations.

ACTION REQUIRED

Background only; no action required.

CAT 1

UNCLASSIFIED

CDR S. C. TAYLOR, USN
CHINFO (OI-23), 695-2078
21 November 1980

SUBJECT

"Navy Pride" program (CHINFO's "Goal One")

BACKGROUND

In support of CNO's retention objectives, CHINFO is mustering public affairs resources to help stimulate/reinforce a sense of pride and team spirit among naval personnel.

DISCUSSION

Stimulating all personnel to work to their full potential and retaining adequate numbers of those who do is a major objective of the CNO and SECNAV. Although individual performance remains high, more than 20,000 mid-level petty officers have left the service without relief. Serious officer shortfalls also exist, particularly in the nuclear, aviation and medical communities.

Recruiting surveys indicate job satisfaction and personal development comprise the top six "life goals" of American youth. Navy recruiting advertising, however, is keyed to the theme, "Navy: It's not just a job. It's an adventure." Retention studies indicate most people who leave the Navy do so because of inadequate compensation and excessive family separation.

Positive recognition of individuals and their outfits has a direct impact on initiative, effectiveness and retention. Although many means to provide same exist, studies indicate significant opportunities for greater cooperation, interaction and synergism.

PROBLEMS

Congressionally-imposed constraints on external public affairs activities and normal internal competition for billets and OPN funds present some limitations on "in-house" production but some resource realignments are feasible and may be recommended.

CURRENT STATUS

An ad-hoc "Washington Working Group" is developing a "Navy Pride" POA&M for approval in Nov.-Dec., refinement in Jan. by Field Activity Directors and implementation as soon as possible thereafter.

SUMMARY

Public affairs resources to stimulate personnel effectiveness and retention exist and are being marshalled to be applied most effectively, in concert with operational remedies (i.e., increased pay, adjusted operating schedules). These efforts are expected to reach fruition in late spring, 1981.

CAT 1

UNCLASSIFIED

CAPT R. K. LEWIS, JR., USN
OP-0071, 695-5710
24 November 1980

SUBJECT

Mr. Burnett Anderson, consultant to the Secretary of the Navy

BACKGROUND

At the request of Secretary of the Navy Hidalgo, Mr. Burnett Anderson, a private consultant and retired Career Minister of Information in the foreign service, is conducting a study on the Navy's public affairs program. Mr. Anderson's extensive public affairs experience in government service and in the private sector includes:

- Counselor for Public Affairs for the U.S. embassies in London (1977-79), Paris (1969-77), and Madrid (1967-69)
- Deputy Director of USIA for Policy and Plans (1965-67)
- Counselor for Public Affairs for the U.S. Embassy in Iran (1957-60)
- Deputy Director of Press and Publications Service, USIA (1955-57)
- Director of Press Relations for the U.S. Information Agency (1954)
- Press Officer for the Marshall Plan agencies in Germany (1952-54)
- Press Secretary to Governors Stassen and Thye of Minnesota (1941-44)
- News reporter and political writer for the Minneapolis Star and Tribune, Look magazine, and ABC Radio
- Writer for a variety of high-level public officials, ambassadors, and the late Edward R. Murrow

DISCUSSION

On 21 July 1980, Mr. Anderson reported to the Office of the Secretary of the Navy to begin his assigned research on Navy public affairs. Over the past four months, Mr. Anderson has met with some of the Defense Department's top management, including: CNO; Commandant of the Marine Corps; Assistant Secretary of Defense (Public Affairs); VCNO; DCNOs; Assistant Secretaries of the Navy; General Counsel and Deputy General Counsel; Chief of Information; information chiefs of the Army, Air Force, Marine Corps, and Coast Guard; and numerous Navy public affairs officers both in Washington and at major outlying commands (CINCLANTFLT, CINCPACFLT, Allied Forces Southern Europe, U.S. Naval Academy, Navy information offices in CONUS, etc.).

Mr. Anderson has focused on both the Navy's internal information program and the external facets of public affairs such as press relations, community relations, plans and policy, and recruiting. Presently, Mr. Anderson is preparing a final research report.

UNCLASSIFIED

CAT 1

CIVIL SERVICE REFORM ACT OF 1978

Background. The intent of the CSRA was to improve the efficiency and responsiveness of the federal government by changing many of the rules and systems which govern the way its personnel are managed. In implementing Reform, the Department of the Navy has developed new approaches to the management process, particularly in the areas of performance appraisal and compensation.

Discussion. The Act affected the federal systems for selecting, developing, assessing and compensating civil servants. The Civil Service Commission (CSC) was disestablished and the Office of Personnel Management (OPM) was created to develop and administer personnel policies and regulations. The CSC's equal employment opportunity responsibilities were transferred to the Equal Employment Opportunity Commission. The most significant provisions of the law were establishment of the Senior Executive Service (SES) and the Merit Pay System (MPS), the requirement to develop a new Performance Appraisal System for all employees not covered by SES or MPS, delegation of numerous personnel authorities from OPM to agencies, establishment of a probationary period for newly appointed managers and supervisors, changes in labor and employee relations procedures and a requirement to develop a recruiting plan to help eliminate underrepresentation of minorities and women in all areas of the work force. (The SES and MPS are addressed in separate papers.) The Navy's General Performance Appraisal System, which sets specific standards for job performance, has been approved by OPM and will go into operation on 1 October 1981. Training in the new system has begun with Navy-wide training scheduled for completion by April 1981.

The Labor and employee relations aspects of Reform are ongoing with the overall impact of the new requirements yet to be fully determined. The Federal labor relations program is now based in law and more closely resembles labor relations in the private sector. It is not too early, however, to recognize that the creation of the Federal Labor Relations Authority (FLRA), the Merit Systems Protection Board (MSPB) and the extension of Equal Employment Opportunity Commission (EEOC) to the public sector is causing a major increase in third party workload and a relearning of the way we do business in this area as these new independent agencies define their role in the personnel system.

Authorized by the Act, the Department of the Navy submitted the first Demonstration Project in the federal government to be approved by OPM. The Project adopts private sector personnel management methods vastly different from those in use in the federal service to two West Coast Navy activities, Naval Ocean Systems Center, San Diego, and Naval Weapons Center, China Lake.

The Department has taken an agressive interpretation of the law, aiming for improved managerial performance.

Problems: In general, the complex changes mandated by Reform have been incorporated smoothly and effectively by Navy management. This is due primarily to the high degree of management involvement in implementing Reform. There are, however, some areas of concern.

In the performance appraisal area, a great deal of union interest is evident in the establishment of standards on which individual performance will be based. If agreement is slow in being reached, it is possible that significant delays in implementation of the system will result.

Cat I/DUSN(CP)

In the labor and employee relations area, the advent of FLRA and MSPB on the scene have impacted significantly. Our backlog of cases awaiting third party adjudication has tripled since passage of the reform act. There is no relief in sight and the workload, as well as expense in this area, is a very real problem. Similarly, the entry of EEOC into Navy's discrimination complaint process has lengthened an already complex procedure to an average of two years between filing and resolution. Since EEOC is making changes in affirmative action and the discrimination complaint programs, Navy is in the process of restructuring major aspects of its EEO program.

Action required: Background only; no action required.

IMPLEMENTATION OF SENIOR EXECUTIVE SERVICE (SES)

Background. The Senior Executive Service, a new personnel system covering managerial and supervisory positions above the GS-15 level of the General Schedule and below Level III of the Executive Schedule, was established on 13 July 1979 as a result of the passage of the Civil Service Reform Act. Ninety-eight percent (98%) of the Department of the Navy's (DON) eligible executives joined the new service at that time.

Discussion. The SES Management System, which covers the performance appraisal, award and pay processes for SES members, was developed and approved in September 1979. The heart of the SES system is the objective-based performance appraisal system which requires executives and their first and second level supervisors to develop a series of objectives based on their jobs. Accomplishment of their objectives forms the basis for the executive's appraisal which serves as the input in determining bonus eligibility. Approximately 700 persons, including all SES members and most of the Flag and General Officers in the Navy and Marine Corps attended training on the system. The SES system is overseen by the DON Civilian Executive Resources Board, a group of senior military and civilian officials.

The first performance appraisal cycle for SES ended in June 1980. Appraisals were reviewed and rank ordered by one of eight Performance Review Boards. The PRB recommendations were further reviewed and integrated by the Naval Executive Board which made final recommendations to SECNAV for bonus awards. SECNAV approved bonuses ranging from 7% to 20% of their salaries for 70 deserving career SES members. The bonuses were computed according to an Office of Personnel Management formula. In addition, in September 1979, the first Presidential Ranks were awarded -- three Navy executives received Distinguished Rank and 14, Meritorious Rank, with accompanying awards of $20,000 and $10,000 respectively. The biennial review of all executive level positions throughout the Department is currently underway with a final report to OSD in early December. An evaluation of the SES system to include the objective setting and appraisal process and merit staffing process will also be initiated shortly.

Problems. Staffing of SES positions continues to be a problem. This is due to additional SES spaces received at the advent of SES, unusually high turnover rates and centralized control of certain processing aspects. Success of the system also will require continued top management commitment. This can be evidenced by timely issuance of SECNAV's Annual Management Guidance, up front monitoring of objectives to ensure quality and close control of bonus dollars. This year, Congress reduced the maximum that could be given out to much below the legal maximum and the Office of Personnel Management reduced it more, causing morale problems in the SES. There is a risk that the system will become one of all sticks and no carrots if this trend continues.

Cat 1/DASN(CP)

DUSN/25 Nov 1980

DON MERIT PAY SYSTEM

Background. The Civil Service Reform Act (CSRA) requires Federal agencies to develop a Merit Pay System (MPS) in support of effective utilization of senior managers. The MPS is a management, appraisal and compensation system which covers all Department of the Navy (DON) GS-13 through GS-15 civilians whose work is of a supervisory or managerial nature (approximately 17,500 in DON).

Discussion. The Department of the Navy MPS extends the management system criteria for the Department's Senior Executive Service through the entire civilian top management structure. It utilizes an objectives-based performance appraisal system very similar to that used in SES. An individual's merit or incentive pay is based on accomplishment of objectives which were agreed upon by the MPS member and his or her first and second level supervisors.

The primary objective of the DON MPS is to assist DON managers in planning and evaluating the work performed by their organizations. Secondary objectives are improving the performance appraisal system for high grade civilians and basing their levels of compensation on how well they perform the critical tasks of their positions. The Secretary of the Navy issues annual merit pay guidance, allocates merit pay to merit pay units and prescribes a point-based formula for calculating individual merit pay awards.

To emphasize the concept of "pay for performance" and to give managers the ability to distribute merit pay to their better performers, the actual pay-out process for the MPS system is decentralized to 441 merit pay units. Actual pay decisions are made by key managers familiar with the performance of the merit pay members in their work unit. Implementation of the DON MPS is well underway. Over 18,000 MPS members and their supervisors have received training in the objective setting, performance appraisal and compensation facets of the system. Training for the managers of each of DON's 441 Merit Pay Units (MPU's) is planned for Spring 1981. This training will focus on general MPU management issues and how the MPS compensation program works. Additional guidance to the DON personnel office staff will be provided at the same time to update certain regulatory aspects of the system. Work is also underway to update current DOD ADP systems to provide the data necessary for compensation processing and evaluation. An interim evaluation of MPS implementation will be complete by March 1981. The first MPS compensation adjustments will become effective in October 1981 based on the performance appraisal period from 1 July 1980 to 30 June 1981.

Problems. We have some 413 cases from seven activities pending before the Federal Labor Relations Authority. These cases revolve around challenges to merit pay coverage in general and designations as management officials. DON has designated 94% of our GS-13's through 15's as merit pay members. As union coverage is at issue, the FLRA will be required to provide guidance. It is possible that in the near future, people who had been included in the Merit Pay System will be removed from it and revert to their GS designation. Hostility of MPS members to the new system and reluctance of members and their supervisors to accept MPS as a management tool are significant obstacle to successful implementation of MPS. Employee reaction to the first appraisals in July 1981 and to the first merit pay adjustment in October 1981 will be good indicators as to how well we've "sold" this new approach to appraisal and pay.

Cat 1/DASN(CP)

OLA/24 Nov 1980

RELATIONSHIP WITH KEY MEMBERS/CONGRESSIONAL COMMITTEES

BACKGROUND

- The Committees of Congress and the key members of those committees and of the party leadership in both houses impact on every aspect of the Navy Department. Most interfaces are based on meetings, discussions, briefings that turn on credibility, patience, persistence and understanding.

- The handling of these relationships is an art and must be directed with skill. Although the Office of Legislative Affairs is tasked with the day-to-day management of this series of relationships, the Secretary of the Navy sets the basic tone and personally maintains special relationships with those members of greatest significance to him.

DISCUSSION

- The basic liaison function of OLA, providing assistance to all members in their inquiries, establishes a professional relationship between the Navy and Marine liaison officers and the members and their staffs. The Committee liaison work based on daily support of those committees with naval interests results in a special professional relationship between the action officers of OLA and the professional staffs and some members of these committees. Trust and a willingness to consider Navy positions comes from credibility based on honest, sincere responsiveness and consistency of policies and positions.

- Such relationships will make it possible for SECNAV to exert great influence on the way the Congress deals with Navy Department legislation. The critical nature of these relationships makes it most important that SECNAV quickly assure himself that the basic structure is as he wants it and that he start as early as possible in developing his personal relationships.

ACTION REQUIRED

- OLA will arrange suggested calls on key members and staff shortly after January 20. The importance of effecting these introductions as early as possible cannot be overemphasized. A reception in each House will be arranged at an early opportunity.

CAT I

OLA/24 Nov 1980

RELATIONSHIP WITH HOUSE AND SENATE APPROPRIATIONS COMMITTEES

BACKGROUND

- A long standing relationship exists between the individual service comptrollers and the members of both the House and Senate Appropriations Committees (HAC/SAC) Defense Subcommittees. Within the Navy Department the Office of Director of Budgets and Reports (NCB) functions as the single point of contact between both the Navy and Marine Corps and members of the Appropriations Committees. This relationship has been formalized in appropriations report language.

DISCUSSION

- Each February or March the SECNAV testifies before the House and Senate Defense Appropriations Subcommittees' Posture Hearings as primary witness for the Department of the Navy. The CNO and Commandant of the Marine Corps accompany SECNAV and are also invited to testify. The Comptroller is present during all hearings held relative to Navy or Marine Corps Appropriations.

- During the past several years the House, with a larger staff, has tended to reduce or take issue with more Department of the Navy programs than the Senate. While committee assignments for the 97th Congress have not been finalized, we can reasonably expect the SAC to be generally supportive of Navy and Marine Corps programs. The anticipated level of support from the HAC is hard to predict, but will probably continue to be less than the SAC.

- The SECNAV participates in the appeals process on vital Navy and Marine Corps programs on various occasions during the budget cycle. The formal appeal to the Senate on the actions taken by the House on each year's budget request is the most significant action of this type. However, when requested, this participation also includes visits and telephone conversations with members of both houses.

- In addition to the personal participation of the SECNAV, various other Navy officials are involved upon request in briefings and informal meetings with both Appropriations Committee Members and committee staffs. This contact, as well as various trips to Navy facilities and installations by members and staffs of the Appropriations Committees, is coordinated by the Director of Budget and Reports.

CAT 1

OLA/24 Nov 1980

OSD-SECNAV LEGISLATIVE AFFAIRS RELATIONSHIP

BACKGROUND

- In 1977, the Office of the Assistant Secretary of Defense (Legislative Affairs) was changed to its present status as an "Assistant to the Secretary (Legislative Affairs)." The OSD Legislative Affairs function now emphasizes coordination of the department-wide legislative liaison function.

DISCUSSION

- With this shift in the OSD Legislative Affairs function, direct SECNAV involvement with the OSD legislative assistant has involved:

  - Guidance from SECDEF on treatment of major OSD legislative issues impacting on Navy.

  - Coordination of potential policy conflicts with Navy positions or testimony of Navy witnesses on the Hill.

  - Direct liaison when SECDEF takes the lead in Hill testimony or discussion on Navy issues.

  - Congressional notification of politically sensitive base closures, reductions in work forces (RIFs), shifts of major Navy ships or facilities from one Congressional District to another.

  - Coordination of all DOD sponsored congressional travel.

CURRENT STATUS

- The Navy Chief of Legislative Affairs and his deputy maintain the routine contact with OSD(LA) and regularly attend a monthly luncheon which is hosted alternately by OSD and the Service Chiefs of Legislative Affairs. The format of these luncheons is informal and discussions have centered on joint concerns resulting in many cases in the setting of common policies on actions to be followed. Pressure on the reins has been light but intelligently applied.

CAT 1

OP-906/24 Nov 1980

KEY DOD DOCUMENTS PROVIDED TO CONGRESSIONAL COMMITTEES

- Purpose: to list briefly some of the principal documents that Congress uses in its review of DOD (including Navy) programs.

FORMAL DOCUMENTS

- Presidential Budget: Includes DOD programs; initial DOD budget submission in January often is changed subsequently through DOD initiated requests for "Amendments" and "Supplementals."

- Posture Statements: Made in January-March time frame to individual congressional committees by Secretary of Defense, Service Secretaries, Service Chiefs and Chairman, JCS. They provide a status report on their respective organizations and highlight major budget programs.

- Questions-For-The-Record (QFR) and Questions and Answers (Q&A): Transmitted between DOD/Navy and Congressional committee staffs; they amplify, in writing, the oral testimony provided by DOD officials at committee hearings.

- DOD Appeals: DOD-initiated reclamas to decisions made by the Congressional Authorizations and Appropriations committees.

- Selected Acquisition Reports (SARS): Periodic status reports provided by DoD to Congress on selected major acquisition programs.

- General Accounting Office (GAO) Reports: The reports (and DOD comments on the reports) are used by congressional staffs to analyze DOD programs and policies.

DISCUSSION

- These documents, reports, and so forth represent only a small sample of the thousands of recurring and one-time reports submitted by DOD to Congress annually. Many are in response to short-notice oral requests for information and briefings. Considerable administrative effort is directed toward ensuring responses are properly coordinated within Navy/USMC/DOD and submitted on time. The size of the Congressional staff has grown and the administrative burden of responding to inquiries has expanded steadily. The level of detail involved in the process has also intensified.

POSSIBLE ACTION

- The new Administrtion might do well to join early with the 97th Congress in an effort to reestablish levels of trust and reduce markedly the exchange of detailed documentation on DOD programs, concentrating instead on policies, broad budgetary guidance and major issues.

Cat 1/90

OLA/24 Nov 1980

CONGRESSIONAL HEARINGS SCHEDULE

BACKGROUND

- Congressional Hearings schedule in flux.
  - Affected by the reorganization of the new Congress itself and awaiting new Presidential appointees.

DISCUSSION

- No schedule presently proposed for the 97th Congressional Hearings.
  - Best forecast, a review of the Congressional schedule of hearings for the 1977 Ford-Carter Transition.
- Trends of 1977 Transition hearings as follows:
  - Confirmation in January of SECDEF, Deputy SECDEF and other key OSD players. SECNAV and other Navy confirmation hearings expected in February-March.
  - Initial FY 1982 Defense Authorization Hearings (SECDEF) expected in late January for an essentially Carter Administration Budget proposal.
  - In February SECDEF comes to Congress with recommended revisions to the FY 1982 Defense Budget. Uniformed service chiefs go before Congress with annual posture statements.
  - New civilian service secretaries follow in early-mid March, preferring to take more time to study the budget prior to their initial Congressional Posture Statement.
- Schedule of 1977 Transition and Budget hearing attached.

ACTION REQUIRED

- Navy Office of Legislative Affairs (OLA) will provide hearing schedule when available.

CAT 1

CONGRESSIONAL HEARINGS

1977 Ford-Carter Transition

I. Nominations (Carter appointees)

Office	Date Nominated by President (Elect)	SASC Hearing Date	Senate Confirmation Date	Sworn In Office Date
SECDEF (Brown)	18 Dec 1976	11 Jan 1977	20 Jan 1977	21 Jan 1977
SECNAV (Claytor)	19 Jan 1977	8 Feb 1977	11 Feb 1977	14 Feb 1977
UNDER SECNAV (Woolsey)	21 Feb 1977	2 Mar 1977	4 Mar 1977	9 Mar 1977

II. Budget Hearings (FY 1978)

	Date FY 78 Defense Budget Presented (Ford Budget)	Date FY 78 Defense Budget Revision Presented (Carter)
SECDEF	25 Jan 1977 (Accompanied by CJCS)	24 Feb 1977
CNO (Holloway)	3 Feb 1977 (Maritime Posture)	
CMC (Wilson)	3 Feb 1977 (Maritime Posture)	
SECNAV (Claytor)	11 Mar 1977 (Maritime Posture, accompanied by CNO)	
SECNAV (Claytor)	17 Mar 1977 (Naval Shipbuilding, accompanied by CNM)	

Enclosure

CATEGORY II DOCUMENTS

SEGREGATED AND RELEASABLE IN

THE ATTACHED FORMAT

100

ATTACHMENT (2)

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MARINE CORPS RESERVE

Background

- Mission. To maintain a Reserve component of trained units and qualified individuals for active duty in time of war or national emergency.
- Organization
  - Selected Marine Corps Reserve (SMCR). 35,451
  - Pretrained Individual Manpower (PIM): Individual Mobilization Augmentees (IMA) 101; Individual Ready Reserve (IRR) 56,862; Standby 2,047; Fleet Marine Corps Reserve (FMCR) 14,946.
  - Total 109K; SMCR 32%; IRR 52%; Standby 2%; FMCR 14%
- Employment
  - Provide trained units to bring active forces to wartime structured strength and increase combat, combat support capability.
  - Provide qualified individuals to augment active and Reserve units and expand supporting base.
  - Provide air/ground teams (Marine Amphibious Brigade (MAB) to Division/Wing Team (DWT)) to expand active force.

Discussion

- SMCR. (4th Marine Division, 4th Marine Aircraft Wing and 4th Force Service Support Group)
  - Strength: Division 16,689; Wing 8,968; FSSG 5,274; Initial Training 4,520; and Active Duty Support 4,184.
    - -- Upward trend since FY-76: 29,306 FY-76; 35,451 FY-80; 36,653 projected FY-81.
    - -- Retention up. Attrition down. First term reenlistment up from 16% in FY-77 to 52% in FY-80. Initial attrition down from 20% in FY-77 to 12% in FY-80.
    - -- Quality high - 76% high school graduates
  - Organization. Division, Wing and FSSG (See Tab 1-3).
  - Readiness

[CONFIDENTIAL DATA DELETED]

  - Exercises. FY-80. 19 Combined Arms Exercises from Norway to Panama.
- Pretrained Individual Reservist (PIR)
  - IRR
    - -- 56,862 personnel (3,873 officers, 52,989 enlisted).
    - -- Viable population. Over 50% off active duty less than one year. 51% officers captain or below. 86% enlisted lance corporal to sergeant.
    - -- Reserve Counterpart Training. FY-80 650 officers; FY-81 1,300 officers and 175 enlisted planned.

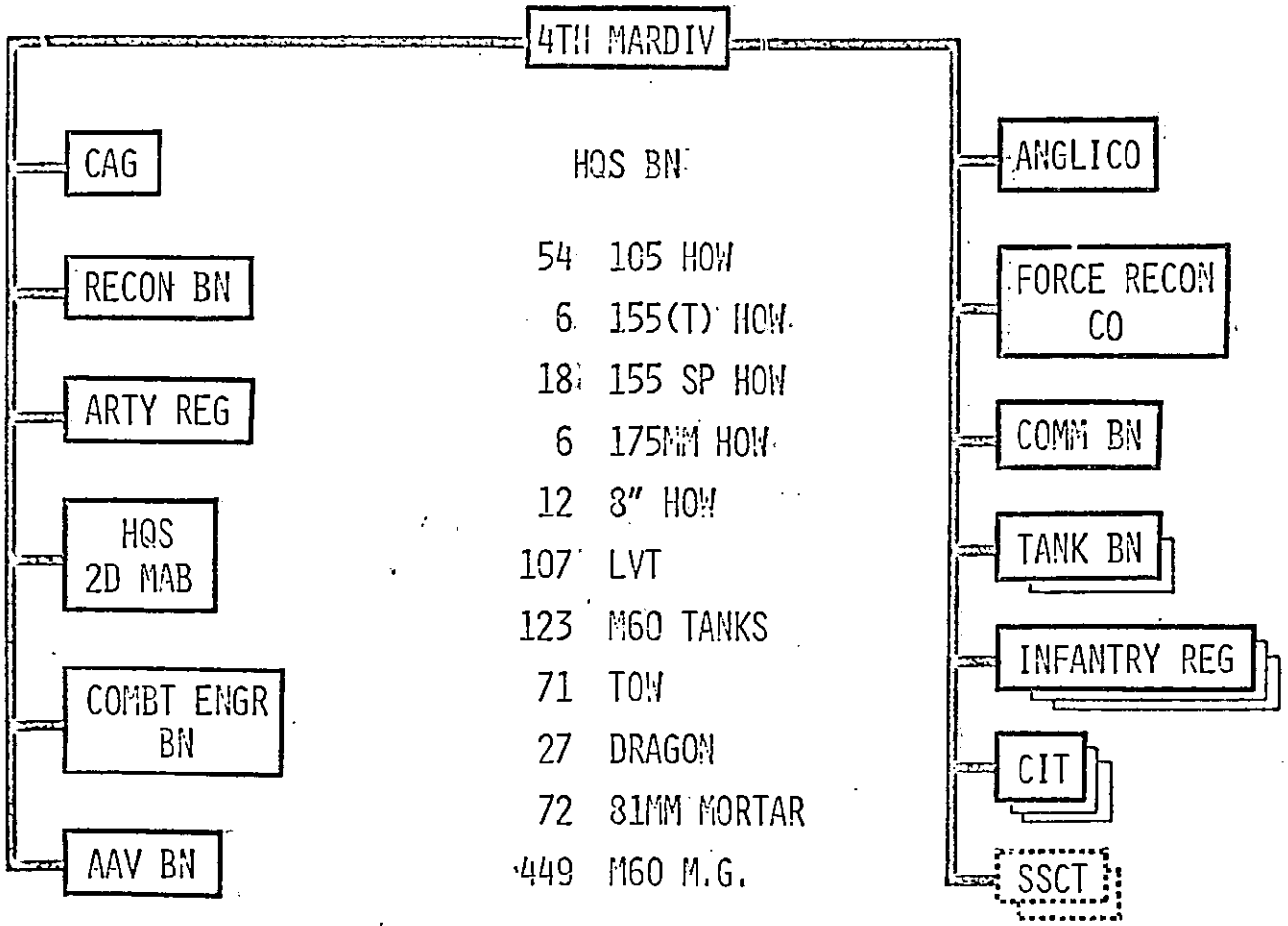
CONFIDENTIAL

-- Mobilization Training Units. 150 units; 1,354 officers/enlisted.
-- Mobilization Designees. 619 personnel preassigned to mobilization billets.

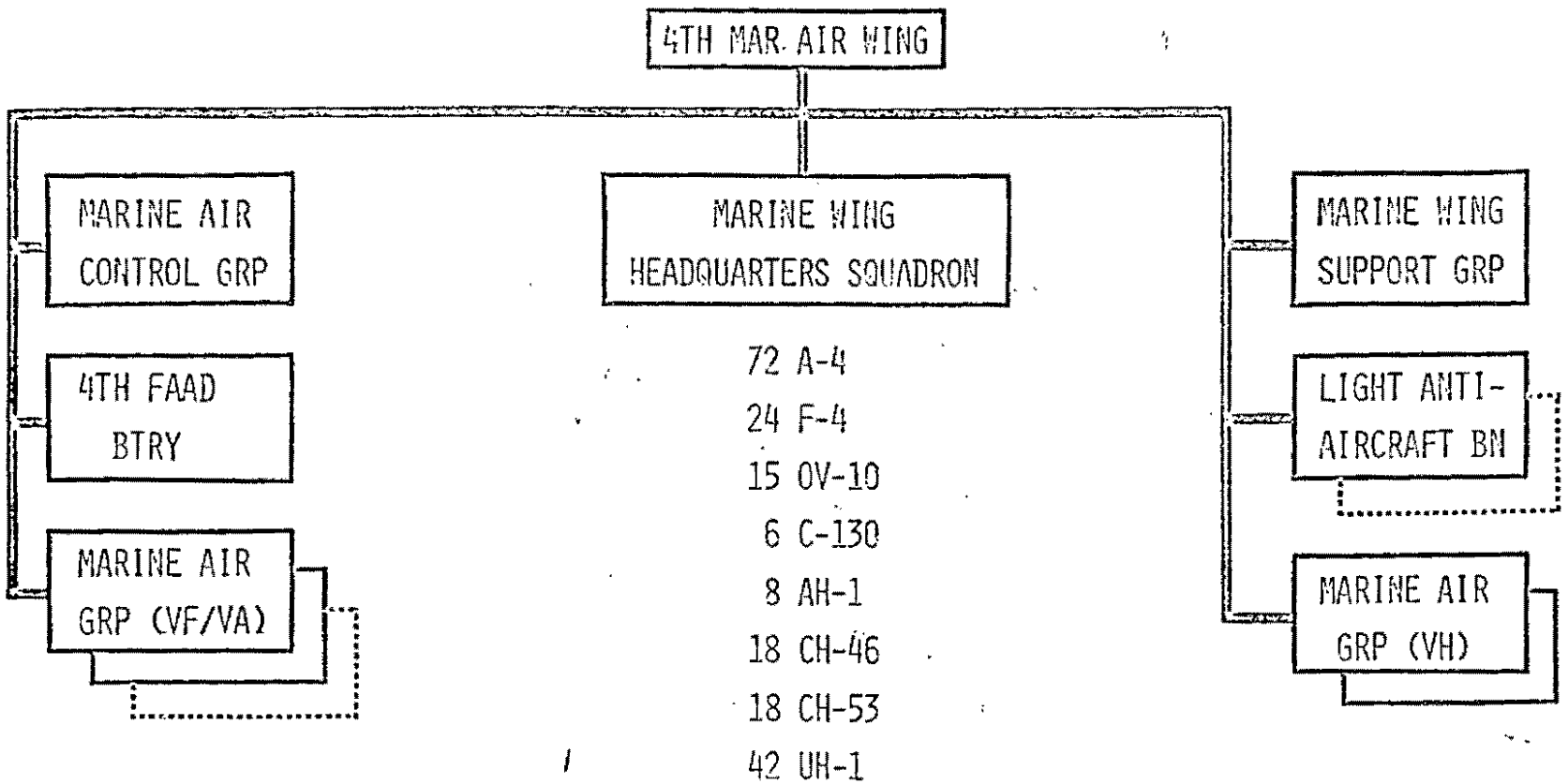
- IMA. 101 individual SMCR personnel preassigned to man priority mobilization billets.

[CONFIDENTIAL DATA DELETED]

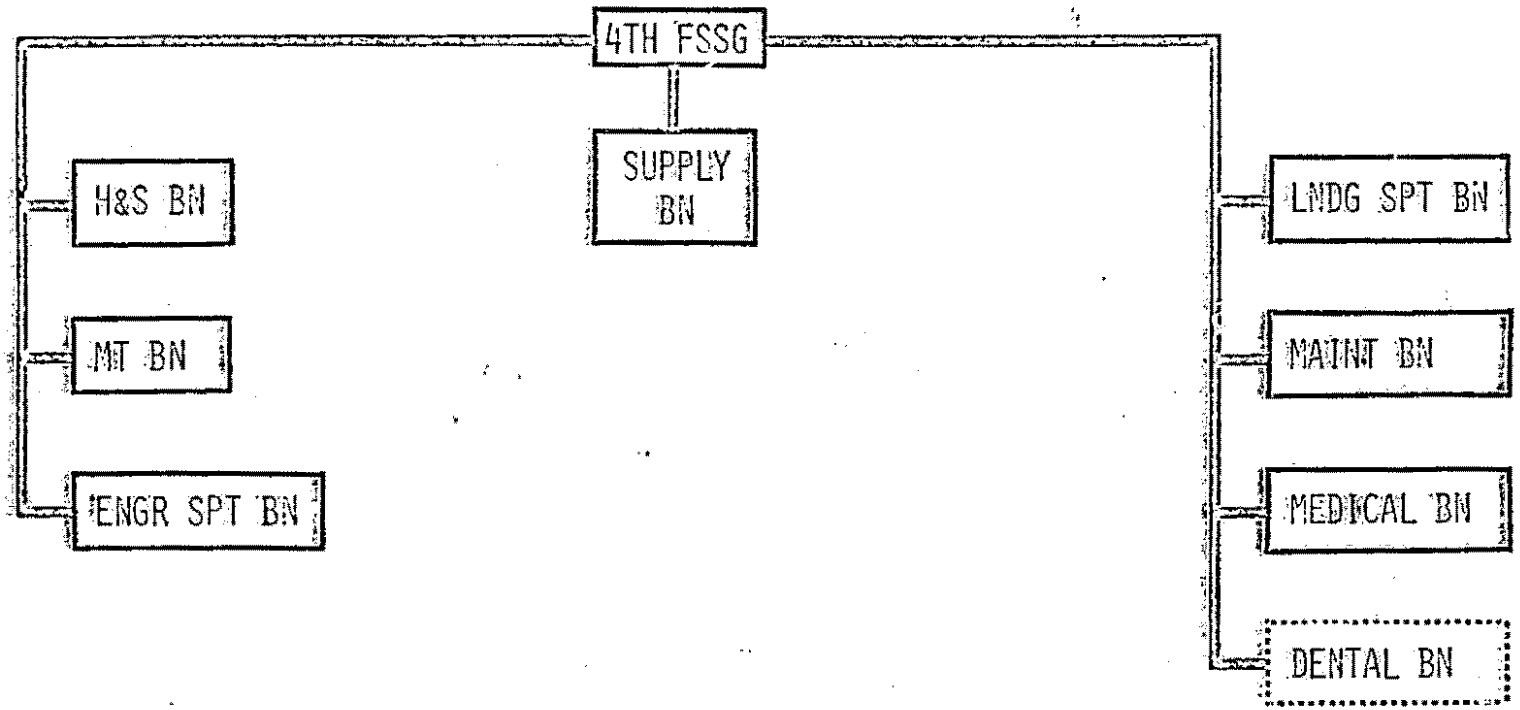
4TH MARDIV STRUCTURE



4th MAW STRUCTURE



4TH FSSG STRUCTURE



OP-60/24 Nov 1980

NAVY DEPLOYMENT LEVELS

BACKGROUND

- The U.S. Navy maintains approximately 30 percent of the force forward-deployed in the Western Pacific, Indian Ocean/Arabian Sea, and Mediterranean.

DISCUSSION (U)

- Long-standing national commitments (prior to 1979) are met primarily by the deployed U.S. SIXTH and SEVENTH Fleets. The SIXTH Fleet operating in the Mediterranean/Atlantic represents the bulk of sea power available to support NATO at the outbreak of hostilities. The SEVENTH Fleet normally operates in the Western Pacific available to support U.S. commitments to allies such as Japan and Republic of Korea. SEVENTH Fleet geographic area of responsibility also includes the Indian Ocean. Forces to support present I.O. deployments are drawn from both 7th/6th fleets.

- Forces now operating in the Indian Ocean consist of the Middle East Force, two Carrier Battle Groups, one Amphibious Ready Group (deployments to maintain "ground force" presence 70 percent of the time) and appropriate support ships.

PROBLEMS (U)

- Expanded and continuing operations in the I.O. cause the following problems:
  - reduces the capability of the SIXTH and SEVENTH Fleets to respond to contingency operations.
  - complicates maintaining high material readiness due long logistic tail.
  - adverse long term effect on morale/retention due to high OPTEMPO, with few (or no) port visits.

[CONFIDENTIAL TAB DELETED]

CATEGORY II
EXEMPTION 1

Category 2, Exemption 1/
06

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MARINE CORPS
MAJOR R&D PROGRAMS/IOC (U)

DISCUSSION (U)

Following are the major Marine Corps R&D programs funded by RDT&E Navy in FY 1982 along with planned Initial Operational Capability (IOC) dates:

Programs	Plannned IOC
- Marine Integrated Fire and Air Support System (MIFASS)	
- Tactical Air Operation Center (TAOC-85)	
- Tactical Combat Operation Center (TCO)	
- Position Location Reporting System (PLRS)	
- TRITAC	
- Modular Universal Laser Equipment (MULE)	
- Landing Vehicle Track Experimental (LVTX)	
- Mobile Protected Weapons System (MPWS)	
- Light Armored Vehicle (LAV)	
- Radar Course Direction Central (RCDC)	
- 5/4T Truck	

ACTION REQUIRED (U)

Action will be required; longer term

CATEGORY II
EXEMPTION 1
Cat 2 Ex 1

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OP-21/5 Dec 1980

SSBN FORCE LEVELS (U)

BACKGROUND (U)

- Ballistic missile submarine (SSBN) force levels have declined from a high of 41 (44 are allowed under SALT-I; 710 launch tubes being a co-restraint) and will bottom out at 31-32 in FY-81 depending on TRIDENT delivery dates. This decline is the result of the planned deactivation or conversion of POLARIS submarines prior to the delivery of TRIDENT submarines.

DISCUSSION (U)

- The current SSBN force consists of 31 POSEIDON SUBMARINES, 12 of which have or will be converted to carry the Trident I (C4) missile, and five POLARIS submarines. These five POLARIS will join three others which have been converted for attack submarine roles. Two of the older POLARIS submarines are being deactivated to comply with SALT I agreements as compensation for the introduction of TRIDENT.

- Congress has authorized construction of nine TRIDENT submarines through FY81, seven of which are under contract to Electric Boat Co. [CLASSIFIED SENTENCE (SECRET) DELETED]

- POSEIDON submarines are expected to retire upon completion of a 30 year life, (between 1993 and 1997), unless a future SALT agreement requires that they be deactivated earlier.

- Despite the near-term decline in SSBN force levels, changes in the mix and number of launchers and warheads per deployed submarine prevents a decline in force capability.

[CLASSIFIED TAB (SECRET) DELETED]

CATEGORY II

Category 2, Exemption 1 / OP-21

EXEMPTION 1

OP-50/24 Nov 1980

HEAVY LIFT HELICOPTERS/CH-53E LINE BREAK

BACKGROUND (U)

- Current CH-53E procurement programming (49 aircraft as of FY81) involves a two-year production break in FY82 and FY83, creating additional costs for the balance of the program in FY's 84-86. To date, effort to avoid the production line break have failed.

DISCUSSION (U)

- Funding constraints have precluded a continuous production line although the issue remains a high priority. [CONFIDENTIAL SENTENCE DELETED]

- Marine Corps requirements are under review. With the advent of the Light Armored Vehicle (LAV) and the Multipurpose Weapons System (MPWSP), the requirement for CH-53E's for the Marine Corps will likely increase beyond the present [ ] aircraft programmed.

PROBLEMS (U)

- Proposed procurement of aircraft in both FY82 and FY83 is under OSD review.
  - Long lead procurement money needed now; $8M in FY81 and $22M in FY82. [CONFIDENTIAL DATA DELETED]

SUMMARY (U)

- Congress has expressed its intent for FY82 production by authorizing $2 million for long lead provisioning in FY81 to assume the contractor's liability from 1 October 1980 to 1 January 1981.

ACTION REQUIRED (U)

- Action on FY-82 budget request will be required withing 90 days.

Cat 2, Exemption 1

OP-41/24 NOV 81

DIEGO GARCIA CONSTRUCTION

BACKGROUND (U)

- Since FY71, U.S. has been developing minimal logistic support and communication facilities on Diego Garcia.

- When programs authorized by Congress through FY78 are completed in 1982, facilities will include:

  - communications station
  - 12,000 foot runway
  - carrier battle group anchorage for 6 ships
  - fuel and supply pier with 700,000 barrel fuel storage
  - ammunition storage
  - aircraft hangar and parking apron
  - warehousing
  - personnel support facilities for 800 permanent people

DISCUSSION (U)

- Increased tempo of operations and permanent presence of battle group in Indian Ocean has led to new requirements for support at Diego Garcia. Permanent population is now expected to grow to 2150 over next 2-3 year. [SECRET SENTENCE DELETED]

CURRENT STATUS (U)

- $8.6 million to erect temporary berthing/messing for current OPTEMPO personnel funded in FY80 under SECDEF contingency authority.

- Operational and personnel support facilities costed at $142 million. FY80 Supplemental MILCON Bill contains $7.5 million and FY81 MILCON Bill funds $95.2 million of requirement. Shortfall: $39 million. [SECRET SENTENCE DELETED]

- Estimates of maximum capabilities of Diego Garcia and costs to develop forwarded to DEPSECDEF June 1980. No decision has been made as to possible additional missions. No funds programmed or requested.

Category 2, Exemption 1/
04

CATEGORY II
EXEMPTION 1

OP-32/24 Nov 1980

BLOCK OBSOLESCENCE OF COMBATANT SHIPS

BACKGROUND

- Blocks of cruisers/destroyers, amphibious ships, and attack submarines will reach the end of their expected service lives in the next 15-20 years or so and, in the absence of approved replacement programs, Navy force levels will decline precipitously.

DISCUSSION

- Guided-Missile Cruisers/Destroyers - Force levels fall below the 80 minimum requirement if ships are retired at ESL. By 2000 there will be a requirement to procure replacements. [CLASSIFIED (SECRET) SENTENCE DELETED]
  - -- Two CG-47s have been funded with the remainder (minimum of 21 total) programmed for funding in FY 81-87.
  - -- Planned DDGX class building program (approximately 49 ships) will commence. This does not overcome planned retirement rate, and one can anticipate selective extension of some CG/DDG's. [CLASSIFIED (SECRET) SENTENCE DELETED]
- Amphibious Ships - Force levels fall below the minimum required amphibious lift in the 1990's. Planned LSD-41 and LHDX class building programs are inadequate to maintain the minimum amphibious lift. Increased procurement and/or selective extension will be required. [CLASSIFIED (SECRET) SENTENCE DELETED]
- Attack Submarine - Force levels fall below 90 if SSNs retire at ESL. Current SSN class building programs are inadequate to maintain the 90 force level. [CLASSIFIED INFO (SECRET) DELETED]

ACTION REQUIRED

- Continual review of ship building plans and retirement. Increased funding for ship construction - about $2.5B annually (FY81 $'s).

Category II

CATEGORY II

OP-50/24 Nov 1980

HXM

BACKGROUND (U)

- HXM is the nomenclature for new medium-sized helicopter to replace CH-46E, CH-53A/D, and [illegible] 3 for amphibious assault, vertical replenishment and ca[illegible] [illegible] [illegible]roup ASW in the mid-1990's.

DISCUSSION (U)

- Current Navy/Marine Corps medium helicopter inventory deficiencies threaten long-term ability to continue to perform missions. There may be serious performance and survivability deficiencies in view of the mission to be performed and the threat to helicopters projected for the latter part of this century. [CONFIDENTIAL SENTENCE DELETED]

PROBLEMS (U)

- POM-82 provides for an HXM development program with a 1996 IOC. A 1990/91 IOC is preferred in order to minimize inventory shortfalls.

- Current inventories of helicopters will not satisfy CG requirement. [CONFIDENTIAL SENTENCE DELETED]

CURRENT STATUS (U)

[CONFIDENTIAL TABLE DELETED]

- Mission Element Needs Statement (MENS) approved by SECNAV and forwarded to the SECDEF recommending approval.

ACTION REQUIRED (C)

- Program is under review.

Category 2, Exemption 1, 5/05

CATEGORY II
EXEMPTIONS 1 & 5

DDGX FORCE LEVELS

BACKGROUND

- Construction of a new class of guided missile destroyers (DDGX) is planned, starting in FY 85, to provide replacements for retiring battle group surface combatants. This program should regain minimum guided missile cruiser-destroyer force levels by the turn of the century.

DISCUSSION

- The DDGX is envisioned as a multi-purpose, guided missile destroyer which will operate with CG-47's in Carrier Battle Groups, Surface Action Groups, Underway Replenishment Groups and Amphibious Ready Groups.
  [CLASSIFIED DELIVERY PLAN DELETED]
- Refinement of ship design is in progress; a follow-ship cost goal of $500M (FY80 $) is sought.

- DDGX program is scheduled for review by the Defense Systems Acquisition Review Council, 2nd quarter FY81.

STATUS

- FY 81 Authorization Act - $73.9M (R&D)
  FY 81 HAC - 0
  FY 81 SAC - $73.9M
  Will be resolved in conference.

Category II
EXEMPTION 1

LCDR T. C. WYLD, USN
OP-007CB/695-2919
20 November 1980

SUBJECT

Consolidation of American Forces Radio and Television (AFRT)

BACKGROUND

In response to Congressional criticism, consolidation plans were developed in 1979 to manage the AFRTS resources of all services under one, central DOD office.

The option proferred by a group of OSD staffers and the Deputy Assistant Secretary of Defense provided for the centralization of AFRT under one official within OSD, the Director, American Forces Information Service (AFIS).

AFRTS is an essential tool of command at the unit as well as theatre level. Within the context of information and entertainment programming, all elements of the command chain have ready access to (without absolute control of) AFRT outlets to assure execution of their internal information programs. AFRT, then, enhances combat effectiveness while boosting morale and welfare.

The proposal was defeated in favor of a Navy-organized plan.

DISCUSSION

The OSD consolidation proposal would have cost the services all resources then dedicated to AFRT. The Navy would have lost all authority to monitor and coordinate AFRT efforts in formerly Navy-controlled outlets. Assets assigned to Navy Broadcasting Service would have been drawn down gradually to support OSD-centralized shore stations, many in areas where predominantly non-Navy audiences are assigned. Smaller, remote outlets serving Navy audiences would have been closed.

Currently, half the ships in the Navy are equipped with SITE (Shipboard Information, Training and Entertainment) CCTV

CATEGORY II
EXEMPTION 5

systems, with the entire fleet slated for completion by the end of FY 83. The OSD proposal did not provide DOD the responsibility for these shipboard outlets, but would have absorbed all SITE support elements ashore (installation, repair and software programming). The Navy would have been required to reconstitute these elements from other resources to preserve the afloat program.

The Army, Marine Corps, JCS and DEP SECDEF joined Navy in the defeat of the AFIS proposal. The Navy's plan of a central management office within each military department was adopted; the Army and Air Force were required to establish an organization similar to the Navy Broadcasting Service.

[ONE PARAGRAPH DELETED]

LCDR T. C. WYLD, USN
OP-007CB/695-2919
20 November 1980

SUBJECT

Audiovisual (AV) Consolidation Within DOD

BACKGROUND

The high cost and adverse press alleging proliferation of AV resources in the military moved Congress and OMB to require more controls and accounting of AV. The Defense Audiovisual Agency (DAVA) was established under the Assistant Secretary of Defense (Public Affairs). OP-09BP, Assistant for Audiovisual Management, was established under OP-09B, the Director of Naval Administration, to implement DAVA plans and policies within the Department of the Navy.

DISCUSSION

The means established by DOD to achieve responsible AV resource management are: elimination of duplication, standardization of material and control of accounting. DOD prescribes consolidation as a management action only in the context of duplication or underutilization of resources.

DOD regulation specifies requirements for "sufficient utilization" and requires periodic review of the degree of utilization. If, as a result of this review, a facility or resource is found to be under-utilized, heads of DOD components are then instructed to close the facility, reduce assets--or effect consolidation.

Centralization of AV management under the appropriate functional control authority is crucial. The directive which calls for establishment of a central management office within military departments states that ASD(PA), while having overall management responsibility for AV resources, "...does not control their uses directly. Most applications are under the management control of the functions they support."

CATEGORY II
CA EXEMPTION 5

PROBLEMS

Consolidation of AV assets is underway now. DAVA guidance summarized above has been interpreted loosely, with consolidation being the management action preferred and, in most cases, least appropriate.

As presently organized, the Assistant for Audiovisual Management within the Department of the Navy must be responsive to requirements as well as cognizant of capabilities throughout the Department. Unlike CHINFO, OP-09BP is an OPNAV component alone, no special responsibilities to the Secretary of the Navy and not in the chain to address, for example, the needs of the Office of Naval Research or the U.S. Marine Corps. Further, OP-09BP does not sponsor enlisted ratings involved in AV activities (JO, DM, etc.) as does CHINFO.

COMMENT

Audiovisual communication arts, a most influential means of conveying information, have become more critical to and more widely sought by internal and external audiences. With respect to other information tools, CHINFO has a centralized responsibility for monitoring and coordinating. As a special assistant to SECNAV, CHINFO already coordinates management of similar information resources of the Marine Corps.

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NAVY/MARINE CORPS ACHIEVEMENTS, 1977-1980

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NAVY/MARINE CORPS ACHIEVEMENTS, 1977-1980

SHIPBUILDING CLAIMS SETTLEMENT

By April 1977, the Navy was confronted with a claims backlog of $2.7 billion, $2.3 billion of which were with the three major Navy shipbuilding contractors -- The Electric Boat Division of General Dynamics, The Ingalls Shipbuilding Division of Litton and Newport News Shipbuilding and Dry Dock Company. These claims represented long standing disputes on contracts dating back to the late 1960s. The animosities generated by these controversies were causing severe problems in the Navy's shipbuilding programs. The professional relationship so necessary for the successful construction of complex warships was being crippled and confidence in both the Navy's management ability and the shipyards' construction capabilities was being grievously eroded.

The Secretary of the Navy established claims resolution as the number one Navy priority and assigned responsibility to a small team headed by the ASN(MRA&L). A comprehensive program of negotiations was initiated simultaneously with each of the three shipbuilders. The overall goal was to achieve settlements which would cover all outstanding issues of controversy. The agreements had to serve the public interest, as judged by the test of Congressional review. Complex and difficult negotiations took place from September 1977 to October 1978. The first settlement was reached with General Dynamics on 9 June 1978. It resulted in reformation of two SSN 688 contracts allowing additional payment by the Navy of approximately $484 million. The settlement required General Dynamics to absorb an unprecedented loss of $359 million. On 20 June 1978 settlement was reached with Litton Industries resulting in reformation of two contracts for LHA assault ships and DD 963 destroyers. The agreement settled all outstanding claims with Litton and called for the Navy to pay Litton $447 million. Litton agreed to take a $200 million fixed loss on these contracts, without considering an additional $133 million of so-called Manufacturing Process Development Costs. On 5 October 1978 agreement was reached with Newport News on outstanding claims of $742 million and many other open issues involving construction of 13 nuclear powered warships. As a result of this agreement the Navy paid Newport News a total of $165 million.

PERSONNEL

Military Compensation. Military Compensation is inherently tied to the retention of career petty officers, non-commissioned officers, and officers of the Navy and Marine Corps, and improved retention must be achieved if the Navy/Marine Corps is to maintain its combat readiness. Dedicated efforts throughout the Department of the Navy and DOD facilitated extremely significant compensation improvements for the uniformed service member in 1980: establishment of variable housing allowances; increases in funding available for Zone "A" and "B" reenlistment bonuses and establishment of Zone "C" third term bonuses; improved Submarine Pay; increased Aviation Pay and the establishment of continuation bonuses; improved sea pay; increased Subsistence Allowances; improved physicians' bonuses; and increased travel en-

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titlements. These initiatives are certain to have a positive impact on the Navy Department's principal manpower problems -- low retention and inadequate accession rates.

Equal Opportunity. Strong consideration and support at all levels within the Department of the Navy have resulted in significant progress in this important area. During the past four years:

The Office of Deputy Assistant Secretary for Equal Opportunity has been created to improve formulation of EO policy and guidance in both the military and civilian communities to evaluate program execution and accomplishments, and to give this vital function appropriate stature within civilian and military personnel management.

Departmental EO/EEO objectives have been made a matter of accountability throughout the chain of command.

All members of the Senior Executive Service, and all other senior employees who participate in the Merit Pay System, are required to establish personal EEO objectives.

Under the Federal Equal Opportunity Recruitment Program, DON's work force has been analyzed to identify underrepresented groups, and affirmative action plans are being pursued to improve the balance.

Affirmative action has been applied in military recruiting. Women, racial, and ethnic minorities have been the subject of special recruiting efforts for both officer and enlisted accessions.

The continuing Hispanic Demonstration Project has met with significant success by reaching, in selected test areas, this relatively untapped manpower source and increasing Hispanic accessions without compromising quality standards.

Emphasis on equal opportunity has not been restricted to recruiting alone, but has been extended to training, advancement, and expanding participation by women and minorities across the entire spectrum of technical skills and specialty communities.

Women and Minorities. The Secretary of the Navy sought and gained an amendment to 10 U.S. Code Sec. 6015 which permits permanent assignment of women to noncombatant ships, and temporary assignment of women to combatants. In 1979, 53 women officers were assigned to duty in 14 noncombatant ships while 396 enlisted women were assigned to five of those ships. By 30 September 1980, the figures increased to 120 women officers and 694 enlisted women aboard 27 noncombatant ships. Women naval aviators now number 39 and the 55 women of the June '80 U.S. Naval Academy graduating class comprised the initial cadre of female USNA graduates. All major areas of minority recruiting, officer accession, reenlistment, total strength, and rating distribution have shown improvement. Since 1977, representation of Blacks in Navy enlisted ranks has increased from 8.7% to 11.5%, while Black naval officer representation has increased from 1.93% to 2.51%. The Navy/Marine Corps team is committed to expanding opportunities for women and minorities in the Services.

Civil Service Reform. The Department of the Navy's leadership immediately undertook a creative and successful implementation of all provisions of the Civil Service Reform Act. New, comprehensive, performance-based compensation programs for the Senior Executive Service and the Merit Pay System were designed as initial steps in improving the overall management of human resources in the Department. Recognizing the importance of training to successful implementation of SES and MPS, DON instructed nearly 20,000 persons in these systems, including a cadre of DON instructors to insure departmental self-sufficiency in this area. These early initiatives in reform implementation resulted in fifty agencies seeking assistance from the Navy Department in developing their own programs. The Department of the Navy submitted the first Demonstration Project in the Federal government to be approved by the Office of Personnel Management. This project adopted flexible, high-potential private sector personnel management methods, vastly different from those in use in the Federal Service, to two West Coast laboratory activities.

Civilian Personnel Reorganization. A thorough organizational and functional review of the Navy Department's civilian personnel management program was conducted following the citing of serious, extensive deficiencies caused by inefficient structure and lack of accountability. After lengthy analysis, a reorganization was effected, realigning responsibilities and authorities and finally fixing accountability with the Chief of Naval Operations and Commandant of the Marine Corps. While the Secretary retains responsibility for Departmental policy formulation, issuance, oversight, and control, the CNO and CMC now have the authority and resources for implementing that policy. The new organizational structure is highly supportive of total force management and assigns responsibility to line management for the Department's civilian personnel program. The Deputy Assistant Secretary of the Navy for Civilian Personnel has, for the first time, also assumed responsibility for the personnel policy formulation for approximately 50,000 non-appropriated fund civilian personnel, oversight of which was split from NAF military matters. Now, one civilian personnel office speaks for all civilian employees, be they AF or NAF. Key to the success of the entire reorganization has been improved interpersonal and working relationships that have developed, especially in the last year and a half.

Naval and Marine Corps Reserve. The strength of the Naval Reserve has stabilized at 87,000 with intentions to increase numbers in the out-years to meet the Navy's mobilization requirements as identified by the Navy's Manpower Mobilization System (NAMMOS).

Naval Reservists participation in fleet exercises has steadily increased and in FY-80 these Reservists took part in 24 fleet exercises.

Selected Marine Corps Reserve end strength has grown by over 6,000 personnel, from 29,306 to 35,549. Along with this growth, the quality of personnel has improved dramatically, as evidenced by an increase in high school graduates to over 75% of personnel, higher first term reenlistments, and sharply reduced judicial and administrative personnel problems.

Comprehensive mobilization procedures were developed and tested. These included establishing 50 Mobilization Stations throughout the country

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and staffing/training the Reservists who will handle them upon mobilization. An automated mobilization system was developed and implemented which provides an excellent mating of reserve resources and active force requirements/shortfalls. This system has been fully tested twice and has proven successful.

Improved Discipline. To enhance the potential combat effectiveness of the service, military discipline has been strengthened during the past four years. Ranging from naval directives on good order and discipline, with emphasis on officer/petty officer/non-rated personnel responsibilities, to revised approaches in dealing with UCMJ violations, these initiatives are resulting in improved discipline throughout the fleet.

Military Leadership Development. A comprehensive Leadership and Management Education and Training (LMET) program was undertaken during this administration to increase the professional leadership and managerial capabilities of uniformed service members. Formal courses were implemented for prospective commanding officers, department heads, division officers, chief petty officers, and leading petty officers. To date, 18,000 Navy personnel have successfully completed LMET and returned to the fleet with honed managerial skills. Based on these initial successes, plans have been developed to expand the scope of LMET to include shore establishments, flag officers, and DON civilians.

Family Service Centers. As an innovative approach to increasing retention rates among the Navy's married personnel, Family Service Centers were originated in 1979 to deal with spouse and child problems and to take positive steps to enrich the Navy family experience. Sixty-one centers are now operating with fourteen more to be opened in FY-81. The charter of this program is to emphasize the importance of the family to the Navy mission, to coordinate support efforts with civilian agencies such as the American Red Cross and USO, and to aid commands in resolving unique personal problems. The Marine Corps will open fifteen units in FY-81 and both the Army and Air Force are expected to pattern their family awareness programs on the Navy model.

FURTHERING NATIONAL SECURITY OBJECTIVES

Indian Ocean Operations. In response to the Iranian hostage crisis and Soviet invasion of Afghanistan in late 1979, two U.S. Navy battle groups (each consisting of an aircraft carrier, supporting combatants, and logistic ships) established and have sustained operations in the Northern Arabian Sea. These battle groups have been augmented periodically by amphibious task groups with embarked Marine Amphibious Brigades. The continued presence of the Navy/Marine Corps team in the Indian Ocean has been a major factor in the protection of vital U.S. interests in that region of the world.

RDF/Maritime Prepositioning. In 1980, to establish the capability to respond quickly and decisively to contingencies or crises in remote regions of the world, the Navy and Marine Corps contributed to the establishment of the Rapid Deployment Force, a Department of Defense command headquartered at MacDill AFB in Tampa, Florida. The Rapid Deployment Force consists of aircraft and ships dedicated to delivering a Marine Amphibious Brigade to a

remote location, then mating the personnel with their supporting equipment and supplies to sustain initial combat operations. The prepositioning of seven supply ships in the Indian Ocean is an important initial step in achieving deployment readiness for the RDF.

HUMANITARIAN ACHIEVEMENTS

Refugees (Southeast Asia). In April 1979, President Carter announced that the Navy would assist the "boat people" fleeing Vietnam by taking aboard those whose lives were deemed to be in danger due to unseaworthy craft, lack of food and water, or other extreme circumstances. Since then, Navy ships have embarked over 2600 refugees. In addition, Navy aircraft made reports of craft in distress to merchant vessels which picked up an additional 2,000 people. Secretary of State Muskie has personally thanked the Navy for its humanitarian assistance in this matter.

Refugees (Caribbean). During the exodus from Cuba in the spring of 1980, six Navy ships worked with Coast Guard vessels in the Florida Straits. These ships assisted boats in distress and picked up refugees in need of medical help. In addition, about 100 Navy and Marine Corps personnel manned the receiving center at Key West. Later in the year another four ships were sent to the Florida straits to assist the Coast Guard.

ALLIED RELATIONS

RIMPAC - '80. A major combined fleet exercise was conducted in the Pacific near Hawaii in the spring of 1980. The operation included ships and aircraft from Canada, Australia, Japan, and the United States. Training in many aspects of anti-air, anti-submarine, and anti-surface warfare was accomplished over a period of about ten days. This exercise was the first to include units from the Japanese Maritime Self-Defense Force in coordinated operations with the navies of Canada and Australia, thereby representing a major step forward in allied exercise participation and cooperation.

NATO Long Term Defense Plan (LTDP). During the past year the Navy has moved forward on NATO LTDP conventional force improvements. The more significant maritime progress areas include an enhanced air defense posture (achieved by installating joint defense missile systems in large combatants and close-in weapon systems in smaller ships) and a better anti-submarine warfare capability (through increased stocks and improved sensors).

NATO Rationalization/Standardization/Interoperability (RSI) Initiatives. The Navy continues to support greater alliance cooperation in armaments development and production with the objectives of increasing the scope and output of R&D resources and providing a higher degree of weapons standardization/interoperability in the field. In the area of weapons standardization, the Navy is evaluating the purchase of, or cooperating in the development of, the following programs: the Italian OTO MELARA gun, the Norwegian PENGUIN missile, the NATO SEASPARROW, and a new minesweeping system. Additionally, the U.S. AIM-9L SIDEWINDER air-to-air missile, the HARPOON anti-ship missile, the P-3 ORION ASW aircraft and the LAMPS MK III helicopter are under NATO review. Navy interoperability initiatives include: the publication of more than 40 common NATO tactical and procedural documents; participation in over 20 NATO training exercises from 1976 to

UNCLASSIFIED

1980; the consolidation of alliance training programs; and participation in excess of 100 weapons data exchange agreements.

NAVAL FORCES (STRATEGIC)

OHIO Launching. The USS OHIO (SSBN-726), the first of the new TRIDENT submarines, was launched on 7 April 1979 at New London, Connecticut. The keel was laid for the USS GEORGIA (SSBN-729) at the same time. Since then the USS MICHIGAN (SSBN-727) has been launched and another of these most modern SSBNs has been authorized, for a total authorized force to date of 8 TRIDENT submarines.

Kings Bay. Since moving from Rota, Spain, to Kings Bay, Georgia, last summer, the SSBN Support Base has continued to provide the nation with services to its most survivable deterrent force. Kings Bay has also been designated as the preferred location for the Atlantic Coast Strategic Submarine Base and will be the homeport for TRIDENT submarines on the US East Coast, joining the new base in Bangor, Washington as home for the TRIDENT fleet of the future.

NAVAL FORCES (CONVENTIONAL)

New Ship Construction/Force Levels. Since early 1977, the Department of the Navy has taken delivery of 71 new naval vessels and currently has an additional 86 under contract or presently being constructed.

AEGIS/CG-47. Since 1977, the Department of the Navy has provided for the acquisition of four new AEGIS AAW cruisers and is programming for additional ships of the class for the future. The AEGIS cruiser (CG-47) will be 563 feet long, displace 9000 tons, and carry a crew of 360. The ship will be equipped with the highly automated, rapid reaction AEGIS Combat System, which supports multiple, simultaneous surface-to-air missile engagements. The CG-47 class ships are currently being built by Litton Industries, while the AEGIS Combat System is being developed by the RCA Corporation.

Readiness Improvements. A DON principal priority throughout this administration has been the maintenance and enhancement of the combat readiness of forces in being. Significant increases have been achieved across the readiness spectrum, as indicated by some of the following examples:

The Backlog of Maintenance and Repair, a $630 million figure in FY-1976, has decreased to $587 million in FY-1980, and, if the existing program is prosecuted, will decrease to no backlog in FY-1986.

The Component Rework of ships and aircraft has increased by 5% during the current administration, rising from 84.6% in FY-1976 to 89.6% in FY-1980.

The Supply Material Availability of depot level repairable items was 71.2% in FY-1976. During the current administration, this figure increased to 75% by FY-1980, with steady, programmed increases projected for subsequent years.

SHIP PROCUREMENT PROCESS STUDY

In 1977 and 1978, the Navy prepared and completed an intensive examination of its ship acquisition procedures and management in order to come to grips with the underlying causal factors of major claims and to prevent, or at least minimize, their recurrence. The findings of this intensive review, contained in the Navy Ship Procurement Process Study final report, were used as a vehicle to strengthen contractual procedures with the shipbuilding industry. The interim report of this study was distributed to the builders in mid-1977. The final report was issued in July 1978. Since then the Navy has met periodically with industry representatives to assess implementation of the report. Some 65 conclusions have been reviewed by an advisory council, which has drafted a series of decision memorandums to implement the findings of the study within DON's management structure. The memorandums were distributed to industry in November 1980.

RESEARCH AND DEVELOPMENT

The Department of the Navy has made significant progress toward its near term goal of force modernization through the procurement of advance-design ships, aircraft and weapon systems. Significant examples include:

MK-48 ADCAP. The MK-48 Torpedo Advanced Capabilities Program (ADCAP) has been initiated as an upgrade to the existing Fleet weapon to counter an improved submarine threat.

Light Airborne Multi-Purpose System (LAMPS) MK III. Five LAMPS MK III RDT&E aircraft have been delivered and successfully test flown. The system's air-ship interface has been successfully demonstrated and USS McINERNY has been modified and is ready for initiation of the system Technical Evaluation in January 1981.

CATEGORY III DOCUMENTS

DENIED IN ENTIRETY

ATTACHMENT
3

ATTACHMENT (3)

ATTACHMENT (3)

DOCUMENTS DENIED IN ENTIRETY

TITLE	DATE	SUBJECT
Point Paper	24 NOV 80	Contribution of Allies
Point Paper	24 NOV 80	FY 1981 Budget Amendment
Memorandum for the Secretary of Defense	22 MAY 80	POM-82
Point Paper	24 NOV 80	Shipbuilding and Conversion, Navy (SCN)
Point Paper	24 NOV 80	Aircraft Procurement, Navy (APN)
Point Paper	24 NOV 80	Weapons Procurement, Navy (WPN)
Point Paper	22 NOV 80	Procurement Marine Corps (PMC) FY 1982 Program
Point Paper	24 NOV 80	Major R&D Programs
Point Paper	24 NOV 80	FY 1982 CDPS/Priorities
Point Paper	24 NOV 80	Defense Policy Guidance (DPG)
Memorandum for the Under Secretary of Defense, Policy	29 AUG 80	Recommendations Concerning the Forthcoming Defense Policy Guidance (U)
Memorandum for Distribution	25 SEP 80	DRAFT Defense Policy Guidance (U)
Memorandum for Under Secretary of Defense for Policy	22 OCT 80	For Comment DRAFT Defense Policy Guidance (DPG) FY 83-87
Memorandum for Secretaries of Military Depts; Chairman, Joint Chiefs of Staff; Under Secretary of Defense for Research and Engineering	28 NOV 80	Final DRAFT of 1983-87 Defense Policy Guidance
Memorandum for Under Secretary of Defense for Policy	4 DEC 80	Final for Comment DRAFT Defense Policy Guidance (DPG) FY 83-87
Point Paper	24 NOV 80	SECNAV Guidance for POM-83
Memorandum for the CNO; ASN(R,E&S); ASN(M,RA&L); ASN(FM)	10 NOV 80	Dept. of Navy Planning and Programming Guidance (DNPPG) (U)
Point Paper	24 NOV 80	Readiness and Sustainability Status and Trends (U)
Point Paper	24 NOV 80	Threat Ordnance Shortfall
Point Paper	24 NOV 80	Peacetime Operating Stock (POS) and War Reserve Materials (WRM)
Point Paper	24 NOV 80	Fuel Costs/Steaming and Flying Hours
Point Paper	24 NOV 80	RH-53 Replacement
Point Paper	24 NOV 80	Security of Diego Garcia (U)
Point Paper	24 NOV 80	Authorizations and Appropriations Committee Membership and Interests

LISTING OF FREEDOM OF INFORMATION EXEMPTIONS CLAIMED

ATTACHMENT
4

ATTACHMENT (4)

ATTACHMENT (4)

FOI EXEMPTIONS CLAIMED, RATIONALE, INITIAL DENIAL AUTHORITY

CATEGORY II DOCUMENTS (SEGREGATED AND RELEASABLE AFTER SEGREGATION)

TITLE	DATE	SUBJECT	FOIA EXEMPTION	RATIONALE	INITIAL DENIAL AUTHORITY
Point Paper	NONE	Marine Corps Reserves	#1 and #5	Note 1 Note 3	Deputy Chief of Staff for Requirements and Programs, CMC
Point Paper	24 NOV 80	Navy Deployment Levels	#1	Note 1	Director, Systems Analysis Division, OPNAV
Point Paper	NONE	Marine Corps Major R&D Programs/IUC (U)	#1	Note 1	Deputy Chief of Staff for Requirements and Programs, CMC
Point Paper	5 DEC 80	SSBN Force Levels (U)	#1	Note 2	Director, Systems Analysis Division, OPNAV
Point Paper	24 NOV 80	Heavy Lift Helicopters/CH-53E Line Break	#1	Note 1	Director, Systems Analysis Division, OPNAV
Point Paper	24 NOV 80	Diego Garcia Construction	#1	Note 2	Director, Systems Analysis Division, OPNAV
Point Paper	24 NOV 80	Block Obsolescence of Combatant Ships	#1	Note 2	Director, Systems Analysis Division, OPNAV
Point Paper	24 NOV 80	HXM	#1 and #5	Note 1 Note 3	Director, Systems Analysis Division, OPNAV
Point Paper	24 NOV 80	DDGX Force Levels	#1	Note 2	Director, Systems Analysis Division, OPNAV
Point Paper	20 NOV 80	Consolidation of American Forces Radio & Television (AFRT)	#5	Note 3	Under Secretary of the Navy

ATTACHMENT (4) (Continued)

TITLE	DATE	SUBJECT	FOIA EXEMPTION	RATIONALE	INITIAL DENIAL AUTHORITY
Point Paper	20 NOV 80	Audiovisual (AV) Consolidation Within DOD	#5	Note 3	Under Secretary of the Navy
Point Paper	NONE	Navy/Marine Corps Achievements, 1977-1980	#1	Note 1	Under Secretary of the Navy

NOTE 1: The portions of the document withheld are exempt from disclosure under 5 U.S.C. Section 552(b) because they are classified in the interest of national defense under the criteria of the Department of the Navy Information Security Program Regulation (OPNAVINST 5510.1F) which implements Executive Order No. 12065 and their unauthorized disclosure reasonably could be expected to cause identifiable damage to the national security.

NOTE 2: The portions of the document withheld are exempt from disclosure under 5 U.S.C. Section 552(b) because they are classified in the interest of national defense under the criteria of the Department of the Navy Information Security Program Regulation (OPNAVINST 5510.1F)which implements Executive Order No. 12065 and their unauthorized disclosure reasonably could be expected to cause serious damage to the national security

NOTE 3: The portions of the document withheld are exempt from disclosure under 5 U.S.C. Section 522(b)(5) because they consist of internal predecisional deliberations, opinions and recommendations. Release of these portions of material would be detrimental to the Department of the Navy's decision making process and would have an adverse effect upon the expression of candid opinion by naval personnel.

ATTACHMENT (4) (Continued)

CATEGORY III (DENIED IN ENTIRETY)

SUBJECT	FOIA EXEMPTION	RATIONALE	INITIAL DENIAL AUTHORITY
Contribution of Allies	#1	Note 1	Director, Systems Analysis Division, OPNAV
FY 1981 Budget Amendment	#5	Note 3	Director, Systems Analysis Division, OPNAV
POM-82	#1 and #5	Note 2 Note 3	Under Secretary of the Navy
Shipbuilding and Conversion, Navy (SCN)	#5	Note 3	Director, Systems Analysis Division, OPNAV
Aircraft Procurement, Navy (APN)	#5	Note 3	Director, Systems Analysis Division, OPNAV
Weapons Procurement, Navy (WPN)	#5	Note 3	Director, Systems Analysis Division, OPNAV
Procurement Marine Corps (PMC) FY 82 Program	#5	Note 3	Under Secretary of the Navy
Major R&D Programs	#5	Note 3	Director, Systems Analysis Division, OPNAV
FY 1982 CDPS/Priorities	#5	Note 3	Director, Systems Analysis Division, OPNAV
Defense Policy Guidance (DPG)	#1 and #5	Note 2 Note 3	Director, Systems Analysis Division, OPNAV
Recommendations Concerning the Forthcoming Defense Policy Guidance (U)	#1 and #5	Note 2 Note 3	Under Secretary of the Navy
DRAFT Defense Policy Guidance (U)	#1 and #5	Note 2 Note 3	Under Secretary of the Navy
For Comment DRAFT Defense Policy Guidance (DPG) FY 83-87	#1 and #5	Note 2 Note 3	Under Secretary of the Navy
Final DRAFT of 1983-87 Defense Policy Guidance	#1 and #5	Note 2 Note 3	Under Secretary of the Navy
Final for Comment DRAFT Defense Policy Guidance (DPG) FY 83-87	#1 and #5	Note 2 Note 3	Under Secretary of the Navy

ACHMENT (4) (Continued)

SUBJECT	FOIA EXEMPTION	RATIONALE	INITIAL DENIAL AUTHORITY
SECNAV Guidance for POM-83	#1 and #5	Note 1 Note 3	Director, Systems Analysis Division, OPNAV
Dept. of Navy Planning and Programming Guidance (DNPPG) (U)	#1 and #5	Note 1 Note 3	Under Secretary of the Navy
Readiness and Sustainability Status and Trends (U)	#1 and #5	Note 2 Note 3	Director, Systems Analysis Division, OPNAV
Threat Ordnance Shortfall	#1 and #5	Note 2 Note 3	Director, Systems Analysis Division, OPNAV
Peacetime Operating Stock (POS) and War Reserve Materials (WRM)	#1 and #5	Note 2 Note 3	Director, Systems Analysis Division, OPNAV
Fuel Costs/Steaming and Flying Hours	#1 and #5	Note 2 Note 3	Director, Systems Analysis Division, OPNAV
RH-53 Replacement	#5	Note 3	Director, Systems Analysis Division, OPNAV
Security of Diego Garcia (U)	#1 and #5	Note 2 Note 3	Deputy Chief of Staff for Requirements and Programs, CMC
Authorizations and Appropriations Committee: Membership and Interests	#5	Note 3	Director, Systems Analysis Division, OPNAV

NOTE 1: The withheld document is exempt from disclosure under 5 U.S.C. Section 552 (b) because it has been classified in the interest of national defense under the criteria of the Department of the Navy Information Security Program Regulation (OPNAVINST 5510.1F) which implements Executive Order 12065 and its unauthorized disclosure reasonably could be expected to cause identifiable damage to the national security.

NOTE 2: The withheld document is exempt from disclosure under 5 U.S.C. Section 552 (b) because it has been classified in the interest of national defense under the criteria of the Department of the Navy Information Security Program Regulation (OPNAVINST 5510.1F) which implements Executive Order 12065 and its unauthorized disclosure reasonably could be expected to cause serious damage to the national security.

NOTE 3: Withheld document is exempt from disclosure under 5 U.S.C. Section 552(b)(5) because it consists of internal predecisional deliberations, opinions and recommendations. Release of this material would be detrimental to the Department of the Navy's decision making process and would have an adverse effect upon the expression of candid opinion by naval personnel.

ASSISTANT SECRETARY OF DEFENSE COMPTROLLER

The attached documents represent all of the issue papers prepared by the ASD(C) for the Reagan Transition team. Nothing has been omitted or deleted from the documents.

ASSISTANT SECRETARY OF DEFENSE

COMPTROLLER

PURPOSE

- THIS BOOK PROVIDES INFORMATION CONCERNING CERTAIN KEY ASPECTS OF THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER).

- THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER) IS A STATUTORY POSITION ESTABLISHED PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 136. HE IS THE PRINCIPAL STAFF ASSISTANT TO THE SECRETARY OF DEFENSE FOR PROGRAMMING, BUDGETING, AUDITING, ACCOUNTING, AND OTHER FISCAL FUNCTIONS; FOR ALL MATTERS PERTAINING TO ORGANIZATION, MANAGEMENT, AND ADMINISTRATION. HE ALSO PROVIDES POLICY SUPERVISION FOR THE DEFENSE CONTRACT AUDIT AGENCY AND THE DEFENSE AUDIT SERVICE.

- THE COMPTROLLER HAS BEEN ONE OF THE MORE STABLE FUNCTIONS WITHIN THE DEPARTMENT WITH JUST 8 INDIVIDUALS OCCUPYING THE POSITION FROM THE PERIOD 1948 THROUGH 1980.

ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

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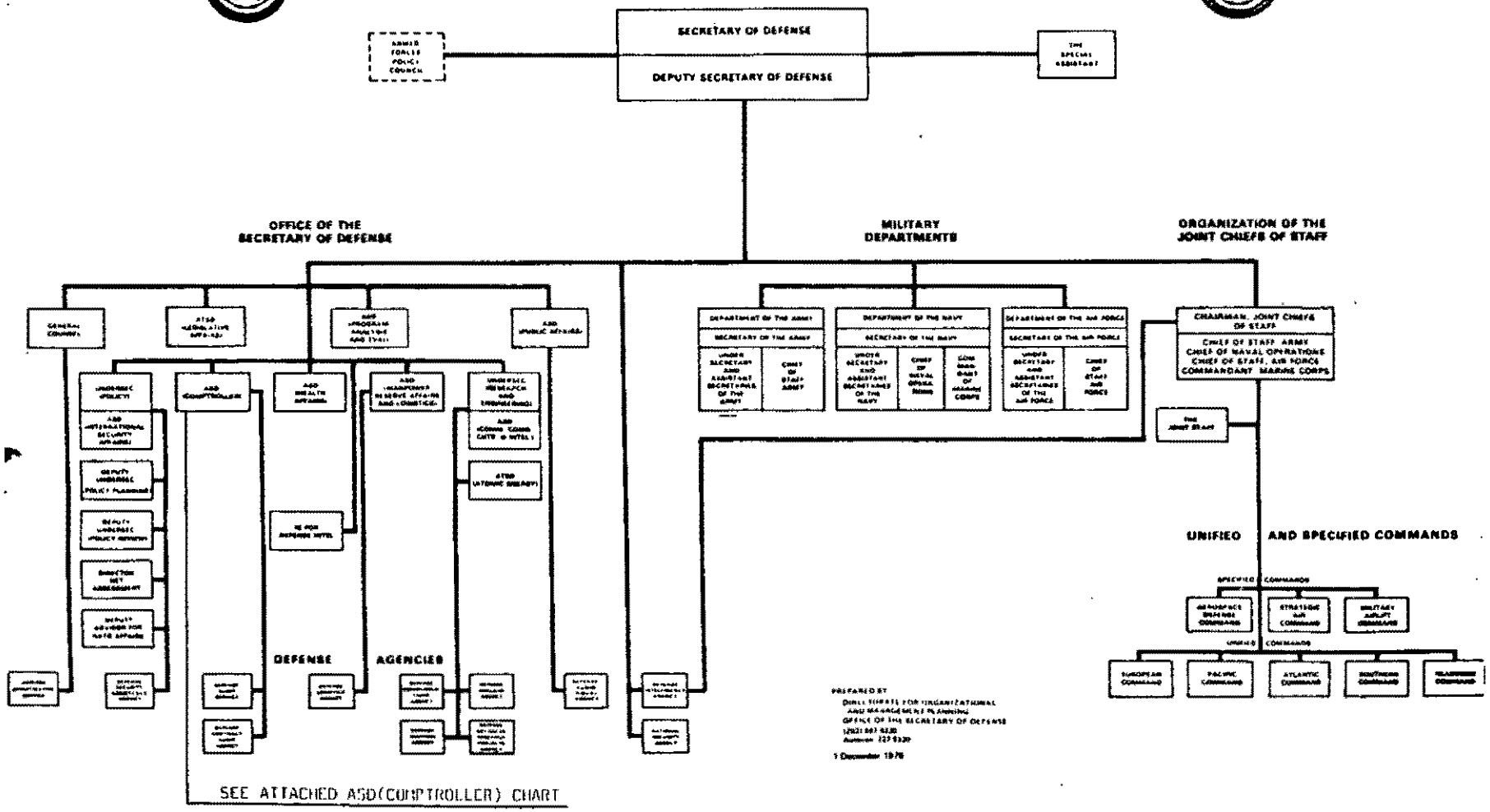
5. Budget Execution Flexibilities

D. Organization

Capsule Summaries:

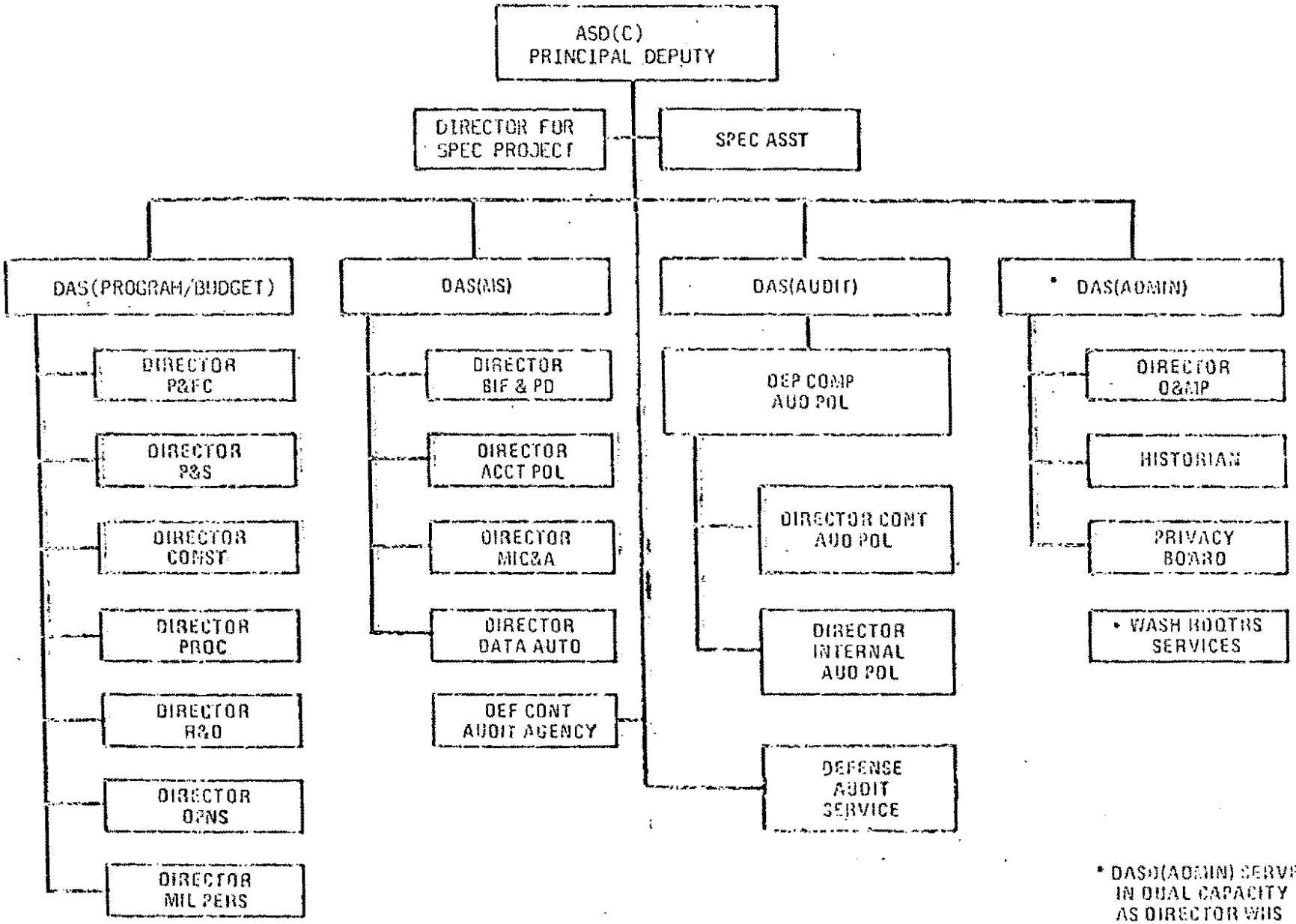
1. DASD(Program/Budget)
2. DASD(Management Systems)
3. DASD(Audit)/Defense Audit Service
4. DASD(Administration)
5. Defense Contract Audit Agency (DCAA)

DEPARTMENT OF DEFENSE



PREPARED BY
DIRECTORATE FOR ORGANIZATIONAL AND MANAGEMENT PLANNING
OFFICE OF THE SECRETARY OF DEFENSE
(202) 697-6230
Autovon 227-6230

1 December 1976



* DASD(ADMIN) SERVES IN DUAL CAPACITY AS DIRECTOR WHS

SUMMARY OF AUTHORIZED PERSONNEL

	CIVILIAN		MILITARY		TOTAL
	P	C	P	C	
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)	5	5	5	1	16
PRINCIPAL DEPUTY ASSISTANT SECRETARY	1	1			2
DEPUTY ASSISTANT SECRETARY (PROGRAM/BUDGET)	59	16			75
DEPUTY ASSISTANT SECRETARY (MANAGEMENT SYSTEMS)	51	14			65
DEPUTY ASSISTANT SECRETARY (AUDIT)	12	3	1	_	16
SUBTOTAL	128	39	6	1	174
DEPUTY ASSISTANT SECRETARY (ADMINISTRATION)	14	5	3	1	23
TOTAL	142	44	9	2	197

Defense Contract Audit Agency authorized personnel - 3,575

Defense Audit Service authorized personnel - 403

Washington Headquarters Service authorized personnel - 406

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

PERSONNEL SUMMARY

GRADE/RANK	IMMED. OFFICE	PRIN. DEP.	DASD (P/B)	DASD (MS)	DASD (AUDIT)	DASD (ADMIN)	TOTAL
LEVEL IV	1						1
ES-5		1					1
ES-4	2		12	7	2	4	27
ES-2				1			1
ES-1			1				1
GS-15			39	21	9	6	75
GS-14			2	9		1	12
GS-13	1		5	5			11
GS-12				1			1
GS-11						2	2
GS- 9	2	1			1		4
GS-1-8	2		16	14	2	5	39
TOTAL	8	2	75	58	14	18	175
0-6						2	2
0-5	1					1	2
0-4	2			1	1		4
TOTAL	3			1	1	3	8
E-7						1	1
E-3	1						1
TOTAL	1					1	2
GRAND TOTAL	12	2	75	59	15	22	185

The difference between the total of 197 on the Summary of Authorized Personnel and the 185 on this sheet (Personnel Summary) is authorized spaces not filled.

FUNCTIONS AND RESPONSIBILITIES

THIS SECTION PROVIDES THE FOLLOWING:

- A MISSION STATEMENT FOR THE ASSISTANT SECRETARY (COMPTROLLER) AND THE CHARTER OF HIS OFFICE.
- A DESCRIPTION OF THE DOD PLANNING, PROGRAMMING, BUDGETING SYSTEM.
- A DISCUSSION OF THE CONGRESSIONAL BUDGET PROCESS AS ESTABLISHED BY THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.
- A LISTING OF ALL APPROPRIATIONS AND FUNDS AVAILABLE TO THE DEPARTMENT OF DEFENSE
- AN EXPLANATION OF THE FUNDING FLEXIBILITIES THAT ARE AVAILABLE TO THE DEPARTMENT.

Office of the Assistant Secretary of Defense
(Comptroller)

Mission

Title 10, United States Code, Section 136 specifies the Comptroller's responsibilities as follows:

"§ 136. Assistant Secretaries of Defense: appointment; powers and duties; precedence

(a) There are nine Assistant Secretaries of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate.

(b) The Assistant Secretaries shall perform such duties and exercise such powers as the Secretary of Defense may prescribe. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Health Affairs. He shall have as his principal duty the overall supervision of health affairs of the Department of Defense. One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Manpower and Reserve Affairs. He shall have as his principal duty the overall supervision of manpower and reserve component affairs of the Department of Defense. In addition, one of the Assistant Secretaries shall be the Comptroller of the Department of Defense and shall, subject to the authority, direction, and control of the Secretary --

(1) advise and assist the Secretary in performing such budgetary and fiscal functions and duties, and in exercising such budgetary and fiscal powers, as are needed to carry out the powers of the Secretary;

(2) supervise and direct the preparation of budget estimates of the Department of Defense;

(3) establish and supervise the execution of principles, policies, and procedures to be followed in connection with organization and administrative matters relating to --

(A) the preparation and execution of budgets;

(B) fiscal, cost, operating, and capital property accounting;

(C) progress and statistical reporting; and

(D) internal audit;

(4) establish and supervise the execution of policies and procedures relating to the expenditure and collection of funds administered by the Department of Defense; and

(5) establish uniform terminologies, classifications, and procedures concerning matters covered by clauses (1) - (4).

(c) Except as otherwise specifically provided by law, an Assistant Secretary may not issue an order to a military department unless --

(1) the Secretary of Defense has specifically delegated that authority to him in writing; and

(2) the order is issued through the Secretary of the military department concerned, or his designee. . . . ."

These responsibilities are expanded upon in the ASD(C) charter published in DoD Directive 5118.3 of July 11, 1972. It provides:

"The Assistant Secretary of Defense (Comptroller) is the principal staff assistant to the Secretary of Defense for programming, budgeting, auditing, and fiscal functions; for all matters pertaining to organization, management, and administration. He shall provide staff supervision for the Defense Contract Audit Agency and the Defense Audit Service. In addition, he shall:

A. Provide for the design and installation of resource management systems throughout DoD.

B. Collect, analyze, and report resource management information for the Secretary of Defense and as required for the Office of Management and Budget, the Congress, the General Accounting Office, and other agencies outside of the DoD."

The directive itemizes specific functions, relationships and authorities pertinent to the Comptroller and it includes a listing of the numerous authorities which the Secretary of Defense has formally delegated to the Comptroller.

SUMMARY OF THE DoD PLANNING, PROGRAMING, AND BUDGETING SYSTEM (PPBS)

The Assistant Secretary of Defense (Comptroller) is responsible for the design, installation and maintenance of PPBS (DoDD 7000.1) which includes responsibility for the establishment, improvement and maintenance of procedural guidance for PPBS (DoDI 7045.7).

The PPBS is a cyclic process containing five distinct, but interrelated, phases; planning, programing, budgeting, execution and accountability. In the first three phases prior decisions are re-examined and analyzed from the viewpoint of the force structure/national security objectives and the current environment (threat, economic, technological, and resource availability) and the decisions are either reaffirmed or modified as necessary. The cycle for a given fiscal year commences in the month of November almost two years prior to the start of that fiscal year. While the execution phase of that fiscal year might appear to be completed 35 months later, in reality obligations and expenditures against that fiscal year's program may continue, for some appropriations, for several years.

1. The Planning Phase

In the planning phase the role and posture of the United States and the DoD in the world environment are examined, with particular emphasis on Presidential policies. Some of the facets analyzed are: (a) potential and probable enemy capabilities and threat; (b) potential and probable capabilities of our Allies; (c) alternative U.S. policies and objectives in consideration of (a) and (b); (d) military strategies in support of these policies and objectives; (e) planning force levels that would achieve defense policy and strategy; and (f) planning assumptions for guidance in the following phases of PPBS.

The first step in the PPB is the preparation by JCS, and submission to the Secretary of Defense, of the Joint Strategic Planning Document (JSPD) containing independent JCS military strategy advice and recommendations to be considered in the development of the draft Consolidated Guidance (CG) and subsequent PPBS documents. It contains a concise, comprehensive military appraisal of the threat to U.S. interests and objectives worldwide; a statement of recommended military objectives derived from national objectives; and the recommended military strategy to attain national objectives. A summary of the JCS planning force levels which could successfully execute, with reasonable assurance, the approved national military strategy is included. JCS views on the attainability of the planning force in consideration of fiscal responsibility, manpower resources, material availability, technology and industrial capacity are also stated. The JSPD provides an appraisal of the capabilities and risks associated with programed force levels, based on the planning forces considered necessary to execute the strategy, and recommends changes to the force planning and programing guidance where appropriate.

After consideration of the military advice of the JCS, as expressed in the JSPD, the next milestone is the Secretary of Defense's Consolidated Guidance (CG). A draft of the CG covering the budget and program years is issued in January to solicit the comments of the DoD Components and to provide a vehicle for an exchange of views on defense policy between the Secretary of Defense, the President, and the National Security Council. The final version of the CG, issued in March, serves as an authoritative statement of the fundamental strategy, issues, and rationale underlying the Defense Program, as seen by the leadership of the DoD. The CG, culminating the planning phase, provides definitive guidance, including fiscal constraints, for the development of the Program Objective Memorandum by the Military Departments and Defense Agencies, and continues as the primary DoD guidance until revised or modified by subsequent Secretary of Defense decisions.

2. The Programing Phase

Annually, in May, each Military Department and Defense Agency prepares and submits to the Secretary of Defense a Program Objective Memorandum. POM's are based on the strategic concepts and guidance as stated in the CG and include an assessment of the risk associated with the current and proposed forces and support programs. POMs express total program requirements for the years covered in the CG, and provide rationale for proposed changes from the approved FYDP base. Dollar totals must be within the fiscal guidance issued by the Secretary of Defense. Major issues which are required to be resolved during the year of submission must be identified. Supporting information for POMs is in accordance with the annual POM Preparation Instructions.

After the POMs are submitted, the JCS submits the Joint Program Assessment Memorandum (JPAM) for consideration in reviewing the Military Department POMs, developing Issue Papers, and drafting Program Decision Memorandums. The JPAM provides a risk assessment based on the composite of the POM force recommendations and includes the views of the Joint Chiefs of Staff on the balance and capabilities of the overall POM force and support levels to execute the approved national military strategy. Where appropriate, the Joint Chiefs of Staff recommends actions to achieve improvements in overall Defense capabilities within, to the extent feasible, alternative POM funding levels directed by the Secretary of Defense. In addition, the JPAM develops SALT-constrained forces and provides recommendations on the nuclear weapons stockpiles considered necessary to support these forces, and on the security assistance program.

The programing phase continues in accordance with the following steps:

a. The POMs are analyzed at the OSD level and Issue Papers are generated which analyze the Service proposals in relation to (1) the Consolidated Guidance, (2) the balance between force structure, modernization, and readiness, and (3) efficiency trade-offs. Significant issues raised by the POMs which require Secretary of Defense resolution are highlighted, decision alternatives are listed, and these alternatives evaluated

as to cost and capacity to implement DoD missions. These "Issue Papers" are developed in coordination with the DoD Components to assure completeness and accuracy of the information contained therein. The views of the JCS on the risks involved in the POMs are considered during preparation of the Issue Papers.

b. Based on the Issue Papers and JCS risk assessment, the Secretary issues Program Decision Memoranda (PDM's) which are transmitted to the DoD Components for analysis and comment as appropriate.

c. Comments on the PDMs may be prepared in a manner prescribed by the submitting activity, but must present precise program impact that may be expected as a result of the decision. If comments on the PDMs express a dissenting view, any additional or clarifying information or justification must accompany the statement to allow a re-evaluation of the issue.

d. Comments submitted by the JCS address the impact on total DoD program balance. JCS provides the Secretary of Defense with an assessment of the risks involved and inherent in the PDMs and an evaluation of strategic implications.

e. Following a staff review of comments on the PDMs, meetings are held by the Secretary of Defense to discuss unresolved issues. If appropriate, Amended Program Decision Memoranda are then issued to incorporate any new decision, or to reiterate the previous decision.

3. The Budgeting Phase

With the establishment of program levels in the POM/PDM process, the budgeting phase begins with the DoD Components formulating and submitting, by September 15, detailed budget estimates for the budget year portion of the approved program. The budget estimates include the prior year, current year, and budget year (budget year plus one for authorized programs) in accordance with the Budget Guidance Manual and supplementary memoranda. Budget estimates are prepared and submitted based on the approved program as well as economic assumptions related to pay and pricing policies which are contained either in the PDMs or in separately prescribed detailed budget guidance revised and issued each year. The budget estimates are reviewed jointly by the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB). The entire budget is reviewed to insure the requests are properly priced; to insure production schedules are within production capacity; and to insure that the estimates are consistent with the Secretary's readiness objectives. Approval of the estimates for inclusion in the President's Budget is documented by Secretary of Defense budget decision documents. These decisions will evaluate, adjust and approve all resources in the budget request by decision units and/or packages within the appropriation and budget activity structures. The decisions will include the current year, the budget year, the authorization year (budget year + 1) and an estimate of the resource impact on the three succeeding program years consistent with the President's requirement for multi-year planning estimates.

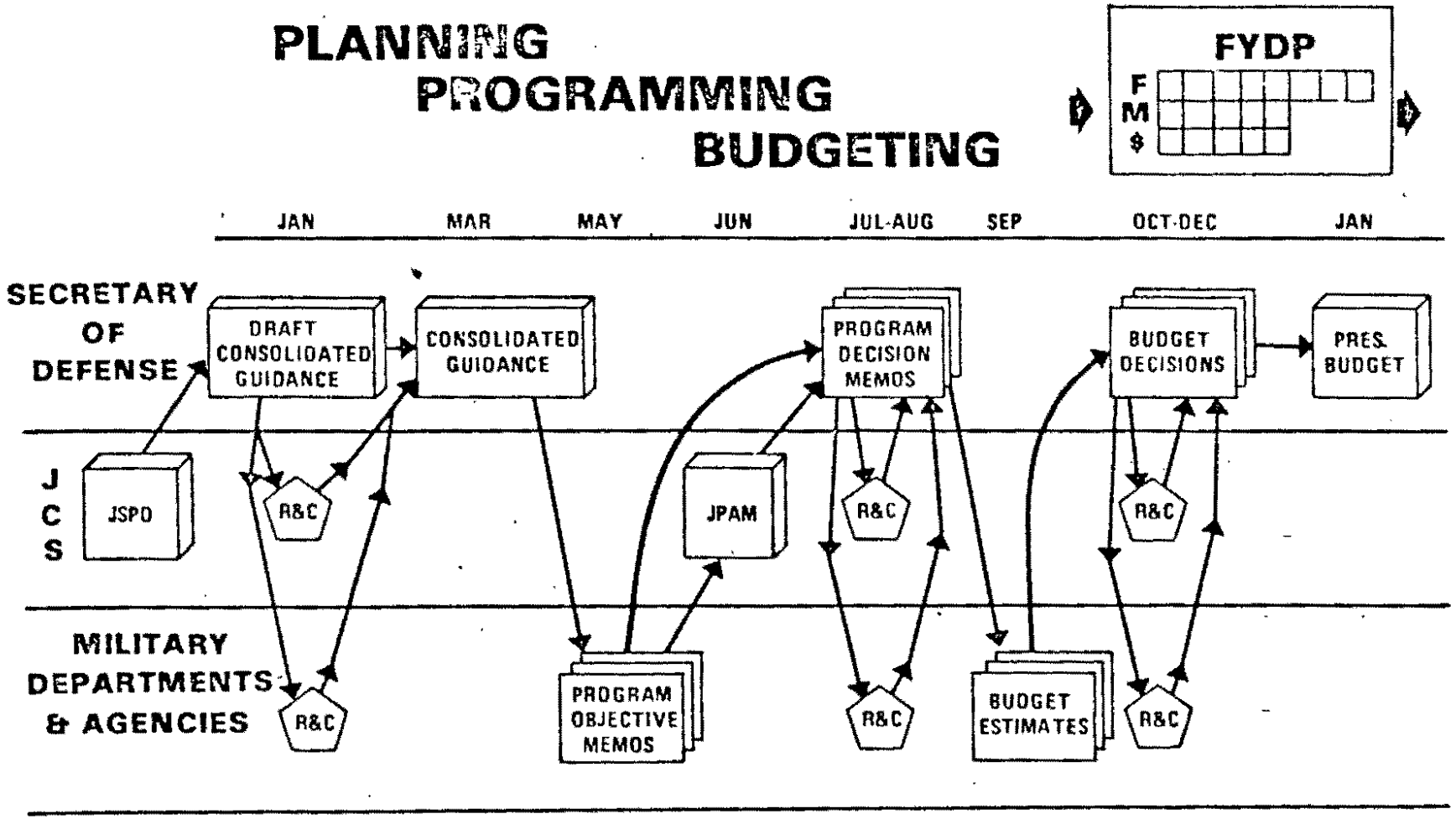
During the course of the budget review, the DoD Components have an opportunity to express an appeal position on each decision. Prior to final decisions, the Service Secretaries and Military Chiefs have the opportunity for a meeting with the Secretary of Defense to present and resolve any outstanding issues of major significance.

The Secretary then presents his budget to the President for consideration within the overall Federal requirements. Changes from that meeting are subsequently incorporated into the DoD submission and decision documentation is finalized. Following the printing process the budget is submitted to the Congress in January. The FYDP is updated to reflect the President's Budget and related resource impact in the "outyears" thereby establishing a consistent base for the ensuing decision cycle.

4. The Execution and Accountability Phases

The execution and accountability phases follow the submission of the budget and its enactment by the Congress. These phases are concerned with: execution of the programs approved by the Congress; the accountability and reporting of actual results for use in monitoring program execution; preparing future plans, programs, and budgets; and supplying financial status information to DoD managers.

PLANNING PROGRAMMING BUDGETING



JSPO = JOINT STRATEGIC PLANNING DOCUMENT
JPAM = JOINT PROGRAM ASSESSMENT MEMORANDUM

R&C = REVIEW AND COMMENT

FYDP SYMBOLS
F = FORCES
M = MANPOWER
$ = DOLLARS
□ = YEARS

3417-8

The Joint OSD/OMB Budget Review

The Budget is due from all components of the Department of Defense (DOD) on September 15th and is accompanied by an update of the Five Year Defense Program (FYDP) and annexes. Distribution is made to the Office of Management and Budget (OMB) and all participating organizational elements of the Office of the Secretary of Defense (OSD).

The DoD jointly reviews the budget with the OMB staff in order to devote maximum review and analysis time here in the Department. The alternative would require earlier submission by OSD to OMB in order to provide time for independent OMB review. The current joint OSD/OMB review is unique throughout the government and has been for many years.

Participation in the joint review is open to all elements of the DoD components and OSD staffs. Inputs from participants are solicited by each appropriation director for inclusion in the decision package sets (DPS's); the decision documents ultimately signed by the Secretary/Deputy Secretary of Defense.

Oftentimes as DPS's are drafted, copies are "floated" for input from participants. Once the DPS takes final form it begins a formal coordination process. Coordination should be obtained from the interested Assistant Secretary/Principal Deputy Assistant Secretary level. All notes, memoranda, letters, or other pertinent appendages become a permanent part of the decision document and are retained in the documentation files. These documents are "close hold" in their "raw" signature form. The document, once coordinated with other OSD staff elements, is processed through the Deputy Assistant Secretary (Program/Budget), a representative of OMB, the Principal Deputy Assistant Secretary (Comptroller) and the Assistant Secretary (Comptroller), to the Secretary/Deputy Secretary of Defense. Subsequent to signature, the decision document is printed and distributed throughout the Department and OMB. In order to protect the confidential nature of DRB and OSD staff coordinations and positions, the document which is printed and distributed consists of only the decision document. This is essential to encourage open debate of issues and objective advice to the Secretary.

As the Secretary/Deputy Secretary approves and returns DPS's, they are translated into the Automated Budget Review System to reflect increases and decreases to the submissions. Periodic status reports are provided to the Secretary/Deputy Secretary as well as the OSD managers and staff and the submitting components. Status is in terms of Total Obligational Authority (TOA), the total cost of a program without regard to year or source of funding; Budget Authority (BA), essentially appropriations requested from the Congress; and Outlays, the net of gross disbursements and collections from customers. These are the three basic measures used throughout the budget community. For comparative purposes, dollar values are inflated and/or deflated to reflect constancy in order to measure year-to-year "real growth" as distinct from inflationary increases.

The status reporting is as frequent as management requires and is structured in hierarchial order relative to level of detail.

While the review is progressing, the Defense Resources Board (DRB) meets periodically to consider the relative ranking priorities of approximately $20-25 billion of programs ranked by the submitting components. The DRB first integrates the original component rankings by reviewing and approving OSD staff prepared priority ranking proposals (PRP's). Those PRP's not approved by the DRB are discarded. The DRB then meets with the Secretary who approves/disapproves the DRB re-ranking proposals. Subsequent iterations are sometimes appropriate. At the point when the Secretary begins meeting with the President on the overall budget levels, the Secretary oftentimes makes changes to the ranking to insure that the highest priority programs are included within the approved funding level. All such approved ranking changes are reflected daily in the automated system so the budget status reporting is current for both DPS changes and ranking changes.

As the process nears completion, various management summaries are available providing TOA, BA and Outlays in both current and constant budget year dollars. The level of real growth is identified and often debated as are the inflation and pay raise assumptions contained in the budget estimates.

Recognizing that last minute changes are disruptive and sometimes error prone, the Department makes the best advantage of time available to continue the review and decision process. However, once OMB has the budget in print, the word is passed that the budget is locked and changes are no longer permitted.

Attention and staff efforts are then directed to preparing information to release to the Press during the DoD Budget Press Briefing; congressional justifications, the Secretary's posture statement, and other related requirements. The FYDP and annexes are updated to reflect all applicable budget decisions and automated data bases and hard copy justification exhibits in support of the budget are provided to the congressional oversight committees. Reprograming requests which have been reflected in the budget are prepared, staffed and submitted to the applicable committees for approval. Accounting records are adjusted as applicable to be consistent with resources reflected in the current year column of the budget. A series of budget hearings and reprograming hearings dominate subsequent months necessitating a great expenditure of management time appearing before the applicable oversight committees.

PLANNING, PROGRAMMING, AND BUDGETING SYSTEM IMPROVEMENTS

The Secretary of Defense, in October 1977, directed that the Defense Department Planning, Programming and Budgeting System (PPBS) be revised to achieve five objectives:

1. To provide an opportunity for early Presidential participation in the process;

2. To permit the Secretary of Defense and the President, based on the advice of all appropriate offices and organizations in the Department of Defense, to play an active role in shaping the defense program;

3. To create a stronger link between planning and programmatic guidance and fiscal guidance;

4. To develop, through discussion, a sound and comprehensive rationale for the program, and

5. To ensure the program is based on sound analysis and contributions for all relevant offices.

The revised system was designed to provide a more coherent basis for guiding the Military Departments in the preparation of their specific program recommendations. It consolidated and reduced to one what in prior years had been three separate forms of guidance from the Secretary of Defense: the Defense Guidance, the Planning and Program Guidance, and the Fiscal Guidance. The revised consolidated guidance was to incorporate an analysis of the rationale for each aspect of the Secretary's guidance to the Services and of the overall defense program.

The Joint Chiefs of Staff and the Military Departments actively participated in the process--from the initial planning to the development of the defense budget to be submitted to the President. The Joint Chiefs of Staff also have modified their system for providing advice and recommendations to the Secretary of Defense in accordance with the opportunities for participation provided by the revised PPBS.

In addition to their participation in the PPBS, the Joint Chiefs of Staff advise the President, the National Security Council, and the Secretary of Defense on a wide range of national security matters. They also are statutory members of the Armed Forces Policy Council.

JCS, Departments Role

The role of the Joint Chiefs of Staff and the Military Departments in the process included the submission of the JCS Joint Strategic Objectives Plan, pre-draft consultation sessions with the Secretary of Defense, informal comment and review during the drafting process, extensive review and comment (written and face-to-face) on the preliminary draft, review and comment on a subsequent draft, and participation in the presentation of the proposals to the President.

In May 1977, the Joint Chiefs of Staff submitted to the Secretary of Defense the Joint Strategic Objectives Plan, Volume 1 (JSOP I). As in past years, this document included a statement of broad defense objectives, a discussion of the military threat facing the United States, general recommendations concerning strategy and force planning, and a discussion of areas of significant risk. In January 1978, the Joint Chiefs of Staff submitted JSOP II, which included, inter alia, the major force recommendations of the Joint Chiefs of Staff, a comparison of these recommendations with currently programmed forces, and an appraisal of programmed forces. Although JSOP I was submitted and JSOP II was substantially prepared before the revisions in PPBS, these documents provided the Secretary of Defense and the President with the basic views of the Joint Chiefs of Staff on military strategy and force requirements. In light of the changes in the PPBS, additional procedures were adopted to supplement the joint planning process so that the Secretary could, in the revised PPBS, more easily receive the full benefit of the advice, recommendations, and expert capability of the Joint Chiefs of Staff.

In the past, Secretarial guidance had developed in three parts and the JSOP documents were tailored to those parts. JSOP I was prepared prior to the Defense Guidance and assisted the Secretary in making the determinations of policy, strategy, and force planning that were included in the Defense Guidance. The JSOP II provided the Secretary with the JCS views on what should be included in the Planning and Programming Guidance and the Fiscal Guidance. Under the revised system, Secretarial guidance was combined into one document that also included the rationale on which the defense program would be based.

PPBS Modifications

When the modifications of the PPBS were first contemplated in the fall of 1977, the Joint Chiefs of Staff and the Secretaries of the Military Departments were asked for their comments, suggestions, and recommendations. After these recommendations and other comments on the PPBS proposal had been submitted, the Secretary of Defense agreed that it was important that the initial step in the annual process should be the responsibility of the Joint Chiefs of Staff and the Military Departments, and that they should have full opportunity to participate in the process throughout. In a memorandum dated Oct. 26, 1977, addressed to the Chairman of the Joint Chiefs of Staff and the Secretaries of the Military Departments, the Secretary of Defense established a procedure for consultative meetings "to give the Services, individually and collectively, an opportunity to give advice, make recommendations, and offer substantive input." The Secretary's memorandum continued:

"Though the revised PPBS is designed to afford the opportunity at several stages, I deem it important that one such opportunity be prior to the first draft of the document. The last thing I want to do is inhibit your initiative or innovation. I envision these meetings as an opportunity for you to present your proposals with respect to the CG and that a dialogue about them will ensue between the Services and the Secretary of Defense."

Those meetings took place in November. Each was attended by the Chairman of the Joint Chiefs of Staff or the Chairman's personal representative. The Secretary of Defense first held three lengthy meetings with, respectively, the Secretary of the Army and Chief of Staff of the Army; the Secretary of the Navy, Chief of Naval Operations and Commandant of the Marine Corps; and the Secretary of the Air Force and Chief of Staff of the Air Force; and staff members they designated to accompany them. A fourth, "wrap-up," meeting was then held with all three Secretaries of the Military Departments, the Chairman of the JCS, and the members of the Joint Chiefs of Staff. At these meetings the Chairman and members of the Joint Chiefs of Staff and the Secretaries of the Military Departments were able to provide dirctly to the Secretary of Defense prior to the drafting of any guidance, their advice, recommendations and comments.

Follow-Up Memoranda

After the meetings, the Army, Navy, and the Joint Chiefs of Staff sent follow-up memoranda to the Secretary of Defense emphasizing the points they considered most important and setting out the areas they believed required special attention. Other memoranda, concerning both the form and the content of the Secretary's guidance, followed.

The preliminary draft of the Secretary's guidance was shaped by the comments of the participants in the initial meetings, the follow-up memoranda, the directions of the Secretary of Defense, and informal comments and advice provided by the JCS and the Services during the drafting process.

The draft that was produced was "preliminary". It was not to have any effect until there had been a complete review and opportunities for comment by the JCS and the Services. It was circulated to the Joint Chiefs of Staff and to the Military Departments for comment in January 1978.

The review and comment period for the Joint Chiefs of Staff and the Military Departments covered four weeks. It was a working document, subject to change, to serve as a focus for debate and discussion. It was designed to provide a document to cover matters raised in the pre-draft meetings and memoranda, and a vehicle for discussion and addition to other considerations not covered in the initial discussions. The integration of matters previously contained in the Defense, Planning and Programming, and Fiscal Guidance documents and the requirement that the rationale for the defense program be subjected to increased analytical rigor demanded a careful consideration by the Joint Chiefs of Staff and the Services. It also provided the Joint Chiefs of Staff and the Military Departments with an opportunity to challenge the premises, reasoning and conclusions of the proposed guidance. If the rationale in the preliminary draft were faulty, the Joint Chiefs of Staff and the Service could focus on weak points in the rationale and suggest alternative guidance with better justification.

As indicated by the Secretary in the memorandum that accompanied the draft for comment and review:

"I want to use the Consolidated Guidance not merely to advise you in the preparation of your POMs (Program Objective Memoranda), but also as a vehicle for debate and dialog over the rationale it contains . . . ."

Detailed Comments

The Joint Chiefs of Staff and the Secretaries of the Military Departments submitted detailed comments on the draft. In addition, the Joint Chiefs of Staff provided a strategy section for inclusion, and substantial and useful recommendations on the strategic aspects of the guidance.

The written comments on the draft, the views expressed at the follow-up meetings and the guidance of the Secretary of Defense provided the basis for the next draft, which required development of a justification for all changes made, and a justification of changes that were recommended but not made. The redraft and justifications were then presented to the Secretary for decision and, based on his decisions, a revised draft was completed.

The revised draft was again circulated to the Chairman and members of the Joint Chiefs of Staff and to the Secretaries of the Army, Navy, and Air Force for their personal comment and review. Their comments went directly to the Secretary and Deputy Secretary of Defense for their personal review. As a result of those comments, further changes were made. The draft was then sent to the White House. In May 1978, to assist him in his review, the President met with the Secretary of Defense and the Joint Chiefs of Stff. Following that meeting, the President held further discussions with the Secretary of Defense and the JCS Chairman.

The remainder of the planning, programming and budgeting system followed the basic pattern of prior years. After receiving the draft guidance the Military Departments prepared and submitted their Program Objective Memoranda.

The retention of the above feature of the former PPBS reflects the degree to which the revised PPBS preserved the initiative of the Departments of the Army, Navy, and Air Force. Under the system instituted in the early 1960s, the programming initiative resided in the Office of the Secretary of Defense through Draft Presidential Memoranda (DPMs). These stipulated procurement, force structure and costing in detail. The Military Departments were given an opportunity to comment, but once the DPMs were setled, the Services went directly to the preparation of their detailed budgets. Under the current system, the initial formulation of the defense program continued--as in the past nine years--to be the responsibility of the Military Departments and not of the Office of the Secretary of Defense. Thus, the revised system provided an opportunity for participation of the military professionals in the development of the Secretarial guidance and retained for the Military Departments their basic programming initiative.

The PPBS also was structured to preserve the important role of the Joint Chiefs of Staff in the evaluation of program objectives. In prior years, the JCS had prepared and submitted to the Secretary a Joint Forces Memorandum (JFM) at the time that the POMs were prepared and submitted. The JFM

identified important program objectives and provided an assessment of the risk, in terms of defense strategy, incurred by adopting, or not adopting, certain program objectives. Under the revised PPBS, the Joint Chiefs of Staff have replaced the JFM with a Joint Program Assessment Memorandum (JPAM), which is provided to the Secretary after the POMs are submitted. The JPAM provides JCS advice to the Secretary for his review of the Service POMs, development of Issue Papers, and decisions on specific Service programs. It includes a risk assessment based on an overview of the national military strategy and the force structure recommended in the POMs, as well as recommendations for improvements in the overall defense program through selection of certain programs at alternative POM levels. The JPAM therefore provides the Secretary with more valuable assistance in his consideration of the programs of all three Services. The first JPAM was submitted as part of the present PPBS cycle.

Issue Papers

After the submission of the POMs, the staff of the Secretary of Defense drafted issue papers which were sent for review and comment to the Joint Chiefs of Staff, the Military Departments, the Office of Management and Budget, and National Security Council. The issue papers then were revised in response to the comments and provided to the Secretary of Defense. Based on the advice provided in the JPAM, his review of the POMs, and the issue papers, the Secretary made the basic program decisions that were then incorporated in the Program Decision Memoranda (PDMs). The PDMs were sent to the Joint Chiefs of Staff and the Military Departments for review and comment. Major comments--at the selection of the members of the Joint Chiefs of Staff and the Secretaries of the Military Departments--became the subject of a series of reclama meetings attended by the Secretary and Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff and representatives of the Services. As a result of the written comments and the reclama meetings, the PDMs were modified and issued as Amended Program Decision Memoranda (APDM).

The drafting of the APDMs marked the second point of Presidential involvement in the system. At that point, the Secretary of Defense with the personal assistance of the Chairman of the Joint Chiefs of Staff prepared a status report for the President describing the major features of the Service POM submissions, the major issues that had been raised and their disposition, and an evaluation of the differences among the defense programs available over a range of funding profiles. The status report was submitted to the President for review and guidance. The ADMs were sent to the Military Departments as the basis for the budget proposals that they are now preparing.

After the pre-draft meetings in November 1977, the Joint Chiefs of Staff initiated an evaluation of their role in the revised PPBS and decided to modify the basic documents through which they provided their formal input to the system. This led to several changes made at JCS suggestion. The first of these changes was the replacement of the JFM with the JPAM. This was accomplished in the first cycle of the revised PPBS, as discussed above.

Second Modification

The second modification involved a restructuring of the JSOP documents. To replace the JSOP I and II, the JCS created a Joint Strategic Planning Document (JSPD) to be submitted 60 days in advance of the preliminary draft guidance. The JSPD contains a comprehensive appraisal of the military threat to the United States, a statement of recommended military objectives, recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It also will include the JCS views on the attainability of the recommended force levels within fiscal constraints, manpower resources, material availability, technology, and industrial capacity. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior Consolidated Guidance. Thus the JSPD will provide comprehensive recommendations by the Joint Chiefs of Staff tailored to the integrated approach of the revisd defense planning, programming, and budgeting system.

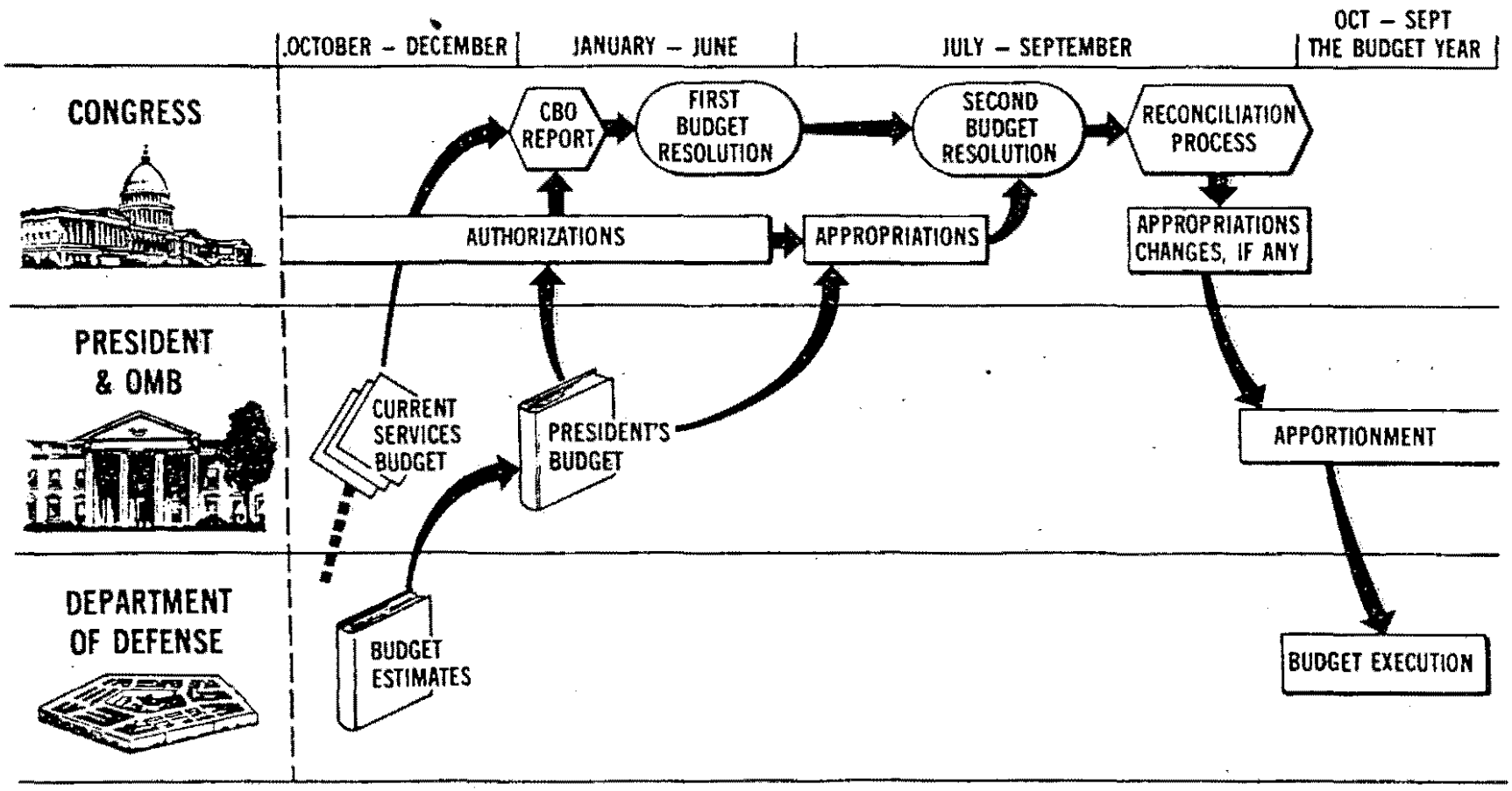
SUMMARY OF THE CONGRESSIONAL BUDGET PROCESS

- THIS SECTION PROVIDES A BRIEF DESCRIPTION OF THE CONGRESSIONAL BUDGET PROCESS AS ESTABLISHED BY THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.

- THE ACT ESTABLISHES A TIMETABLE FOR VARIOUS PHASES OF THE BUDGET PROCESS.

- THE ACT ALSO ESTABLISHES PROCEDURES FOR CONGRESSIONAL REVIEW OF PRESIDENTIAL IMPOUNDMENT ACTIONS.

BUDGET PROCESS — NEW STYLE



THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

THE CONGRESSIONAL BUDGET PROCESS

Title III of the Act establishes a timetable for various phases of the congressional budget process, prescribing the actions to take place at each point. Following is a description of the elements of the congressional budget timetable set forth in Section 300 of the Act:

	Action to be completed
On or before Nov. 10 ----------	President submits current services budget

Submission of a current services budget is the first element in the timetable. This document estimates the budget authority and outlays needed to carry on existing programs and activities for the next fiscal year under certain economic assumptions. Its purpose is to give the Congress, at the earliest date possible (just one month after the current fiscal year has begun), detailed information with which to begin analysis and preparation of the budget for the upcoming fiscal year.

Thus, the Congressional Budget Office (CBO) and the House and Senate Budget Committees begin work on new budget projections based on the current fiscal year's levels. To help them evaluate the President's projections, the Act requires the Joint Economic Committee to report to the Budget Committees by December 31 on the estimates and economic assumptions in the current services budget.

	Action to be completed
On or before 15th day after Congress meets ---------	President submits his budget

The President's budget is required to be submitted 15 days after the Congress convenes. This budget remains one of the major factors in the development of the congressional budget. Shortly after its submission, the two Budget Committees begin hearings on the budget, the economic assumptions upon which it is based, the economy in general, and national budget priorities. Participants at these hearings include Administration officials, Members of Congress, and representatives of various national interest groups.

	Action to be completed
On or before Mar. 15 ----------	Committees and joint committees submit reports to Budget Committees

An important step in the budget process is the submission of the views and recommendations of all standing committees of the House and Senate.

These reports are due March 15, one month in advance of the reporting date of the first concurrent resolution on the budget. These reports are important to the proper functioning of the budget process and, accordingly, are made mandatory by the Act. They provide the Budget Committees with an early and comprehensive indication of committee legislative plans for the next fiscal year. These reports contain the views and estimates of new budget authority and outlays to be authorized in legislation under their jurisdictions which will become effective during the next fiscal year.

In addition, the Joint Economic Committee is directed to submit a report with its recommendations as to the fiscal policies that would be appropriate to achieve goals of the Employment Act of 1946.

	Action to be completed
On or before Apr. 1 ----------	CBO submits report to Budget Committees

The CBO is required to submit its report to the Budget Committees on or before April 1. This report deals primarily with overall economic and fiscal policy and alternative budget levels and national budget priorities.

	Action to be completed
On or before Apr. 15 ----------	Budget Committees report first concurrent resolution on the budget to their Houses

April 15 is fixed by the Act as the deadline for reporting by the Budget Committees of the first concurrent resolution on the budget. This date allows a maximum of one month for floor consideration in each House, conference between the two Houses, and adoption of conference reports, required to be completed by May 15.

The concurrent resolution sets forth the following:

1. The appropriate levels of total budget authority and outlays for the next fiscal year, both in the aggregate and for each major functional category of the budget.

2. The appropriate budget surplus or deficit for the next fiscal year.

3. The recommended level of Federal revenues and recommended increases or decreases in revenues to be reported by appropriate committees.

4. The appropriate level of the public debt and recommended increases or decreases to be reported by appropriate committees.

5. Any other matters deemed appropriate to the congressional budget process.

In addition, the report on the resolution compares the Budget Committee's revenue estimates and budget authority and outlay levels with the estimates and amounts in the President's budget. It also identifies the recommended sources of revenues; makes five-year budget projections; and indicates significant changes, if any, in Federal aid to States and localities.

The first budget resolution for a given fiscal year establishes targets for budget authority and outlays for each of the major functional categories, as well as for the five major budget aggregates--revenues, budget authority, outlays, deficit, and public debt. These budget targets, which represent a congressional determination of appropriate fiscal policy and national budget priorities, guide the Congress in its subsequent spending and revenue decisions. With the adoption of the second concurrent budget resolution, the aggregate budget authority, outlays, and revenue levels become binding.

Following adoption of the budget resolutions, the Budget Committee, aided by the CBO, provides up-to-date scorekeeping reports to inform Members as to how congressional action on spending and revenues compares with the budget aggregates and functional targets in the resolution.

On or before:	Action to be completed
May 15	Committees report bills authorizing new budget authority
May 15	Congress completes action on first concurrent resolution on the budget

May 15 is a key date in the new budget process for two reasons:

First, it is the deadline for the reporting of legislation authorizing new budget authority, a requirement imposed by Section 402 of the Act. Authorization measures reported after that date may be considered in the House only if an emergency waiver reported by the Rules Committee is adopted. Exempted from this May 15 reporting requirement are entitlement bills and omnibus social security legislation.

This reporting deadline is an important part of both the overall budget process and a prerequisite to the timely enactment of appropriation bills. In addition, section 607 of the Act requires advance submission by the Executive Branch of proposed authorizing legislation (that is, submission at least one year and 4½ months in advance of the fiscal year to which it applies); and the statement of managers on the Budget Act legislation expresses its expectation that the Congress will develop a pattern of advance authorizations for programs now authorized on an annual or multi-year basis.

Second, May 15 is the deadline for the adoption of the first budget resolution by the Congress; and prior to its adoption, neither House

may consider any revenue, spending, entitlement, or debt legislation. The only measures permitted to be considered prior to the adoption of the first resolution are those involving advance budget authority or changes in revenues which first become effective following the fiscal year dealt with in the first resolution.

In addition to the various matters required to be included in the resolution, the Act also provides for important material to be included in the joint statement of managers accompanying the conference report.

The joint statement must distribute the allocations of total budget authority and outlays contained in the resolution among the appropriate committees of the House and Senate. For example, if the conference report allocates $7 billion in budget authority and $6 billion in outlays for a certain functional category, the statement of managers must divide those amounts among the various committees of the House and Senate with jurisdiction over programs and authorities covered by that functional category. Each committee to which an allocation is made must, in turn, further subdivide its allocation among its subcommittees or programs, and promptly report such subdivisions to its House.

	Action to be completed
On or before 7th day after Labor Day	Congress completes action on bills and resolutions providing new budget authority and new spending authority

The next critical date in the budget process is the 7th day after Labor Day, the deadline for completing action on all regular budget authority and entitlement bills. The only exception to this requirement is for appropriations bills whose consideration has been delayed because necessary authorizing legislation has not been timely enacted.

This deadline is of critical importance for the budget process. While most spending legislation is expected to be acted upon in the months immediately following the adoption of the first resolution on May 15, it is crucial for all spending bills to be completed by the deadline date. The reason is that by the 7th day after Labor Day only three weeks will remain until the start of the new fiscal year, and during those weeks Congress must adopt a second budget resolution and undertake and complete a reconciliation process, if necessary.

Thus, even a small delay in completing authorizing and spending legislation can upset the timing of remaining budget actions (adoption of the second resolution and completion of the reconciliation process). Congress would then be forced into continued reliance on "continuing resolutions," a major defect sought to be corrected by the new budget process.

On or before:	Action to be completed
Sept. 15	Congress completes action on second required concurrent resolution on the budget
Sept. 25	Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution

September 15 and 25 are, respectively, the dates for adoption of the second resolution and completion of the reconciliation process, the final phase of the new budget process.

The Act sets no deadline for reporting this second resolution. The date probably will vary from year to year depending on when action is completed on the various spending bills.

The second resolution affirms or revises, on the basis of new information and data, changed economic circumstances, and Congress' spending actions, the matters contained in the first resolution (that is, the "target" levels of budget authority and outlays, total revenues, and the public debt limit). In addition, the second resolution may direct the committees with jurisdiction over any changes to the House. The changes may include rescinding or amending appropriations and other spending legislation, raising or lowering revenues, making adjustments in the debt limit, or any combination of such actions.

For example, the resolution might call upon the Appropriations Committees to report legislation rescinding or amending appropriations, and the Ways and Means and Finance Committees to report legislation adjusting tax rates or the public debt limit. In addition, other committees may be called upon to report certain actions.

Implementing legislation solely within the jurisdiction of one committee is reported to the House or Senate by that Committee. However, if more than one committee is directed to report certain actions, then the committees submit their recommendations to the Budget Committees which compile the various actions, without substantive change, into a single reconciliation measure. This special procedure is necessary to expedite completion of the reconciliation process.

The Congress may not adjourn sine die until it has completed action on the second resolution and the reconciliation process. Furthermore, after adoption of the second resolution and completion of the reconciliation process, it is not in order in either House to consider any new spending legislation that would cause the aggregate levels of total budget authority or outlays adopted in that resolution to be exceeded, nor to consider a measure that would reduce total revenues below the levels in the resolution. Such legislation is subject to a point of order.

Of course, Congress may adopt a revision of its most recent resolution at any time during the fiscal year. In fact, the framers of the Budget Act anticipated that, in addition to the May and September resolutions, Congress may adopt at least one additional resolution each year, either in conjunction with a supplemental appropriations bill or in the event of sharp revisions in revenues or spending estimates brought on by major changes in the economy.

	Action to be completed
On or before Oct. 1 ----------	Fiscal year begins

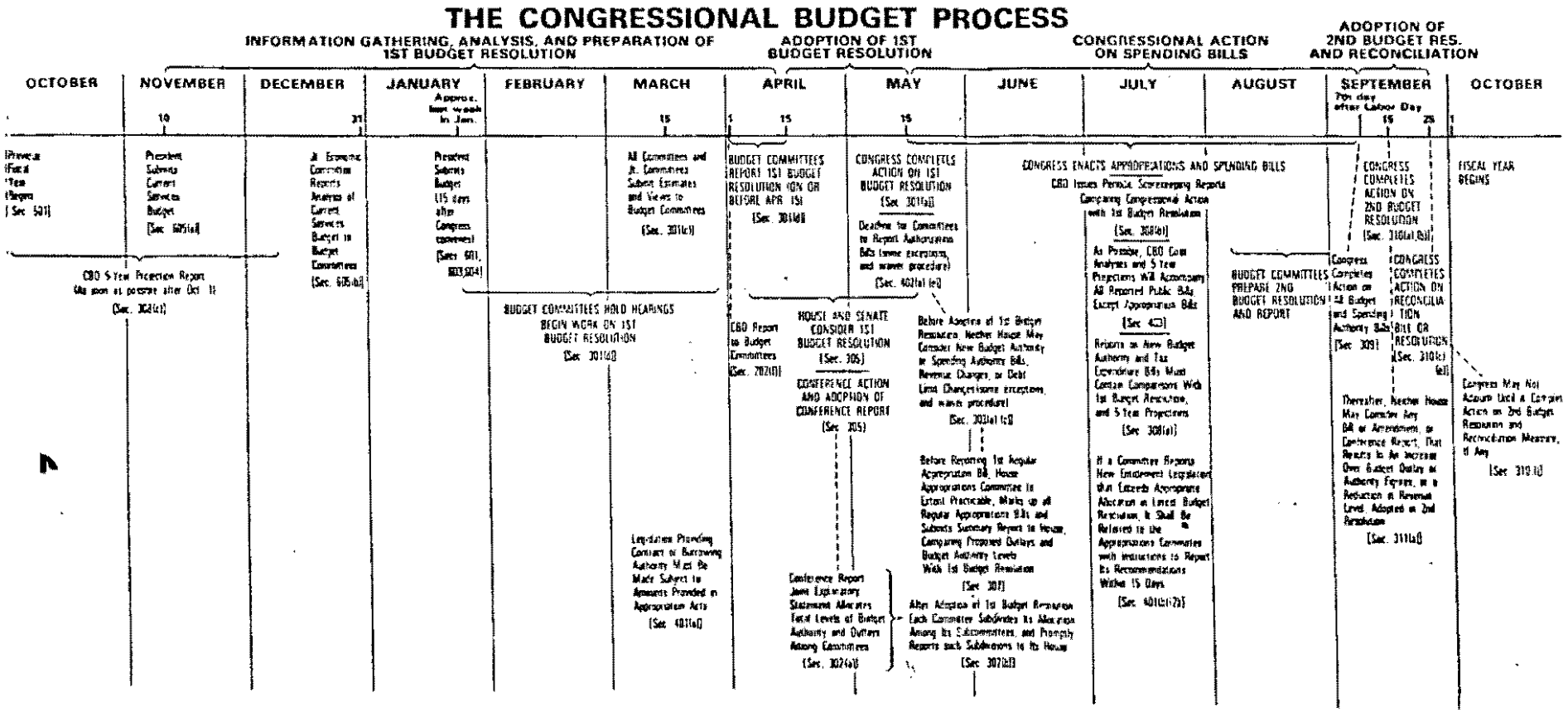
The completion of reconciliation actions beings the budget timetable to a close, five days before the start of the fiscal year on October 1.

* * * * *

The congressional budget timetable sets firm dates for key elements of the new system. Certain parts of the budget process cannot move ahead unless other actions are completed. Appropriations cannot be considered until the first budget resolution is adopted and necessary authorizations have been enacted. Reconciliation actions cannot be undertaken until action is completed on appropriation bills and the second budget resolution. Thus, failure to complete a particular action on schedule affects later actions as well. In short, the four main phases of the budget process (authorizations, budget resolutions, spending measures, and reconciliations) must be completed by the dates assigned to them in the Act.

HOUSE COMMITTEE ON THE BUDGET

THE CONGRESSIONAL BUDGET PROCESS



THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

IMPOUNDMENT CONTROL

Title X of the Act establishes procedures for congressional review of Presidential impoundment actions. This is a companion feature of the new budget control system. The title recognizes two types of impoundment actions by the Executive Branch: rescissions and deferrals.

Rescissions must be proposed by the President whenever he determines that (1) all or part of any budget authority will not be needed to carry out the full objectives of a particular program; (2) budget authority should be rescinded for fiscal reasons; or (3) all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. In such cases, the President submits a special message to the Congress requesting rescission of the budget authority, explaining fully the circumstances and reasons for the proposed action. Unless both Houses of the Congress complete action on a rescission bill within 45 days, the budget authority must be made available for obligation.

Deferrals must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. In such cases, the President submits a special message to the Congress recommending the deferral of that budget authority. The President is required to make such budget authority available for obligation if either House passes an "impoundment resolution" disapproving the proposed deferral at any time after receipt of the special message.

Rescission and deferral messages are also to be transmitted to the Comptroller General who must review each message and advise the Congress of the facts surrounding the action and its probable effects. In the case of deferrals, he must state whether the deferral is, in his view, in accordance with existing statutory authority. The Comptroller General is also required to report to the Congress reserve or deferral actions which have not been reported by the President; and to report and reclassify any incorrect transmittals by the President.

If budget authority is not made available for obligation by the President as required by the impoundment control provisions, the Comptroller General is authorized to bring a civil action to bring about compliance. However, such action may not be brought until 25 days after the Comptroller General files an explanatory statement with the House and Senate.

The President is also required to submit monthly cumulative reports of proposed rescissions, reservations, and deferrals. These reports, to be published in the Federal Register, explain fully the factors that prompted the various impoundment actions.

APPROPRIATION STRUCTURE

- THIS SECTION CONTAINS A LISTING OF ALL APPROPRIATIONS AND FUNDS AVAILABLE TO THE DEPARTMENT OF DEFENSE.
- ANNUAL BUDGET REQUESTS ARE ADDRESSED IN TWO SEPARATE APPROPRIATIONS ACTS:
  - DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

    CONTAINS FUNDS FOR MILITARY PERSONNEL, RETIRED MILITARY PERSONNEL, OPERATION AND MAINTENANCE, PROCUREMENT, RESEARCH, DEVELOPMENT, TEST & EVALUATION, SPECIAL FOREIGN CURRENCY, AND REVOLVING AND MANAGEMENT FUNDS.
  - MILITARY CONSTRUCTION APPROPRIATIONS ACT

    CONTAINS FUNDS FOR MILITARY CONSTRUCTION AND FAMILY HOUSING.

APPROPRIATION TITLE

MILITARY PERSONNEL
- MILITARY PERSONNEL, ARMY
- MILITARY PERSONNEL, NAVY
- MILITARY PERSONNEL, MARINE CORPS
- MILITARY PERSONNEL, AIR FORCE
- RESERVE PERSONNEL, ARMY
- RESERVE PERSONNEL, NAVY
- RESERVE PERSONNEL, MARINE CORPS
- RESERVE PERSONNEL, AIR FORCE
- NATIONAL GUARD PERSONNEL, ARMY
- NATIONAL GUARD PERSONNEL, AIR FORCE

RETIRED PAY, DEFENSE

OPERATION AND MAINTENANCE
- OPERATION & MAINTENANCE, ARMY
- OPERATION & MAINTENANCE, NAVY
- OPERATION & MAINTENANCE, MARINE CORPS
- OPERATION & MAINTENANCE, AIR FORCE
- OPERATION & MAINTENANCE, DEFENSE AGENCIES
- OPERATION & MAINTENANCE, ARMY RESERVE
- OPERATION & MAINTENANCE, NAVY RESERVE
- OPERATION & MAINTENANCE, MARINE CORPS RESERVE
- OPERATION & MAINTENANCE, AIR FORCE RESERVE
- OPERATION & MAINTENANCE, ARMY NATIONAL GUARD
- OPERATION & MAINTENANCE, AIR NATIONAL GUARD
- RIFLE PRACTICE, ARMY
- CLAIMS, DEFENSE
- COURT OF MILITARY APPEALS, DEFENSE
- FOREIGN CURRENCY FLUCTUATION
- XIII OLYMPIC WINTER GAMES

PROCUREMENT
- AIRCRAFT PROCUREMENT, ARMY
- MISSILE PROCUREMENT, ARMY
- PROC. OF WEAPONS & TRACKED COMBAT VEHICLES, ARMY
- PROCUREMENT OF AMMUNITION, ARMY
- OTHER PROCUREMENT, ARMY
- AIRCRAFT PROCUREMENT, NAVY
- WEAPONS PROCUREMENT, NAVY
- SHIPBUILDING AND CONVERSION, NAVY
- OTHER PROCUREMENT, NAVY
- PROCUREMENT, MARINE CORPS
- AIRCRAFT PROCUREMENT, AIR FORCE
- MISSILE PROCUREMENT, AIR FORCE
- OTHER PROCUREMENT, AIR FORCE
- PROCUREMENT, DEFENSE AGENCIES

RESEARCH, DEVELOPMENT, TEST & EVALUATION
- RDT&E, ARMY
- RDT&E, NAVY
- RDT&E, AIR FORCE
- RDT&E, DEFENSE AGENCIES
- DIRECTOR OF TEST AND EVALUATION, DEFENSE

MILITARY CONSTRUCTION
- MILITARY CONSTRUCTION, ARMY
- MILITARY CONSTRUCTION, NAVY
- MILITARY CONSTRUCTION, AIR FORCE
- MILITARY CONSTRUCTION, DEFENSE AGENCIES
- NATO INFRASTRUCTURE
- MIL CON, ARMY NATIONAL GUARD
- MIL CON, AIR NATIONAL GUARD
- MIL CON, ARMY RESERVE
- MIL CON, NAVAL RESERVE
- MIL CON, AIR FORCE RESERVE

FAMILY HOUSING, DEFENSE
- FAMILY HOUSING, CONSTRUCTION
- FAMILY HOUSING, DEBT PAYMENT
- FAMILY HOUSING, OPERATIONS
- FOREIGN CURRENCY FLUCTUATION, CONSTRUCTION, DEFENSE
- HOMEOWNERS ASSISTANCE FUND, DEFENSE

SPECIAL FOREIGN CURRENCY PROGRAM

REVOLVING AND MANAGEMENT FUNDS
- DEFENSE PRODUCTION GUARANTEES, ARMY
- DEFENSE PRODUCTION GUARANTEES, NAVY
- DEFENSE PRODUCTION GUARANTEES, AIR FORCE
- LAUNDRY SERVICE, NAVAL ACADEMY
- NAVAL WORKING FUND
- ARMY STOCK FUND
- NAVY STOCK FUND
- MARINE CORPS STOCK FUND
- AIR FORCE STOCK FUND
- DEFENSE STOCK FUND
- ARMY INDUSTRIAL FUND
- NAVY INDUSTRIAL FUND
- MARINE CORPS INDUSTRIAL FUND
- AIR FORCE INDUSTRIAL FUND
- DEFENSE INDUSTRIAL FUND
- ARMY MANAGEMENT FUND
- NAVY MANAGEMENT FUND
- AIR FORCE MANAGEMENT FUND

DEDUCTIONS FOR OFFSETTING RECEIPTS
- OFFSETTING RECEIPTS, ARMY
- OFFSETTING RECEIPTS, NAVY
- OFFSETTING RECEIPTS, AIR FORCE
- OFFSETTING RECEIPTS, DEFENSE

DEFENSE-WIDE CONTINGENCIES
- CIVILIAN AND MILITARY PAY RAISES

OTHER LEGISLATION
- OTHER MILITARY ENTITLEMENTS
- UNIFORMED SERVICES RETIREMENT MODERNIZATION
- MILITARY PERSONNEL TRAVEL ALLOWANCES

TRUST FUNDS
- TRUST FUNDS, ARMY
- TRUST FUNDS, NAVY
- TRUST FUNDS, AIR FORCE
- TRUST REVOLVING FUNDS, ARMY
- TRUST REVOLVING FUNDS, NAVY
- TRUST REVOLVING FUNDS, AIR FORCE

- INTRAGOVERNMENTAL TRUST FUND, NAVY

THE PROCESS OF BUDGET EXECUTION

Office of The
Assistant Secretary of Defense
(Comptroller)

THE PROCESS OF BUDGET EXECUTION

- THIS BRIEFING DEALS WITH THE MATTER OF DEPARTMENT OF DEFENSE UNOBLIGATED AND UNEXPENDED BALANCES – A SUBJECT WHICH IS FREQUENTLY DISCUSSED AND OFTEN MISUNDERSTOOD.
- JUST AS IN THE SUBTITLE FOR THIS BRIEFING, THERE IS OFTEN A TENDENCY TO ATTACH A SUBJECTIVE QUALITY TO THESE TERMS.
- THESE TERMS ARE FREQUENTLY USED IN AN ABSTRACT WAY AND ADDRESSED AS IF THEY WERE A MEANS TO AN END.
- IT IS IMPORTANT TO UNDERSTAND THE PROCESS OF BUDGET EXECUTION, BECAUSE UNOBLIGATED AND UNEXPENDED BALANCES BECOME AN ARITHMETIC DERIVATIVE.

THE PROCESS OF BUDGET EXECUTION

[redacted]

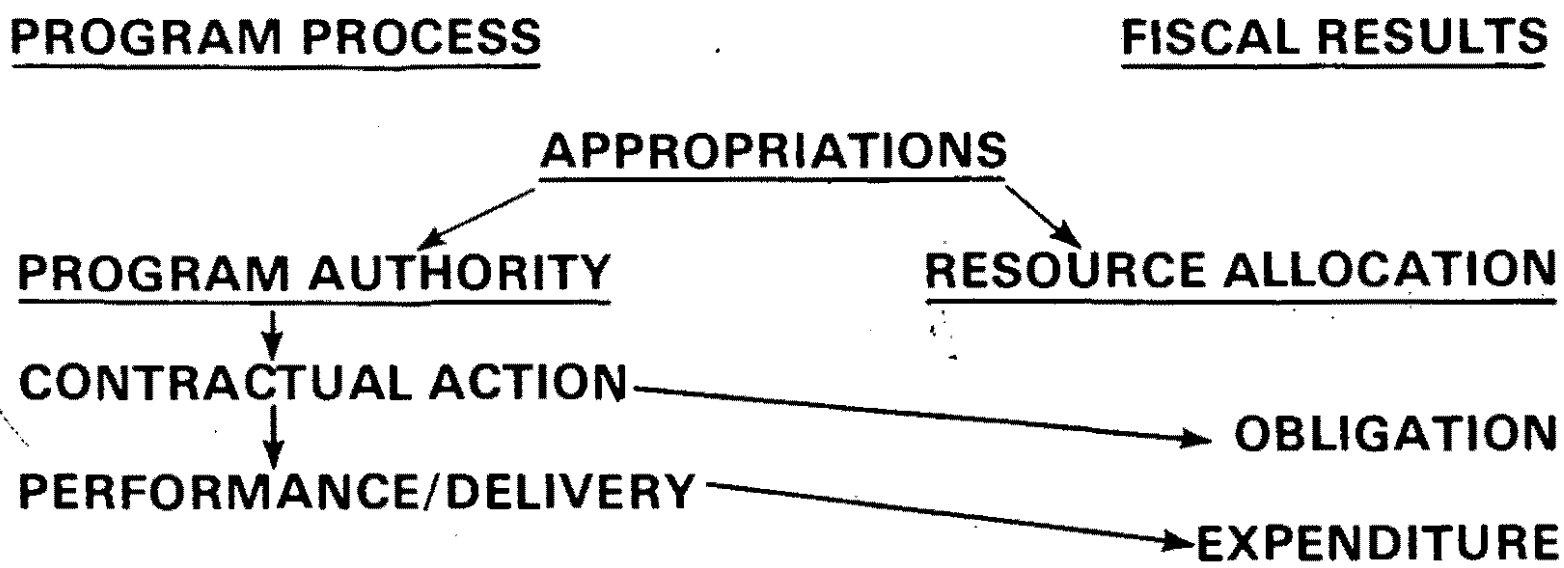
[redacted]

UNOBLIGATED
AND
UNEXPENDED BALANCES

EVENTS IN THE EXECUTION PROCESS

- THE LEGISLATIVE PROCESS PROVIDES BOTH THE AUTHORITY AND THE RESOURCES TO ACCOMPLISH DEPARTMENT OF DEFENSE PROGRAM OBJECTIVES.
- THE PROCESS IS EVENT ORIENTED.
- CONTRACTUAL ACTION INVOLVING PERSONAL SERVICES OR MATERIEL RESULTS IN OBLIGATIONS.
- PAYMENTS FOR PERFORMANCE RENDERED OR DELIVERY OF MATERIEL RESULTS IN EXPENDITURES.

EVENTS IN THE EXECUTION PROCESS



TIME PHASING OF THE EXECUTION PROCESS

- IF THE EVENTS IN THE EXECUTION PROCESS WERE COMPLETED ENTIRELY WITHIN EACH FISCAL YEAR, THERE WOULD BE NO UNOBLIGATED OR UNEXPENDED BALANCES.
- IF WE WERE DEALING ENTIRELY WITH OPERATING PROGRAMS IN THE DEPARTMENT OF DEFENSE BUDGET, THERE WOULD BE NO UNOBLIGATED BALANCES AT THE END OF EACH YEAR AND ONLY MODEST UNEXPENDED BALANCES.
- NEITHER OF THE FOREGOING TWO CONDITIONS APPLIES SINCE THE BUDGET DEALS ALSO WITH MAJOR CAPITAL INVESTMENTS.
- CONGRESS FULLY FUNDS THE CAPITAL INVESTMENTS APPROVED IN THE ANNUAL BUDGET, AND RECOGNIZES THE TIME PHASING REQUIREMENTS OF THE ACQUISITION PROCESS BY PROVIDING APPROPRIATION OBLIGATION LIFE SPANS AS APPROPRIATE TO THE VARIOUS FUNCTIONAL AREAS.

TIME PHASING OF THE EXECUTION PROCESS

OPERATIONS

- 1 YEAR APPROPRIATION LIFE
- 100% OBLIGATED IN 1ST YEAR
- 87% EXPENDED IN 1ST YEAR

R&D

- 2 YEAR APPROPRIATION LIFE
- 93% OBLIGATED IN 1ST YEAR
- 58% EXPENDED IN 1ST YEAR

PROCUREMENT (EXCL. SHIPBUILDING)

- 3 YEAR APPROPRIATION LIFE
- 76% OBLIGATED IN 1ST YEAR
- 13% EXPENDED IN 1ST YEAR

SHIPBUILDING

- 5 YEAR APPROPRIATION LIFE
- 51% OBLIGATED IN 1ST YEAR
- 5% EXPENDED IN 1ST YEAR

MILITARY CONSTRUCTION

- 5 YEAR APPROPRIATION LIFE
- 75% OBLIGATED IN 1ST YEAR
- 11% EXPENDED IN 1ST YEAR

DEPARTMENT OF DEFENSE BUDGET

MILITARY FUNCTIONS UNOBLIGATED AND UNEXPENDED BALANCES

- THE TIME SPAN REQUIRED FOR ORDERLY BUDGET EXECUTION IS SUCH THAT THERE WILL AND SHOULD BE BALANCES.
- UNOBLIGATED BALANCES REPRESENT PROGRAMS, OR PORTIONS OF PROGRAMS, WHICH HAVE NOT YET BEEN PLACED UNDER CONTRACT.
- WE WOULD EXPECT THE UNOBLIGATED BALANCES TO PERTAIN TO CAPITAL INVESTMENT PROGRAMS IN GENERAL AND TO THE MAJOR PROCUREMENT AREA IN PARTICULAR.
- IT IS IMPORTANT TO RECOGNIZE THAT BY FAR THE LARGER PORTION OF UNEXPENDED BALANCES REPRESENTS PROGRAMS WHICH HAVE REACHED THE CONTRACTUAL ACTION STAGE OF THE EXECUTION PROCESS. THESE BALANCES REPRESENT LEGAL OBLIGATIONS AGAINST WHICH PAYMENT MUST ULTIMATELY BE MADE.

DEPARTMENT OF DEFENSE BUDGET
MILITARY FUNCTIONS UNOBLIGATED AND UNEXPENDED BALANCES
($ BILLIONS)

	6/30/73	6/30/74	6/30/75	9/30/76	9/30/77	9/30/78	9/30/79	EST. 9/30/80	EST. 9/30/81
UNOBLIGATED BALANCES	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OBLIGATED BALANCES	26.9	28.5	27.1	30.3	42.7	52.4	60.9	70.4	86.4
UNEXPENDED BALANCES	39.6	43.6	43.9	51.3	62.7	73.6	83.9	94.8	110.1

DOD UNOBLIGATED BALANCES
END OF FISCAL YEAR, 1978-81

- THE TRENDS AND BALANCES IN THE AREAS OTHER THAN PROCUREMENT ARE FAIRLY CONSTANT.
- THE RDT&E PROGRAM IS INCREMENTLY FUNDED AND OBLIGATES ON THE ORDER OF 93% IN THE INITIAL YEAR.
- MILITARY CONSTRUCTION, WHILE FULLY FUNDED AS A CAPITAL INVESTMENT, IS A RELATIVELY SMALL PORTION OF THE TOTAL DEPARTMENT OF DEFENSE BUDGET AND THE BALANCES ARE ACCORDINGLY MODEST.
- THE INDUSTRIAL FUNDS ARE REVOLVING FUNDS WHICH FINANCE THE OPERATIONS OF SHIPYARDS, ARSENALS, DEPOTS, AND OTHER COMMERCIAL AND INDUSTRIAL TYPE OF INHOUSE DOD ACTIVITIES.
- THE STOCK FUNDS ARE ALSO REVOLVING AND MANAGEMENT FUNDS WHICH FINANCE THE PURCHASE OF CONSUMABLE MATERIALS FOR RESALE TO THE MILITARY SERVICES AND OTHER AUTHORIZED CUSTOMERS. CONSUMABLE MOBILIZATION RESERVE MATERIALS ARE ALSO PURCHASED THROUGH THE STOCK FUNDS.
- AS EXPECTED THE LARGEST PORTION OF OUR UNOBLIGATED BALANCES APPLIES TO THE PROCUREMENT APPROPRIATIONS WHEREIN WE FINANCE THE ACQUISITION OF AIRCRAFT, MISSILES, SHIPS, TRACKED COMBAT VEHICLES, AND OTHER WEAPONS AND MATERIAL.

DOD UNOBLIGATED BALANCES
END OF FISCAL YEAR 1978-81
($ BILLIONS)

	9/30/78	9/30/79	EST. 9/30/80	EST. 9/30/81
PROCUREMENT	15.8	15.1	17.9	17.9
RDT&E	.9	1.1	1.1	1.3
MILITARY CONSTRUCTION	1.5	1.5	1.5	1.7
FAMILY HOUSING	.2	.2	.1	.2
INDUSTRIAL FUNDS	2.7	3.4	3.2	2.6
STOCK FUNDS	—	1.6	.5	—
TRUST FUNDS	.1	.1	.1	.1
TOTAL UNOBLIGATED BALANCES	21.3	23.0	24.4	23.8

PROCUREMENT APPROPRIATIONS UNOBLIGATED BALANCES

- WITHIN THE PROCUREMENT AREA THE NAVY SHIPBUILDING PROGRAM ACCOUNTS FOR THE LARGEST SINGLE PORTION OF THE UNOBLIGATED BALANCES.
- BALANCES IN OTHER APPROPRIATIONS VARY DEPENDING UPON THE NATURE AND SIZE OF THE PROGRAM.
- A COMPARISON OF THE BALANCES, EXCLUSIVE OF SHIPBUILDING, WITH THE PROGRAM VALUE EACH YEAR INDICATES THAT THE RELATIONSHIPS ARE STABLE AND REASONABLY PREDICTABLE. THE FOLLOWING TWO CHARTS PROVIDE AN AGING ANALYSIS OF BOTH UNOBLIGATED AND UNEXPENDED BALANCES IN THESE AREAS.

PROCUREMENT APPROPRIATIONS
UNOBLIGATED BALANCES
($ MILLIONS)

	9/30/78	9/30/79	EST. 9/30/80	EST. 9/30/81
AIRCRAFT, ARMY	183	193	234	236
MISSILES, ARMY	130	197	301	334
WPNS. AND TR. COMBAT VEH., ARMY	310	336	394	511
AMMUNITION, ARMY	452	479	520	577
OTHER, ARMY	802	750	715	897
AIRCRAFT, NAVY	1,031	1,306	1,096	1,589
WEAPONS, NAVY	998	878	847	976
SHIPBUILDING, NAVY	6,550	6,317	8,090	6,173
OTHER, NAVY	734	830	761	885
MARINE CORPS	130	207	143	198
AIRCRAFT, AIR FORCE	2,770	2,227	2,857	3,033
MISSILES, AIR FORCE	825	589	956	1,370
OTHER, AIR FORCE	752	599	839	986
DEFENSE AGENCIES	145	152	143	91
TOTAL UNOBLIGATED BALANCES	15,812	15,062	17,897	17,854
UNOBLIGATED BALANCES: AS A PERCENT OF AVAILABILITY	32.0%	30.7%	33.8%	29.6%

ANALYSIS OF PROCUREMENT (EXCLUDING SCN) UNOBLIGATED AND UNEXPENDED BALANCES

- APPROXIMATELY THREE-FOURTHS OF THE UNOBLIGATED BALANCES REPRESENT APPROPRIATIONS THAT ARE NO MORE THAN ONE YEAR OLD.

- ON THE ORDER OF 80% OF THE UNEXPENDED BALANCES REPRESENT APPROPRIATIONS THAT ARE NO MORE THAN TWO YEARS OLD.

ANALYSIS OF PROCUREMENT (EXCLUDING SCN) UNOBLIGATED AND UNEXPENDED BALANCES

($ BILLIONS)

	71	72	73	74	75	76	77	78	79	80	81
UNOBLIGATED BALANCE	6.5	5.1	5.4	6.7	7.5	10.2	9.3	9.3	8.7	9.8	11.7
1ST YEAR BALANCE	6.5	3.5	3.4	5.5	5.9	8.4	7.1	6.8	6.2	7.3	8.9
2ND YEAR BALANCE		1.6	2.0	1.2	1.6	1.8	2.2	2.4	2.6	2.5	2.8
UNEXPENDED BALANCE	17.9	17.3	18.1	18.4	18.4	22.4	28.9	34.9	39.9	45.3	53.7
1ST YEAR BALANCE	17.9	11.4	12.2	11.6	11.6	16.4	19.0	21.6	22.8	25.4	29.9
2ND YEAR BALANCE		5.9	4.1	4.9	5.0	4.2	7.8	9.8	11.7	12.6	14.4
3RD YEAR BALANCE			1.8	1.1	1.1	1.0	1.2	2.5	3.7	5.0	5.6
4TH YEAR BALANCE				.8	.3	.3	.4	.4	1.0	1.4	2.4
PRIOR YEARS					.4	.5	.5	.6	.7	.9	1.4

ANALYSIS OF SCN UNOBLIGATED AND UNEXPENDED BALANCES

- IN THE CASE OF SHIPBUILDING, THE AGING PATTERN VARIES BECAUSE OF THE MORE EXTENDED ACQUISITION CYCLE.

ANALYSIS OF SCN
UNOBLIGATED AND UNEXPENDED BALANCES
($ BILLIONS)

	71	72	73	74	75	76	77	78	79	80	81
UNOBLIGATED BALANCE	2.0	2.6	3.2	4.0	4.9	4.6	5.6	6.6	6.3	8.1	6.2
1ST YEAR BALANCE	2.0	1.4	1.4	2.0	2.7	2.0	3.1	2.9	2.2	3.8	3.0
2ND YEAR BALANCE		1.2	.9	.8	1.4	1.5	1.5	2.3	1.8	1.7	1.7
3RD YEAR BALANCE			.9	.7	.4	.9	.5	1.1	1.5	1.3	.7
4TH YEAR BALANCE				.5	.4	.2	.4	.2	.8	1.3	.8
5TH YEAR BALANCE							.1	.1			
UNEXPENDED BALANCE	5.5	6.6	7.5	8.9	9.1	10.2	13.2	15.8	16.5	18.9	20.6
1ST YEAR BALANCE	5.5	2.7	2.8	3.2	3.1	4.1	5.6	5.6	4.3	6.5	6.0
2ND YEAR BALANCE		3.9	2.1	2.2	2.6	2.4	3.4	4.9	4.8	3.2	5.6
3RD YEAR BALANCE			2.6	1.7	1.7	1.8	1.9	2.8	3.7	3.7	2.3
4TH YEAR BALANCE				1.8	1.0	1.1	1.2	1.2	1.9	2.9	2.7
PRIOR YEARS					.7	.8	1.1	1.3	1.8	2.6	4.0

AIRCRAFT EXECUTION

(BASED ON FY 1976 A-10 PROGRAM)

- TO ILLUSTRATE THE TIME-PHASED ASPECT OF BUDGET EXECUTION, THIS CHART SUMMARIZES CONTRACTUAL ACTION FOR THE FY 1976 A-10 AIRCRAFT PROGRAM.
- FOURTEEN SEPARATE CONTRACTS WERE INVOLVED.
- APPROXIMATELY 70% OF THE PROGRAM WAS OBLIGATED IN THE FIRST YEAR, AND THE REMAINDER WAS OBLIGATED IN APPROXIMATELY EQUAL INCREMENTS DURING THE SECOND AND THIRD YEARS.
- WHILE THE PRECISE PHASING FOR INDIVIDUAL PROGRAMS WILL VARY, WE ARE ABLE TO RELY UPON AGGREGATED HISTORICAL DATA TO MAKE REASONABLY ACCURATE BUDGET PROJECTIONS.

AIRCRAFT EXECUTION

(BASED ON FY 1976 A-10 PROGRAM)

$ IN MILLIONS

AIRCRAFT	PROGRAM	ACTUAL OBLIGATIONS YR. 1	YR. 2	YR. 3
AIRFRAME	156	135	149	156
ENG. CHANGE ORD.		(9)	(5)	(—)
RESERVE FOR INCENTIVES		(3)	(—)	(—)
RESERVE FOR ESCALATION		(7)	(2)	(—)
RESERVE FOR CLAIMS		(2)	(—)	(—)
ENGINES	54	40	47	54
ENGINE ACCESSORIES		(6)	(2)	(—)
RESERVE FOR INCENTIVES		(2)	(2)	(—)
RESERVE FOR ESCALATION		(6)	(3)	(—)
ELECTRONICS	5	4	5	5
GFE		(1)	(—)	(—)
SUPPORT	65	14	36	65
TRAINING EQUIPMENT		(12)	(5)	(—)
GROUND EQUIPMENT		(32)	(20)	(—)
DATA		(7)	(4)	(—)
OTHER	13	12	13	13
ORDNANCE		(1)	(—)	(—)
PROGRAM	293			
TOTAL OBLIGATIONS	—	205	250	293
UNOBLIGATED	—	(88)	(43)	(0)

DEPARTMENT OF DEFENSE BUDGET
FY 1979 OBLIGATIONS AND OUTLAYS

- ESTIMATES OF OBLIGATIONS EACH YEAR INCLUDE BOTH THE DIRECT (APPROPRIATED FUND) PROGRAM AND THE REIMBURSABLE (CUSTOMER) PROGRAM.
- OUTLAY ESTIMATES DEPEND HEAVILY UPON HISTORICAL DATA SINCE DISBURSEMENTS ARE MADE AT NUMEROUS CENTRALIZED FISCAL LOCATIONS, AND NOT THROUGH THE INDIVIDUAL PROGRAM MANAGER ORGANIZATIONS.
- THIS CHART COMPARES THE FY 1979 ACTUALS TO THE ESTIMATES REFLECTED IN THE FY 1980 PRESIDENT'S BUDGET (JANUARY 1979).
- AFTER ADJUSTING THE PLANS ONLY FOR APPROPRIATIONS AND CUSTOMER ORDERS WHICH FAILED TO MATERIALIZE, THE ACTUAL OBLIGATIONS FOR FY 1979 WERE AT 100.1% OF THE ESTIMATE AND OUTLAYS AT 102.8%.

DEPARTMENT OF DEFENSE BUDGET
FY 1979 OBLIGATIONS AND OUTLAYS
($ BILLIONS)

	OBLIGATIONS	OUTLAYS
PLAN	169.9	112.4
ADJUSTED AVAILABILITY	-1.1	-.5
REVISED PLAN	168.8	111.9
ACTUAL	169.0	115.0
ACTUAL AS % OF REVISED PLAN	100.1%	102.8%

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES

- OUR UNEXPENDED AND UNOBLIGATED BALANCES ARE IN FACT LARGE BUT THEY ARE PREDICTED AND PREDICTABLE.
- THE BALANCES FOR THE TOTAL FEDERAL GOVERNMENT ARE EVEN MORE IMPRESSIVE, WITH A PROJECTED TOTAL UNEXPENDED BALANCE EXCEEDING FOUR-FIFTHS OF A TRILLION DOLLARS BY END FY 1981.
- DOD ESTIMATED BALANCES FOR FY 1979 (WHICH ENDED 9/30/79) COMPARE FAVORABLY WITH THE ACTUAL RESULTS.
- THE FY 1979 ESTIMATES VS ACTUAL FOR OTHER AGENCIES UNDERSCORES THE FACT THAT WE ARE DEALING WITH ESTIMATES AND NOT A PRECISE SCIENCE.

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES ($ BILLIONS)

	9/30/78	9/30/79 AS FORECAST JANUARY 1979	9/30/79	EST. 9/30/80	EST. 9/30/81
FEDERAL FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.2	22.4	22.9	24.4	23.7
OTHER AGENCIES	101.0	65.6	85.8	104.4	103.7
FEDERAL GOVERNMENT TOTAL	122.1	88.0	108.7	128.8	127.3
UNEXPENDED BALANCES					
DOD MILITARY	73.4	86.6	83.7	94.7	110.0
OTHER AGENCIES	386.6	398.0	409.4	471.1	511.4
FEDERAL GOVERNMENT TOTAL	460.1	484.6	493.1	565.8	621.4
TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	.1	.1	.1	.1	.1
OTHER AGENCIES	135.6	149.7	148.3	158.3	169.8
FEDERAL GOVERNMENT TOTAL	135.8	149.8	148.4	158.4	169.9
UNEXPENDED BALANCES					
DOD MILITARY	.2	.2	.2	.2	.1
OTHER AGENCIES	179.1	199.3	195.0	209.4	225.2
FEDERAL GOVERNMENT TOTAL	179.3	199.5	195.1	209.5	225.4
TOTAL FEDERAL FUNDS & TRUST FUNDS					
UNOBLIGATED BALANCES					
DOD MILITARY	21.3	22.5	23.0	24.4	23.8
OTHER AGENCIES	236.6	215.3	234.1	262.7	273.5
FEDERAL GOVERNMENT TOTAL	257.9	237.8	257.1	287.2	297.2
UNEXPENDED BALANCES					
DOD MILITARY	73.6	86.8	83.9	94.8	110.1
OTHER AGENCIES	565.8	597.3	604.3	680.5	736.6
FEDERAL GOVERNMENT TOTAL	639.4	684.1	688.2	775.3	846.8

FEDERAL GOVERNMENT
UNOBLIGATED AND UNEXPENDED BALANCES

- THIS CHART HELPS TO ILLUSTRATE THAT WE ARE DEALING WITH THE PHENOMENON OF LARGE NUMBERS.
- AS A RESULT OF PROGRAM GROWTH TO A DEGREE AND INFLATION TO A LARGER DEGREE, THE BALANCES MUST BE EXPECTED TO GROW.
- DOD UNOBLIGATED BALANCES OF $13.0 BILLION AND UNEXPENDED BALANCES OF $36.0 BILLION A DECADE AGO WERE VERY LARGE NUMBERS.
- CONVERTING THESE FY 1971 BALANCES TO CONSTANT FY 1981 PRICES MAKES THEM EVEN MORE IMPRESSIVE.

FEDERAL GOVERNMENT UNOBLIGATED AND UNEXPENDED BALANCES
($ BILLIONS)

	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	EST FY 1980	EST FY 1981
CURRENT PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	13.0	11.9	12.7	15.1	16.7	21.0	20.0	21.3	23.0	24.4	23.8
OTHER AGENCIES	161.9	165.3	174.3	219.2	271.5	247.7	233.8	236.6	234.1	262.7	273.5
FEDERAL GOVERNMENT TOTAL	174.8	177.2	187.0	234.3	288.3	268.7	253.8	257.9	257.1	287.2	297.2
UNEXPENDED BALANCES											
DOD MILITARY	36.0	35.9	39.6	43.7	44.0	51.4	62.6	73.6	83.9	94.8	110.1
OTHER AGENCIES	224.9	233.7	254.1	379.0	462.9	490.2	526.3	565.8	604.3	680.5	736.6
FEDERAL GOVERNMENT TOTAL	260.9	269.5	293.7	422.7	506.9	541.5	589.0	639.4	688.2	775.3	846.8
CONSTANT 1981 PRICES											
UNOBLIGATED BALANCES											
DOD MILITARY	27.2	23.6	23.5	25.9	26.6	31.3	27.5	27.0	26.9	26.4	23.8
OTHER AGENCIES	339.1	327.3	322.7	376.1	432.2	369.7	321.0	300.4	273.9	283.8	273.5
FEDERAL GOVERNMENT TOTAL	366.3	350.9	346.2	402.0	458.8	401.0	348.5	327.4	300.8	310.2	297.2
UNEXPENDED BALANCES											
DOD MILITARY	76.9	73.8	78.6	79.2	70.0	76.4	86.9	95.4	99.8	103.2	110.1
OTHER AGENCIES	480.2	480.4	504.5	686.7	736.6	728.3	730.4	733.5	719.0	741.0	736.6
FEDERAL GOVERNMENT TOTAL	577.1	554.2	583.1	765.9	806.7	804.7	817.3	828.9	818.8	844.2	846.8

GAO REVIEW IN 1977 OF DOD UNOBLIGATED BALANCES

- WITHIN DOD PROGRAM PERFORMANCE IS MONITORED ON A CONTINUOUS BASIS.
- IN 1977, AT THE REQUEST OF THE CONGRESSIONAL BUDGET COMMITTEES, THE GENERAL ACCOUNTING OFFICE (GAO) CONDUCTED A SPECIAL REVIEW.
- THE CONCLUSIONS ON THIS CHART WERE INCLUDED AMONG THE PRINCIPAL GAO FINDINGS.

GAO REVIEW IN 1977 OF DOD UNOBLIGATED BALANCES

- GAO DID NOT FIND EVIDENCE THAT THE BUILD-UP IN UNOBLIGATED BALANCES FOR DEFENSE'S PROCUREMENTS BETWEEN JULY 1, 1972, AND SEPTEMBER 30, 1976, REPRESENTED A DEFENSE INABILITY TO PERFORM ITS PROGRAMS

- MOST OF THE INCREASE IN DEFENSE'S PROCUREMENT UNOBLIGATED TOTAL WAS DUE TO PROGRAMMED GROWTH RATHER THAN AN OBLIGATION RATE DECLINE

- THERE WAS NO EVIDENCE THAT ALLOWANCES FOR ENGINEERING CHANGE ORDERS AND INFLATION WERE OVERESTIMATED

SUMMARY

- A NEGATIVE CONNOTATION SHOULD NOT BE ATTACHED TO THE EXISTENCE OF UNOBLIGATED AND UNEXPENDED BALANCES. MISIMPRESSION EXISTS AMONG MANY THAT THESE BALANCES ARE COMPARABLE TO NON-INTEREST BEARING CASH IN AN INDIVIDUAL'S CHECKING ACCOUNT.
- COMPLETE ABANDONMENT OF THE FULL FUNDING PRACTICE WOULD MAKE LESS THAN ONE-FIFTH OF THE TOTAL UNEXPENDED BALANCES DISAPPEAR WHILE ADDING CONSIDERABLE COMPLICATIONS TO THE ANNUAL BUDGET PROCESS.
- ABANDONMENT OF THE FULL FUNDING PRINCIPLE WOULD ALSO REQUIRE THE DEVELOPMENT OF ANOTHER TERM COMPARABLE TO BUDGET AUTHORITY IN ORDER TO PROVIDE VISIBILITY WITH RESPECT TO THE TRUE LIABILITY OF THE FEDERAL GOVERNMENT.

SUMMARY

- UNOBLIGATED AND UNEXPENDED BALANCES PROVIDE A USEFUL MEASURE OF FEDERAL GOVERNMENT COMMITMENTS
- SUCH BALANCES DO NOT REPRESENT IDLE CASH
- TAX POLICIES AND TREASURY BORROWING PRACTICES ARE BASED UPON AMOUNTS TO BE EXPENDED WITHIN EACH FISCAL YEAR
- UNEXPENDED BUT OBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF CONTRACTS
- UNEXPENDED AND UNOBLIGATED BALANCES CAN BE REDUCED BY CANCELLATION OF PROGRAMS OR BY ABANDONING THE CONGRESSIONAL PRINCIPLE OF "FULL FUNDING" CAPITAL INVESTMENTS

BUDGET EXECUTION FLEXIBILITIES

Office of The
Assistant Secretary of Defense
(Comptroller)

BUDGET EXECUTION FLEXIBILITIES

- REPROGRAMING
- TRANSFER AUTHORITY
- FOREIGN CURRENCY FLUCTUATION
- EMERGENCY AND EXTRAORDINARY EXPENSES
- SECTION 3732 DEFICIENCY AUTHORITY
- WORKING CAPITAL FUNDS TRANSFER AUTHORITY
- PERMANENT AUTHORITY
- FUNCTIONAL TRANSFERS
- EMERGENCY MILITARY CONSTRUCTION
- MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH
- TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION
- CONSTRUCTION PROJECTS COST VARIATIONS
- RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED
- MINOR CONSTRUCTION

REPROGRAMING
Example of Use

A $44.0 MILLION REPROGRAMING REQUEST WAS APPROVED TO CREATE AN ADVANCE BUY LINE IN THE BACK-UP TITAN III BOOSTER PROGRAM IN FY 1980. THE OVERALL GOAL OF THE PROGRAM WAS TO TAKE INITIAL STEPS TO MAINTAIN CRITICAL TITAN III PRODUCTION CAPABILITY UNTIL INITIAL OPERATIONAL CAPABILITY OF THE SPACE SHUTTLE THROUGH ACQUISITION OF LONG-LEAD ITEMS. SOURCES OF FUNDING FOR THE INCREASE WERE FROM PROCUREMENT AND RDT&E APPROPRIATIONS.

REPROGRAMING

- APPLIES TO APPROPRIATIONS IN THE ANNUAL DOD APPROPRIATION ACT - MILITARY PERSONNEL, OPERATION & MAINTENANCE, PROCUREMENT, AND RESEARCH AND DEVELOPMENT.

- BASED UPON AGREEMENTS BETWEEN DOD AND THE CONGRESSIONAL ARMED SERVICES AND APPROPRIATIONS COMMITTEES..

- PROVIDES FLEXIBILITY TO REVISE THE PROGRAMS WITHIN AN APPROPRIATION.

- SOME ACTIONS MAY BE APPROVED BY THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES; OTHERS REQUIRE APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF, OR PRIOR APPROVAL BY, THE CONGRESSIONAL COMMITTEES SPECIFIED.

- A SUMMARY REPORT OF ALL REPROGRAMING ACTIONS IS SUBMITTED TO THE CONGRESS SEMIANNUALLY.

- CONSIDERABLE PRESSURE FROM THE COMMITTEES TO MINIMIZE REPROGRAMING. SECTION 743 OF THE 1980 ACT STATES THAT "NO PART OF THE FUNDS IN THIS ACT SHALL BE AVAILABLE TO PREPARE OR PRESENT A REQUEST TO THE COMMITTEES ON APPROPRIATIONS FOR THE REPROGRAMING OF FUNDS, UNLESS FOR HIGHER PRIORITY ITEMS, BASED ON UNFORESEEN MILITARY REQUIREMENTS, THAN THOSE FOR WHICH ORIGINALLY APPROPRIATED AND IN NO CASE WHERE THE ITEM FOR WHICH REPROGRAMING IS REQUESTED HAS BEEN DENIED BY THE CONGRESS."

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMMING ACTION

DOD COMPONENT ACTION	OSD ACTION			
DOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES PRIOR APPROVAL OF THE SECRETARY OF DEFENSE OR THE DEPUTY SECRETARY OF DEFENSE FOR THE FOLLOWING:	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES	
	ARMED SERVICES	APPRO-PRIAT.	ARMED SERVICES	APPRO-PRIAT.
1. ACTIONS REQUIRING PRIOR COMMITTEE APPROVAL.				
A. ANY REPROGRAMING TO INCREASE THE PROCUREMENT QUANTITY OF AN INDIVIDUAL AIRCRAFT, MISSILE, NAVAL VESSEL, TRACKED COMBAT VEHICLE, OTHER WEAPON OR TORPEDO AND RELATED SUPPORT EQUIPMENT FOR WHICH FUNDS ARE AUTHORIZED UNDER 10 USC 138.	YES	YES		
B. ANY REPROGRAMING ACTION INVOLVING THE APPLICATION OF FUNDS, IRRESPECTIVE OF THE AMOUNT, TO ITEMS IN WHICH ANY ONE OR MORE OF THE CONGRESSIONAL COMMITTEES IS KNOWN TO HAVE A SPECIAL INTEREST; ALSO ANY REPROGRAMING ACTION WHICH, BY NATURE OF THE ACTION, IS KNOWN TO BE OR HAS BEEN DESIGNATED AS A MATTER OF SPECIAL INTEREST TO ONE OR MORE COMMITTEES, E.G. REPROGRAMING FOR TRANSFERS PURSUANT TO THE GENERAL TRANSFER AUTHORITY IN DOD APPROPRIATION ACTS.	1/	YES		

1/ YES, IF ACTION INVOLVES AN APPROPRIATION FOR WHICH FUNDS HAVE BEEN AUTHORIZED UNDER 10 USC 138. THE REPROGRAMING ACTION IS FORWARDED TO THESE COMMITTEES AND IS MARKED "INFORMATION COPY" ONLY WHEN FUNDS (EXCEPT RDT&E) CITED AS SOURCES OF FINANCING WERE SUBJECT TO AUTHORIZING LEGISLATION. ALL REPROGRAMING ACTIONS WHICH CITE RDT&E FUNDS AS A SOURCE OF FINANCING REQUIRE ARMED SERVICES COMMITTEE APPROVAL.

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMING ACTIONS

DOD COMPONENT ACTION	OSD ACTION			
DOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES PRIOR APPROVAL OF THE SECRETARY OF DEFENSE OR THE DEPUTY SECRETARY OF DEFENSE FOR THE FOLLOWING:	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRIATIONS	ARMED SERVICES	APPROPRIATIONS
II. ACTIONS REQUIRING NOTIFICATION TO THE COMMITTEES				
A. MILITARY PERSONNEL – REPROGRAMING INCREASE OF $5 MILLION OR MORE IN A BUDGET ACTIVITY.				YES
B OPERATION AND MAINTENANCE – REPROGRAMING INCREASE IN ANY BUDGET ACTIVITY OF $5 MILLION OR MORE.				YES
C. PROCUREMENT – REPROGRAMING INCREASE OF $5 MILLION OR MORE IN A LINE ITEM OR THE ADDITION TO THE PROCUREMENT LINE ITEM DATA BASE OF A PROCUREMENT LINE ITEM OF $2 MILLION OR MORE.			1/	YES
D. RDT&E – REPROGRAMING INCREASE OF $2 MILLION OR MORE IN ANY PROGRAM ELEMENT, INCLUDING THE ADDITION OF A NEW PROGRAM OF $2 MILLION OR MORE, OR THE ADDITION OF A NEW PROGRAM ESTIMATED TO COST $10 MILLION OR MORE WITHIN A 3-YEAR PERIOD.			YES	YES
E. REPROGRAMING ACTIONS INITIATING NEW PROGRAMS OR LINE ITEMS WHICH RESULT IN SIGNIFICANT FOLLOW ON COSTS EVEN THOUGH INITIAL ACTIONS ARE BELOW $5 MILLION AND $2 MILLION THRESHOLDS IN A THRU D ABOVE.			1/	YES

1/ YES, IF ACTION INVOLVES AN APPROPRIATION FOR WHICH FUNDS HAVE BEEN AUTHORIZED UNDER 10 USC 138. THE REPROGRAMING ACTION IS FORWARDED TO THESE COMMITTEES AND IS MARKED "INFORMATION COPY" ONLY WHEN FUNDS (EXCEPT RDT&E) CITED AS SOURCES OF FINANCING WERE SUBJECT TO AUTHORIZING LEGISLATION. ALL REPROGRAMING ACTIONS WHICH CITE RDT&E FUNDS AS A SOURCE OF FINANCING REQUIRE ARMED SERVICES COMMITTEE APPROVAL.

APPROVAL AND/OR NOTIFICATION REQUIREMENTS FOR REPROGRAMMING ACTION

DOD COMPONENT ACTION	OSD ACTION			
DOD INSTRUCTION 7250.10 DATED JANUARY 10, 1980 "IMPLEMENTATION OF REPROGRAMING OF APPROPRIATED FUNDS," REQUIRES APPROVAL OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER) FOR THE ACTIONS IN SECTION III	OBTAIN PRIOR APPROVAL OF HOUSE & SENATE COMMITTEES ON		NOTIFY HOUSE AND SENATE COMMITTEES ON	
	ARMED SERVICES	APPROPRIATIONS	ARMED SERVICES	APPROPRIATIONS
III. ACTIONS CLASSIFIED AS AUDIT-TRAIL-TYPE CHANGES (INTERNAL REPROGRAMINGS) RECLASSIFICATIONS REPORTING CHANGES IN AMOUNTS, BUT NOT IN THE SUBSTANCE OF THE PROGRAM NOR FROM THE PURPOSES ORIGINALLY BUDGETED FOR, TESTIFIED TO, AND DESCRIBED IN THE BUDGET JUSTIFICATIONS SUBMITTED TO THE CONGRESSIONAL COMMITTEE.	N/A	N/A	N/A	N/A
IV. QUARTERLY REPORTING ON NEW STARTS ADVANCE NOTIFICATION ON BELOW THRESHOLD REPROGRAMINGS FOR NEW PROGRAMS OR LINE ITEMS NOT OTHERWISE REQUIRING PRIOR APPROVAL OR NOTIFICATION ACTION IS MADE BY LETTER DIRECTLY TO THE COMMITTEES BY THE DOD COMPONENT INVOLVED. THESE ITEMS ARE THEN REPORTED QUARTERLY ON A DD FORM 1416-1, SPECIAL QUARTERLY REPORT OF PROGRAMS, WHICH ALSO INCLUDES ACTIONS PREVIOUSLY CONSIDERED BY THE COMMITTEES AS PRIOR APPROVAL OR NOTIFICATION ACTIONS.	N/A	N/A	YES	YES

DEPARTMENT OF DEFENSE

REPROGRAMING ACTIONS, FY 1970-1979

($ MILLIONS)

REQUESTED	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979
NUMBER OF ACTIONS	129	132	82	56	24	45	43	55	66	60 b/
NUMBER OF LINE ITEMS	299	275	185	129	37	194	110	112	115	159
DOLLAR VALUE OF PROGRAM	$2,431	$3,266	$1,866	$1,453	$ 219	$1,446	$ 791	$ 1,036	$ 1,237	$ 1,163
(GENERAL TRANSFER AUTHORITY)	—	(348)	(803)	(789)	(75)	(758)	(225)	(452)	(733)	(428)
APPROVED										
DOLLAR VALUE OF PROGRAM	2,385	3,146	1,680	1,255	200	1,166	687	728	1,032	956
(GENERAL TRANSFER AUTHORITY)	—	(280)	(694)	(672)	(65)	(533)	(167)	(230)	(688)	(383)
COMPARISON										
VALUE OF TOTAL DEFENSE PROGRAM a/	74,000	71,247	74,632	76,701	79,141	82,095	92,561	105,548	113,409	125,199
% OF REPROGRAMING INCREASES	3.3%	4.4%	2.3%	1.6%	0.3%	1.4%	.7%	.7%	1.0%	.8%
(GENERAL TRANSFER AUTHORITY)	—	4.0%	1.3%	0.8%	0.2%	0.6%	.2%	.2%	.6%	.4%
BELOW-THRESHOLD REPROGRAMINGS c/										
NUMBER OF ACTIONS						1,864	2,186	1,396	1,087	1,468
TOTAL $ VALUE						787	1,210	1,578	1,063	1,357

a/ EXCLUDES MILITARY CONSTRUCTION, FAMILY HOUSING, MILITARY ASSISTANCE, CIVIL FUNCTIONS, AND CIVIL DEFENSE.

b/ EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN.

c/ DATA NOT AVAILABLE PRIOR TO FY 75

DEPARTMENT OF DEFENSE

REPROGRAMING ACTIONS FOR FISCAL YEARS 1970-1979

($ MILLIONS)

	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979
NUMBER OF ACTIONS FORWARDED TO CONGRESS	129	132	82	56	24	45	43	55	66	60 a/
(PRIOR APPROVAL ACTIONS)	(41)	(47)	(42)	(38)	(16)	(28)	(30)	(36)	(42)	(37)
(NOTIFICATION ACTIONS)	(88)	(85)	(40)	(18)	(8)	(17)	(13)	(19)	(24)	(23)
$ REQUESTED BY TITLE										
MILITARY PERSONNEL	$ 54	$ 366	$ 287	$ 222	$10	$ 192	$75	$ 33	$ 52	$ 27
RETIRED PAY, DEFENSE	–	–	–	–	–	–	–	–	–	15
OPERATIONS & MAINTENANCE	212	585	697	923	88	438	168	129	544	276
PROCUREMENT	1,744	1,792	669	224	82	674	501	763	476	625
RDT&E	421	523	213	84	39	22	47	111	165	189
REVOLVING & MANAGEMENT FUNDS	–	–	–	–	–	120	–	–	–	–
CLAIMS, DEFENSE	–	–	–	–	–	–	–	–	–	31
TOTAL REQUESTED BY DOD	2,431	3,266	1,866	1,453	219	1,446	791	1,036	1,237	1,163
(PRIOR APPROVAL ACTIONS)	(950)	(1,222)	(916)	(984)	(148)	(1,085)	(402)	(683)	(902)	(846)
(NOTIFICATION ACTIONS)	(1,481)	(2,044)	(950)	(469)	(71)	(361)	(389)	(352)	(335)	(316)
TOTAL APPROVED BY CONGRESS	2,385	3,146	1,614	1,255	200	1,166	687	728	1,032	956
(PRIOR APPROVAL ACTIONS)	(904)	(1,105)	(751)	(816)	(129)	(804)	(320)	(430)	(837)	(727)
(NOTIFICATION ACTIONS)	(1,481)	(2,041)	(863)	(439)	(71)	(360)	(367)	(298)	(195)	(229)

a/ EXCLUDES 4 ACTIONS FORMALLY WITHDRAWN

TRANSFER OF AUTHORITY

Example of Use

THIS AUTHORITY, USED IN CONJUNCTION WITH THE REPROGRAMMING SYSTEM, ENABLED THE MOVEMENT OF $13 MILLION TO THE MISSILE PROCUREMENT, AIR FORCE ACCOUNT TO ACCELERATE DELIVERY SCHEDULES FOR SATELLITE FLIGHT MODELS 9 THROUGH 12 TO MAINTAIN A VIABLE DEFENSE SATELLITE COMMUNICATION SYSTEM SPACE SEGMENT. FUNDS PROGRAMMED IN THE OTHER PROCUREMENT, AIR FORCE ACCOUNT FOR BOMBS, SPACETRACK, AND FIRST DESTINATION TRANSPORTATION WERE USED AS A SOURCE OF FINANCING.

TRANSFER AUTHORITY

- SECTION 734 OF THE 1980 DOD APPROPRIATION ACT PROVIDES A GENERAL AUTHORITY FOR TRANSFERS, NOT TO EXCEED $750 MILLION DURING FY 1980 BETWEEN APPROPRIATIONS OR FUNDS AVAILABLE TO DOD FOR MILITARY FUNCTIONS (EXCEPT MILITARY CONSTRUCTION). DOD HAS REQUESTED THAT CONGRESS INCREASE THIS LIMITATION.

- AUTHORITY TO TRANSFER MAY NOT BE USED UNLESS FOR HIGHER PRIORITY ITEMS BASED ON UNFORESEEN MILITARY REQUIREMENTS.

- REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT SUCH ACTION IS IN THE NATIONAL INTEREST AND APPROVAL BY OMB.

- PROVIDES THAT THE SECRETARY OF DEFENSE SHALL NOTIFY CONGRESS PROMPTLY OF ALL TRANSFERS.

- THE USE OF THIS AUTHORITY IS ALSO SUBJECT TO THE PRIOR APPROVAL OF THE APPROPRIATIONS COMMITTEES UNDER THE REPROGRAMMING PROCEDURES.

FOREIGN CURRENCY FLUCTUATION

Example of Use

THE EXCHANGE RATE FOR THE DEUTSCHEMARK USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN GERMANY WAS $2.24. THE JANUARY 1980 EXCHANGE RATE WAS DOWN TO $1.71. THE FOREIGN CURRENCY FLUCTUATION ACCOUNT WOULD BE USED TO PROVIDE ADDITIONAL DOLLARS TO BUY THE SAME PROGRAM AT THE NEW RATE.

CONVERSELY, THE EXCHANGE RATE FOR THE LIRA USED TO COMPUTE THE FY 1980 FINANCING REQUIREMENTS FOR THE APPROVED PROGRAM IN TURKEY WAS $17.67. THE JANUARY 1980 RATE WAS UP TO $70.00. IN THIS CASE, ACCORDING TO LAW, THE ADDITIONAL FUNDS GENERATED BY THE HIGHER RATE CANNOT BE USED IN TURKEY TO BUY ADDITIONAL PROGRAM, BUT MUST BE RETURNED TO THE FOREIGN CURRENCY FLUCTUATION ACCOUNT.

FOREIGN CURRENCY FLUCTUATION

- FUNDS ARE APPROPRIATED TO THE FOREIGN CURRENCY FLUCTUATION, DEFENSE, ACCOUNT FOR TRANSFER TO MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS (AVAILABLE FOR DEFENSE ACTIVITIES IN FOREIGN COUNTRIES) TO FINANCE INCREASED OBLIGATIONS DUE TO DOWNWARD FLUCTUATIONS IN THE CURRENCY EXCHANGE RATES (FROM THOSE USED IN BUDGET PREPARATION).

- FUNDS MUST BE TRANSFERRED INTO THIS ACCOUNT WHEN UPWARD FLUCTUATIONS IN CURRENCY EXCHANGE RATES RESULT IN SUBSTANTIAL NET GAINS IN THE MILITARY PERSONNEL AND OPERATION AND MAINTENANCE APPROPRIATIONS

- THE INTENT IS BOTH TO SHIELD OPERATING PROGRAMS FROM SIGNIFICANT LOSSES AND TO RECOUP SIGNIFICANT GAINS TO PREVENT WINDFALL INCREASES BEING USED TO FINANCE WHAT MIGHT BE LOW PRIORITY PROGRAMS, OR PROGRAMS WHICH WERE NOT REVIEWED AND APPROVED BY THE CONGRESS.

- THE SECRETARY OF DEFENSE HAS AUTHORITY TO APPROVE THESE TRANSFERS. AN ANNUAL REPORT TO THE CONGRESS ON ALL TRANSFERS MADE TO OR FROM THIS APPROPRIATION IS REQUIRED.

EMERGENCIES AND EXTRAORDINARY EXPENSES LIMITATION

Example of Use

IN ADDITION TO SUPPORTING PROGRAMED AND TARGET OF OPPORTUNITY INTELLIGENCE EFFORTS, THIS LIMITATION ALSO COVERS REPRESENTATION ALLOWANCES.

EMERGENCIES AND EXTRAORDINARY EXPENSES

- WITHIN THE OPERATION AND MAINTENANCE APPROPRIATION FOR THE DEFENSE AGENCIES, AND FOR EACH OF THE MILITARY DEPARTMENTS, AN AMOUNT IS SPECIFIED FOR EMERGENCIES AND EXTRAORDINARY EXPENSES. (LESS THAN $5 MILLION ANNUALLY PER COMPONENT).

- THESE FUNDS ARE USED FOR COVERT PURPOSES AND FOR EXPENSES NOT OTHERWISE AUTHORIZED TO BE PAID FROM DEFENSE APPROPRIATIONS. THEY MAY BE USED ON THE APPROVAL OF THE SECRETARY OF THE RESPECTIVE MILITARY DEPARTMENT, OR THE SECRETARY OF DEFENSE IN THE CASE OF THE DEFENSE AGENCIES APPROPRIATION. THE APPROPRIATE SECRETARY MUST CERTIFY THAT THE USE OF THE MONEY IS NECESSARY FOR CONFIDENTIAL MILITARY PURPOSES.

- LEGISLATION REQUIRES THE SECRETARY OF DEFENSE TO SUBMIT A REPORT OF EXPENDITURES UNDER THESE LIMITATIONS ON A QUARTERLY BASIS TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.

SECTION 3732 DEFICIENCY AUTHORITY

Most Recent Example of Use

THIS AUTHORITY GENERALLY REFERRED TO AS THE "FEED AND FORAGE ACT" WAS INVOKED IN FISCAL YEAR 1980 IN THE OPERATION AND MAINTENANCE ACCOUNTS. ITS USAGE PROVIDED FOR ADDITIONAL FUEL AND TRANSPORTATION COSTS DUE TO UNANTICIPATED FUEL PRICE INCREASES.

SECTION 3732 DEFICIENCY AUTHORITY

- UNDER SECTION 3732 OF THE REVISED STATUTES (41 USC 11), THE DEPARTMENT OF DEFENSE HAS LIMITED AUTHORITY TO ENTER INTO OBLIGATIONS ON A DEFICIENCY BASIS.
- ITS APPLICATION IS LIMITED TO THE NECESSITIES OF THE CURRENT YEAR UNDER CIRCUMSTANCES IN WHICH APPROPRIATIONS FOR CLOTHING, SUBSISTENCE, FORAGE, FUEL, QUARTERS, TRANSPORTATON, OR MEDICAL AND HOSPITAL SUPPLIES ARE EXHAUSTED.
- APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION TO THE CONGRESS IS REQUIRED.
- WHEN THE FULL EXTENT OF THE DEFICIENCIES ARE KNOWN, A REQUEST MUST BE SUBMITTED TO THE CONGRESS FOR FUNDS TO COVER SUCH DEFICIENCIES.
- THIS STATUTE WAS USED AT THE TIME OF THE BERLIN AND CUBAN CRISES. IT WAS USED IN FY 1980 TO COVER INCREASED FUEL AND RELATED TRANSPORTATION COSTS.
- THERE HAVE BEEN A NUMBER OF RECENT ATTEMPTS WITHIN THE CONGRESS TO REPEAL THIS STATUTE.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

Example of Use

UNDER THE PROVISIONS OF THIS AUTHORITY, DURING FY 1980, CASH BALANCES OF $13 MILLION IN THE DEFENSE STOCK FUND AND $48 MILLION IN THE ARMY STOCK FUND WERE TRANSFERRED TO THE NAVY AND AIR FORCE STOCK FUNDS TO PROCURE WAR RESERVES.

WORKING CAPITAL FUNDS TRANSFER AUTHORITY

- SECTION 736 OF THE 1980 DOD APPROPRIATION ACT AUTHORIZES THE TRANSFER OF CASH BALANCES BETWEEN WORKING CAPITAL FUNDS OF THE DEPARTMENT OF DEFENSE (STOCK FUNDS AND INDUSTRIAL FUNDS).

- USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

Example of Use

ON A RECURRING BASIS UNFUNDED CONTRACT AUTHORITY IS USED IN THE STOCK FUNDS TO MAINTAIN REQUIRED LEVELS OF INVENTORY BY OBLIGATING CONTRACTS/PURCHASE ORDERS IN SUCH AMOUNTS TO ACCOMMODATE PROCUREMENT AND ADMINISTRATIVE LEAD TIMES, RISING INFLATION, AND OTHER STOCKAGE REQUIREMENTS TO SATISFY CUSTOMER ORDERS IN A TIMELY MANNER.

THE OUTSTANDING VALUE OF UNFUNDED CONTRACT AUTHORITY AT THE END OF FY 1979 WAS $4 BILLION.

PERMANENT AUTHORITY

UNFUNDED CONTRACT AUTHORITY

- U.S. CODE TITLE 10, 2210 (b) PROVIDES THAT "OBLIGATIONS MAY, WITHOUT REGARD TO FISCAL YEAR LIMITATIONS, BE INCURRED AGAINST ANTICIPATED REIMBURSEMENTS TO STOCK FUNDS IN SUCH AMOUNTS AND FOR SUCH PERIODS AS THE SECRETARY OF DEFENSE, WITH THE APPROVAL OF THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, MAY DETERMINE TO BE NECESSARY TO MAINTAIN STOCK LEVELS CONSISTENTLY WITH PLANNED OPERATIONS FOR THE NEXT FISCAL YEAR."

- UNFUNDED CONTRACT AUTHORITY OBLIGATIONS ARE LIQUIDATED BY REIMBURSEMENTS FROM CUSTOMER ORDERS.

FUNCTIONAL TRANSFERS

Example of Use

IN APRIL, 1979 THE FEDERAL COBOL COMPILER TEST SERVICE WAS TRANSFERRED FROM THE DEPARTMENT OF THE NAVY TO THE GENERAL SERVICES ADMINISTRATION (GSA). $149,000 WAS TRANSFERRED FROM THE OPERATION AND MAINTENANCE, NAVY, ACCOUNT, TO GSA TO SUPPORT THIS FUNCTIONAL TRANSFER.

FUNCTIONAL TRANSFERS

- UNDER 10 USC 126, AUTHORITY EXISTS TO TRANSFER FUNDS FROM ONE APPROPRIATION ACCOUNT TO ANOTHER IN CONNECTION WITH THE TRANSFER OF RESPONSIBILITIES FROM ONE ORGANIZATION TO ANOTHER.

- THIS AUTHORITY HAS BEEN USED IN THE CASE OF REORGANIZATION ACTIONS.

- SUCH TRANSFERS ARE SUBJECT TO APPROVAL BY THE SECRETARY OF DEFENSE AND OMB.

EMERGENCY MILITARY CONSTRUCTION

Example of Use

A RECENT USE OF THIS AUTHORITY WAS TO PROVIDE $4,400,000 TO THE NAVY FOR DREDGING OF THE THAMES RIVER IN CONNECTICUT TO PROVIDE ADEQUATE CHANNEL DEPTH FOR TRANSIT OF THE FIRST TRIDENT SUBMARINE FROM ITS CONSTRUCTION SITE, ELECTRIC BOAT DIVISION OF GENERAL DYNAMICS CORPORATION, TO LONG ISLAND SOUND FOR SEA TRIALS.

EMERGENCY MILITARY CONSTRUCTION

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES EACH OF THE MILITARY DEPARTMENTS WITH AUTHORITY OF $20,000,000 TO PROCEED WITH CONSTRUCTION OF FACILITIES MADE NECESSARY BY CHANGES IN MISSIONS AND RESPONSIBILITIES WHICH HAVE BEEN OCCASIONED BY (1) UNFORSEEN SECURITY CONSIDERATIONS, (2) NEW WEAPONS DEVELOPMENTS, (3) NEW AND UNFORESEEN RESEARCH AND DEVELOPMENT REQUIREMENTS, (4) IMPROVED PRODUCTION SCHEDULES, OR (5) REVISIONS IN THE TASKS OR FUNCTIONS ASSIGNED TO A MILITARY INSTALLATION OR FACILITY OR FOR ENVIRONMENTAL CONSIDERATIONS.

- USE OF THIS AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE THAT DEFERRAL OF SUCH CONSTRUCTION FOR INCLUSION IN THE NEXT MILITARY CONSTRUCTION AUTHORIZATION ACT WOULD BE INCONSISTENT WITH INTERESTS OF NATIONAL SECURITY. ALSO, THE SECRETARY INVOLVED IS REQUIRED TO NOTIFY THE CONGRESSIONAL ARMED SERVICES COMMITTEES.

- FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED, WITH THE CONCURRENCE OF THE COMMITTEES ON APPROPRIATIONS, FROM SAVINGS OR FROM LESSER PRIORITY MILITARY CONSTRUCTION PROJECTS.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

Example of Use

RECENTLY, UNDER THIS AUTHORITY, $8.6 MILLION WAS APPROVED FOR CONSTRUCTION OF FACILITIES AT DIEGO GARCIA TO SUPPORT THE INCREASED TEMPO OF OPERATIONS IN THE INDIAN OCEAN.

MILITARY CONSTRUCTION CONTINGENCY AUTHORITY AND FUNDS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION AND APPROPRIATION ACTS CONTAIN AUTHORITY WHICH PERMITS THE TRANSFER OF FUNDS FROM THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO OTHER APPROPRIATIONS OF THE DEPARTMENT OF DEFENSE WHICH ARE AVAILABLE FOR MILITARY CONSTRUCTION. THE PROJECTS TO BE FINANCED MUST BE DETERMINED TO BE VITAL TO THE SECURITY OF THE UNITED STATES.

- IN FY 1981, $30 MILLION HAS BEEN PROGRAMED UNDER THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION TO PROVIDE FINANCING FOR THIS AUTHORITY.

- USE OF THIS AUTHORITY REQUIRES APPROVAL BY THE SECRETARY OF DEFENSE AND NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF BOTH THE HOUSE AND SENATE. COMMENCING WITH THE FY 1980 MILITARY CONSTRUCTION APPROPRIATIONS ACT, THE HOUSE APPROPRIATIONS COMMITTEE HAS MADE THE UTILIZATION OF CONTINGENCY FUNDS SUBJECT TO PRIOR APPROVAL REPROGRAMING.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

Example of Use

FUNDS FOR MISSILES AND RELATED EQUIPMENT IN THE RDT&E, DEFENSE AGENCIES APPROPRIATION WERE TRANSFERRED TO RDT&E, ARMY FOR BALLISTIC MISSILE DEFENSE (DEFENDER).

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH

- THE ANNUAL DOD APPROPRIATION ACT PROVIDES AUTHORITY TO TRANSFER FUNDS BETWEEN THE RDT&E, DEFENSE AGENCIES APPROPRIATION AND OTHER APPROPRIATIONS FOR PROGRAMS RELATED TO ADVANCED RESEARCH

- THIS AUTHORITY IS INTENDED TO APPLY TO PROGRAMS MONITORED BY THE DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

- USE OF THE AUTHORITY REQUIRES A DETERMINATION BY THE SECRETARY OF DEFENSE

- THERE HAS BEEN NO USE OF THE AUTHORITY IN RECENT YEARS

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

EXAMPLE OF USE

THIS AUTHORITY WAS USED FOR CONSTRUCTION ON KWAJALEIN ISLAND IN SUPPORT OF THE BALLISTIC MISSILE RANGE TO PROVIDE A CAPABILITY FOR TESTING BALLISTIC MISSILE WARHEADS AND DECOY BODIES AT GREAT DISTANCES. THE TRANSFER WAS TO MILITARY CONSTRUCTION FROM RDT&E (ARPA) BY DECREASING OTHER LOWER PRIORITY ADVANCED RESEARCH PROJECTS.

TRANSFER AUTHORITY RELATED TO ADVANCE RESEARCH FACILITIES CONSTRUCTION

- PUBLIC LAW 89-188 AUTHORIZED THE SECRETARY OF DEFENSE TO CONSTRUCT FACILITIES REQUIRED FOR ADVANCE RESEARCH PROJECTS NOT TO EXCEED A CUMULATIVE COST OF $20 MILLION. TO DATE, $8 MILLION OF THIS AUTHORITY HAS BEEN USED AND $12 MILLION REMAINS AVAILABLE.
- THE FUNDS REQUIRED TO FINANCE THIS AUTHORITY ARE BUDGETED FOR, ALONG WITH OTHER ADVANCE RESEARCH FUNDS, UNDER THE RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES APPROPRIATION. UPON APPROVAL TO CONSTRUCT AN ADVANCE RESEARCH FACILITY, THE NECESSARY FUNDS ARE TRANSFERRED TO THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION.
- THIS TRANSFER AUTHORITY IS RESTATED ON AN ANNUAL BASIS IN THE MILITARY CONSTRUCTION, DEFENSE AGENCIES APPROPRIATION LANGUAGE. THERE IS NO REQUIREMENT TO NOTIFY CONGRESS OF ITS USE.

CONSTRUCTION PROJECTS COST VARIATIONS

Example of Use

RECENTLY, IT WAS NECESSARY TO USE THIS AUTHORITY TO ACCOMMODATE A 54% INCREASE (FROM $118,200,000 TO $181,900,000) IN THE COST OF THE SPACE TRANSPORTATION SYSTEM (STS) LAUNCH COMPLEX AT VANDENBERG AIR FORCE BASE, CALIFORNIA.

CONSTRUCTION PROJECTS COST VARIATIONS

- THE ANNUAL MILITARY CONSTRUCTION AUTHORIZATION ACT PROVIDES THAT THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES MAY INCREASE STATION AUTHORIZED TOTALS FOR CONSTRUCTION BY 5% IN CONUS AND 10% FOR OUTSIDE THE UNITED STATES. IF ONLY ONE PROJECT (FACILITY) IS AUTHORIZED FOR A STATION, AN INCREASE OF 25% MAY BE APPROVED. SUCH INCREASES ARE PERMITTED ONLY WHEN (1) THEY ARE REQUIRED FOR THE SOLE PURPOSE OF MEETING UNUSUAL VARIATIONS IN COST AND (2) THEY COULD NOT HAVE BEEN REASONABLY ANTICIPATED.
- INCREASES IN EXCESS OF THE ABOVE PERCENTAGES CAN BE INCURRED ONLY AFTER APPROVAL BY THE SECRETARY OF DEFENSE, NOTIFICATION OF THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES, AND EITHER (1) THIRTY DAYS HAVE ELAPSED FROM DATE OF NOTIFICATION, OR (2) BOTH COMMITTEES HAVE INDICATED APPROVAL.
- SUCH INCREASES ARE TO BE FUNDED FROM SAVINGS FROM OTHER CONSTRUCTION PROJECTS. FOR PROJECTS COSTING IN EXCESS OF $500,000, COST INCREASES EXCEEDING 25% OR $1,000,000, WHICHEVER IS LESSER, ARE SUBJECT TO PRIOR APPROVAL REPROGRAMMING BY THE COMMITTEES ON APPROPRIATIONS. IN NO EVENT MAY THE TOTAL AMOUNT AUTHORIZED FOR AN APPROPRIATION BE EXCEEDED BECAUSE OF COST VARIATIONS.

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

Example of Use

RECENT USE OF THIS AUTHORITY WAS FOR RESTORATION OF A TITAN II MISSILE COMPLEX AT MCCONNELL AFB, KANSAS, WHICH WAS DAMAGED AND RENDERED INOPERATIVE BY A MASSIVE OXIDIZER SPILL.

RESTORATION OR REPLACEMENT OF FACILITIES DAMAGED OR DESTROYED

- 10 U.S.C. 2673 PROVIDES AUTHORITY FOR THE MILITARY DEPARTMENTS TO RESTORE OR REPLACE FACILITIES THAT HAVE BEEN DAMAGED OR DESTROYED BY FIRE, FLOODS, HURRICANES OR OTHER "ACTS OF GOD."
- THE LEGISLATION REQUIRES THAT EACH USE OF THIS AUTHORITY BE APPROVED BY THE SECRETARY OF DEFENSE, AND THAT THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES BE NOTIFIED.
- FUNDS TO FINANCE SUCH CONSTRUCTION MUST BE REPROGRAMED FROM SAVINGS OR FROM LOWER PRIORITY PROJECTS. SUCH REPROGRAMING REQUIRES THE PRIOR APPROVAL OF THE COMMITTEES ON APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES.

MINOR CONSTRUCTION

Example of Use

IN MAY, 1980, THE DIRECTOR, DEFENSE MAPPING AGENCY, APPROVED A $377,000 PROJECT FOR ALTERATION OF FACILITIES AT FORT SAM HOUSTON, TEXAS, TO ACCOMMODATE THE RELOCATION OF THE HEADQUARTERS, INTER-AMERICAN GEODETIC SURVEY, FROM THE PANAMA CANAL ZONE TO THE CONTINENTAL UNITED STATES.

MINOR CONSTRUCTION

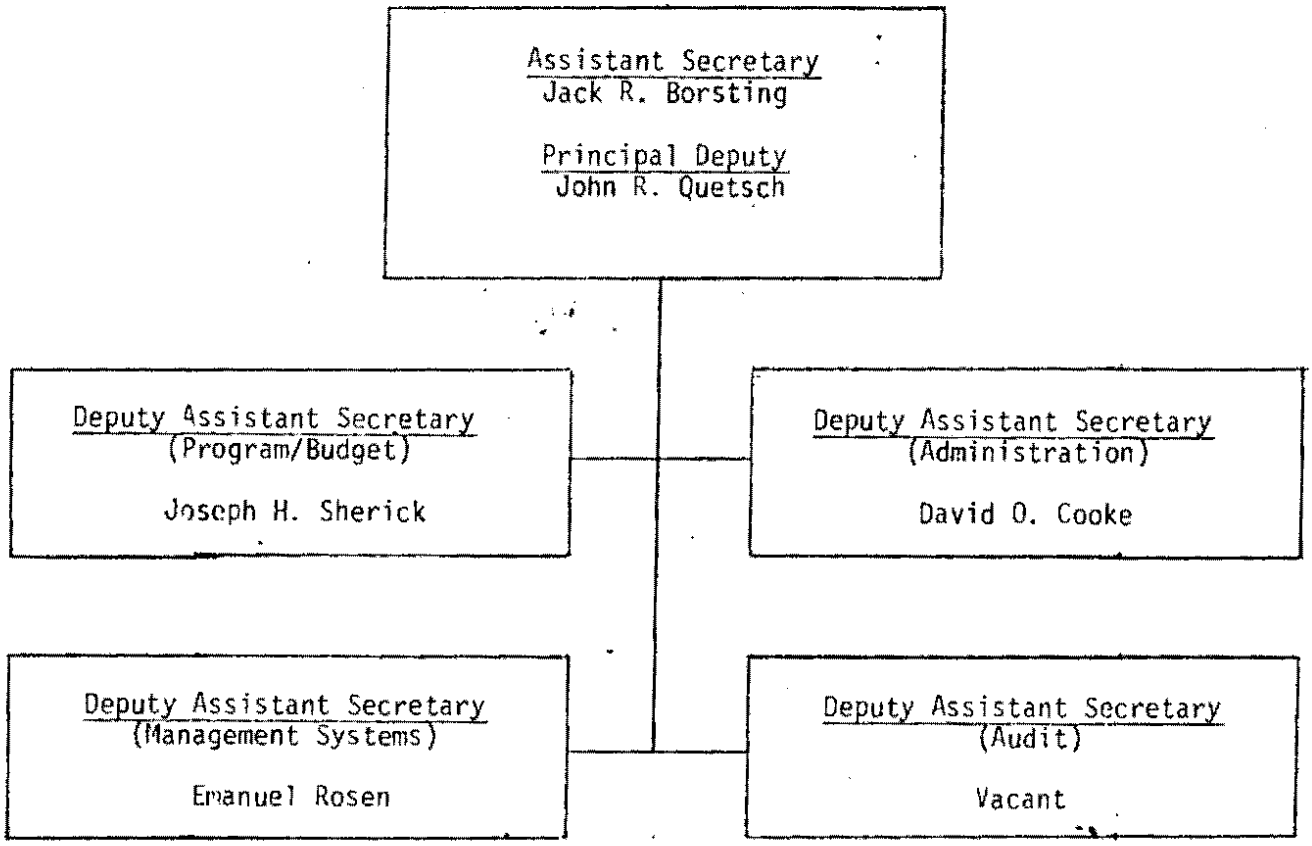
- AUTHORITY IS PROVIDED BY 10 U.S.C. 2674 TO CONSTRUCT FACILITIES COSTING $500,000 OR LESS WHICH ARE NOT OTHERWISE AUTHORIZED BY LAW
- APPROPRIATIONS AVAILABLE FOR MILITARY CONSTRUCTION MAY BE USED FOR SUCH CONSTRUCTION, GENERALLY REFERRED TO AS "MINOR CONSTRUCTION". IN ADDITION, FUNDS AVAILABLE FROM APPROPRIATIONS FOR OPERATION AND MAINTENANCE MAY BE USED FOR ANY PROJECT COSTING NOT MORE THAN $100,000.
- THE LEGISLATION REQUIRES THAT PROJECTS COSTING $300,000 OR MORE BE APPROVED BY THE SECRETARY OF THE MILITARY DEPARTMENT OR DIRECTOR OF DEFENSE AGENCY CONCERNED AND, FURTHER, THAT PROJECTS COSTING $400,000 OR MORE BE APPROVED BY THE SECRETARY OF DEFENSE.
- AN ANNUAL DETAILED REPORT IS REQUIRED TO BE SUBMITTED TO THE COMMITTEES ON ARMED SERVICES AND APPROPRIATIONS OF THE SENATE AND HOUSE OF REPRESENTATIVES ON THE USE MADE OF THIS AUTHORITY. IN ADDITION, THESE COMMITTEES MUST BE NOTIFIED IN WRITING AT LEAST 30 DAYS BEFORE ANY FUNDS ARE OBLIGATED AGAINST ANY PROJECT COSTING MORE THAN $300,000.

ORGANIZATION

- THIS SECTION CONTAINS AN ORGANIZATION CHART FOR THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER).

- FOLLOWING THE ORGANIZATION CHART IS A CAPSULE SUMMARY OF EACH OF THE DEPUTY ASSISTANT SECRETARY FUNCTIONS.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(COMPTROLLER)



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

JACK R. BORSTING

Executive Assistant - LTC John L. Finan, USAF
Special Assistant - Graydon I. Lose
Director Special Projects - Michael Sovereign
Assistant for Administration - David D. Gurganus

	Civ	Mil	Total
Professional	5	5	10
Clerical	5	1	6
Total	10	6	16

Advises and assists the Secretary of Defense in the performance of the Secretary's programming, budgetary, and fiscal functions, and organizational and administrative matters pertaining to these functions.

Provides for the design and installation of resource management systems throughout the DoD, as assigned.

Collects, analyzes, and reports resource management information to the Secretary of Defense and, as required, to the General Accounting Office and other agencies outside the DoD.

Advises and assists the Secretary of Defense in matters pertaining to general administration of the Department, organizational and management planning, DoD Privacy Program, Historical Records and Reports for OSD.

OFFICE OF THE PRINCIPAL DEPUTY ASSISTANT SECRETARY (COMPTROLLER)

John R. Quetsch

	Civ	Mil	Total
Professional	1	-	1
Clerical	1	-	1
Total	2	-	2

Maintains cognizance of all major issues and actions related to the OASD(Comptroller) and acts for the Assistant Secretary in his absence.

Advises and assists the Assistant Secretary on the entire range of financial functions within the Department of Defense.

JACK RAYMOND BORSTING
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)
Biography

Dr. Jack R. Borsting, previously the Provost and Academic Dean at the Naval Postgraduate School in Monterey, California, was nominated by President Jimmy Carter on 11 June 1980, to be Assistant Secretary of Defense (Comptroller). He was confirmed by the United States Senate on 31 July 1980, and was sworn in by the Secretary of Defense on 12 August 1980.

Born in 1929, in Portland, Oregon, he received a B.A. degree in mathematics from Oregon State University in 1951. This was followed by an M.A. (1952) in mathematics and a Ph.D. (1959) in mathematical statistics from the University of Oregon.

He assumed the position of Provost and Academic Dean at the Naval Postgraduate School in 1974. Prior to that he was Professor and Chairman of the Department of Operations Research and Administrative Sciences at the Naval Postgraduate School. Before assuming the Chairmanship of the Operations Research Department, he was a professor in the Mathematics Department. Other academic positions he has held include Visiting Professor at the University of Colorado at Boulder, Visiting Distinguished Professor at the Oregon State University and teaching positions at the University of Oregon.

During the years 1954-1956 he served with the Air Force as a Nuclear Weapons Project Officer engaged in the development of practice weapons at the Air Force Special Weapons Center at Albuquerque, New Mexico.

Dr. Borsting is Past President of the Operations Research Society of America (ORSA). He is Honorary Treasurer of the International Federation of Operations Research Societies, and previously held the office of ORSA's liaison representative to the International Federation of Operations Research Societies. Previously he held other positions with ORSA including Secretary and Council Member. He is also a Past President of the Military Operations Research Society and is a Fellow of the American Association for the Advancement of Science. He has been a director of the Western Association of Collegiate Schools of Business.

He has been a member of various Advisory Boards and Panels including: Advisory Board Member of the Navy Personnel Research and Development Center, San Diego; Planning Committee member, Unified Science and Mathematics for Elementary Schools, Educational Development Corporation (National Science Foundation Project). He is listed in Who's Who in America and the American Men of Science.

Dr. Borsting is married to the former Peggy Anne Nygard. They have one daughter, Lynn Carol Borsting, and one son, Eric Jeffrey Borsting.

August 1980

John R. Quetsch
Principal Deputy Assistant Secretary of Defense
(Comptroller)

Mr. John R. Quetsch, a native of Oak Park Illinois, attended Public and Parochial schools there. He was graduated from the University of Notre Dame with a Bachelor of Arts Degree in political science in 1952.

Mr. Quetsch joined the Department of the Navy as a management intern in 1952. Except for two years (1952-54) in the Army, primarily in Korea with the 9th Infantry Regiment, he has served continuously with the Department of Defense since that time.

From 1955 to 1962, Mr. Quetsch worked as a budget analyst for the Bureau of Ships in operations, research, procurement, industrial fund and military assistance programs. In 1962, he joined the Operation and Maintenance Directorate in the Office of the Assistant Secretary of Defense (Comptroller), reviewing service and defense agency programs. In 1965, he was appointed Director for Operations, responsible for integrating the military personnel, operation and maintenance, and industrial fund budget functions and controlling civilian employment levels. He became Principal Assistant to the Deputy Assistant Secretary (Program/Budget) in 1974 and DASD(P/B) in 1976. Mr. Quetsch was appointed to his present position of Principal Deputy Assistant Secretary of Defense (Comptroller) on September 2, 1976.

Mr. Quetsch is married to the former Mary Fritch of South Bend, Indiana. They have five sons and two daughters and reside in McLean, Virginia.

GRAYDON I. LOSE
Special Assistant to the
Assistant Secretary of Defense (Comptroller)

Mr. Graydon I. Lose was born in Middleburg, Pennsylvania on July 12, 1932. He was graduated from Susquehanna University, Selinsgrove, Pennsylvania, in 1954 with a degree of Bachelor of Science in business administration. He did graduate study in management at Temple University and was awarded the degree of Master of Business Administration from American University in 1967. Mr. Lose served with U.S. Army Counterintelligence in Korea from 1954 to 1956.

In August 1957, Mr Lose began his civil service career as a staff auditor with the U S. Army Audit Agency in Baltimore. In June 1959, he joined the Comptroller's office of the Middletown Air Materiel Area at Olmsted Air Force Base in Pennsylvania as a staff accountant and became a supervisory accountant a year later.

Mr. Lose transferred to Headquarters, United States Air Force, in September 1962 and became a systems accountant with the Accounting and Finance Directorate. During 1965-1966, he held a position as Senior Associate with the Defense Systems Division of the Bunker-Ramo Corporation. From April 1966 to June 1967, Mr. Lose was the Deputy Chief of the Agency Financial Reports Office at Headquarters, National Aeronautics and Space Administration.

In June 1967, Mr. Lose joined the Office of the Assistant Secretary of Defense (Comptroller) as a Program Analyst in the Management Systems Development office In 1969, he became a Budget Analyst for the Deputy Comptroller for Plans and Systems, and then in 1972 became the Deputy Director for Program and Financial Control in the Program/Budget office.

In July 1974, Mr. Lose became the Special Assistant to the Assistant Secretary of Defense (Comptroller) and handles liaison with the Congressional Appropriations Committees.

ASD(COMPTROLLER)

PDASD(COMPTROLLER

DASD(PROGRAM/BUDGET) ES 4
Joseph H. Sherick

DIRECTOR, PROGRAM & FIN CONTROL ES 4
Clyde O. Glaister
DEPUTY DIRECTOR P&FC ES 4
John W. Melchner

DIRECTOR, PLANS & SYSTEMS ES 4
John W. Beach
DEPUTY DIRECTOR P&S ES 1
Robert J. Lieberman

DIRECTOR, CONSTRUCTION ES 4
Allen D. South

DIRECTOR, PROCUREMENT ES 4
Richard A. Harshman
DEPUTY DIRECTOR PROCUREMENT ES 4
Stephen A. Trodden

DIRECTOR, RESEARCH & DEVELOPMENT ES 4
David J. Hessler
DEPUTY DIRECTOR R&D ES 4
Nelson W. Eaton

DIRECTOR, OPERATIONS ES 4
Donald B. Shycoff
DEPUTY DIRECTOR OPERATIONS ES 4
Frank L. McLaughlin

DIRECTOR, MILITARY PERSONNEL ES 4
L. Paul Dube

OFFICE OF THE DEPUTY ASSISTANT SECRETARY (PROGRAM/BUDGET)

Joseph H. Sherick

	Civ	Mil	Total
Professional	1	-	1
Clerical	2	-	2
Total	3	-	3

Directs and supervises:

-- The programming system of the DoD.

-- The establishment of budgetary principles, policies, systems and procedures.

-- The formulation, management, and execution of the budget of the DoD.

-- The development of financing policy within the DoD.

-- An automated management system to support the programming and budgeting processes.

JOSEPH H. SHERICK

Mr. Joseph H. Sherick was appointed to the position of Deputy Assistant Secretary of Defense (Program/Budget), Office of the Assistant Secretary of Defense (Comptroller), January 27, 1980.

Mr. Sherick is a career civil servant who began his Federal service as a Budget Analyst at the Frankford Arsenal in 1950 and served for nine years in various financial management positions in the field and at the Department of Army Headquarters. In 1959, he joined what is now the Office of Management and Budget in the Executive Office of the President, where he held the position of Assistant to the Chief of the Military Division. From 1966 to 1968, he served as the Comptroller of the Defense Atomic Support Agency (now the Defense Nuclear Agency). In 1968, he was selected as the Budget Director for Research and Development in the Office of the Assistant Secretary of Defense (Comptroller). He served in this capacity until April 1973, when he was appointed as the Deputy Comptroller of the Army. He became Deputy Comptroller (Program/Budget) in the Office of the Assistant Secretary of Defense (Comptroller) in October 1976 and held this position until he was selected for his current position.

Mr. Sherick served in the Navy from 1942 to 1946. He attended Temple University, where he earned a Bachelor of Arts Degree in 1949 and his Juris Doctor Degree in 1958. He is a member of the Bar in the District of Columbia and Virginia.

He is the recipient of the Exceptional Civilian Service Medal of the Defense Atomic Support Agency (Defense Nuclear Agency), the Secretary of Defense Meritorious Civilian Service Medal, with Palm, and the Exceptional Civilian Service Medal of the Department of the Army.

DIRECTORATE FOR PROGRAM AND FINANCIAL CONTROL

Director — Clyde O. Glaister

	Civ	Mil	Total
Professional	13	-	13
Clerical	2	-	2
Total	15	-	15

Prepares policies, plans, and guidance for the maintenance, extension, and improvement of the DoD Planning, Programming, Budgeting System (PPBS).

Prepares the annual calendar year action schedule for the Program/Budget Review.

Prepares policies and objectives to guide development and implementation of subsystems to the Five-Year Defense Program.

Analyzes current and projected financial and quantitative data to ascertain financial requirements and progress in terms of obligations and expenditure rates in DoD appropriations and reports on significant trends and conditions therein.

Prepares and continuously reviews the estimates of obligations, expenditures, and estimates of annual carry-over of availability for all funds appropriated to the DoD.

Prepares fiscal reports, special financial statements, charts, and graphs required in support of budget presentation, studies, and economic analyses.

Establishes reprogramming procedures, conducts technical review, and processes reprogramming actions to the Congress.

Develops and operates computer systems and programs supporting the budget process.

Develops, reviews, and analyzes the Five-Year Defense Program (FYDP).

Operates and controls the Defense Programming System to include: reviewing and processing of all Program Objective Memoranda (POM), advising and assisting primary action offices in the preparation of proposed Program Change Decision (PCD's), and processing the Program Change Decisions of the Secretary to the DoD components.

Participates in special program studies and reviews.

Clyde O. Glaister
Director for Program and Financial Control

Mr. Clyde O. Glaister, a native of New Kensington, Pennsylvania was born on April 6, 1935. He attended public schools in Vandergrift, Pennsylvania and LaSalle and American Universities. He began his career in government with the U.S. Air Force Headquarters staff in 1954. Since 1961 he has served in the Office of the Secretary of Defense, returning to the Air Force for a short period in 1965 and 1966. In 1967 he rejoined the OSD Comptroller staff as a program analyst initially concentrating his efforts on the Five Year Defense Program. Subsequent involvement in the budget formulation process led to overall responsibility for the DoD Planning, Programing, and Budgeting System.

In 1974 he was appointed Deputy Director and in 1976 appointed Director for Program and Financial Control. In this capacity he is responsible for: policies, plans and guidance for maintenance, extension, and improvement of the PPBS; preparation of the annual calendar; development of annexes to the FYDP; liaison with the congressional oversight committees on Mission Budgeting; preparation of obligation and outlay estimates for the DoD budget; overall financial control of the Secretary's budget review and formulation process providing daily status of the impact of the Secretary's decisions on component requests; monitoring, controlling and reporting status of congressional oversight committee review of the budget; controlling the Treasury warrants and OMB apportionment of appropriations enacted; establishing policies and procedures for the DoD reprograming system, keeping the department and the Congress apprised of the status of congressional actions; monitoring overall financial plans and reporting to the Comptroller and Secretary the status of program execution; responsible for accounting system integrity and consistency with established policy including solvency of accounts and initial determination of violations of the punitive statutes regarding obligations and expenditures; developing and operating time-shared computer systems designed to support the above processes.

Mr. Glaister is married to the former Carole Sue Main of Upper Sandusky, Ohio. They have two daughters, Dana and Diana, and reside at 2017 Soapstone Drive, Reston, Virginia.

March 1980

DIRECTORATE FOR PLANS AND SYSTEMS

Director John W. Beach

	Civ	Mil	Total
Professional	7	-	7
Clerical	2	-	2
Total	9	-	9

Establish budget principles, policies, and procedures covering formulation, presentation, and execution of the DoD budget. Maintain continuous surveillance of Defense budgetary levels to ensure conformance with Congressional budget resolutions.

Develop aggregate financing policy within DoD, e.g., to measure the effects of inflation and pay raises. Prepare budget amendments and supplementals as needed.

Project alternative levels of Defense budgetary resources based on different pay and price level assumptions. Prepare current services estimates indicating the budgetary resources needed to maintain current program levels.

Prepare DoD appeals to Congressional authorization and appropriation actions.

Develop economic studies and analyses to show the impact of outside economic events on Defense budgets and programs. Conversely, measure and evaluate the impact of Defense spending on overall economic activity. This includes econometric forecasting techniques.

Prepare budget submissions, Congressional testimony, Congressional action items, and other related material.

Report to and advise NATO allies on trends in U.S. Defense budgetary resources.

Maintain surveillance of the impact of DoD transactions entering the International Balance of Payments.

JOHN W. BEACH (John)

Director for Plans & Systems
Office of Assistant Secretary
of Defense (Comptroller)
Room 3A862, The Pentagon
Washington, DC 20301
(202) 697-9171

Syracuse University (B.S., 1960 and MPA, Economics, 1965).
U.S. Army Quartermaster Corps, 1962-1964; further graduate training economics and mathematics, American and George Washington Universities (1966-1970).

In present position since April 1979. Directs Department of Defense budget review procedures dealing with authorization and appropriation requests from the Congress. Prepares formal statements and other materials for Defense officials to present to the Congress dealing with Defense budget. Develops forecasts of Defense budget under alternative pay and price level assumptions.

Selected Federal Management Intern, 1965.
Secretary of Defense Meritorious Civilian Service Medal - 1975

DIRECTORATE FOR CONSTRUCTION

Director Allen D. South

	Civ	Mil	Total
Professional	5	-	5
Clerical	2	-	2
Total	7	-	7

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all military construction, family housing appropriations of the DoD, and for the areas of national intelligence and other classified programs.

Monitors the execution of the budget for the military construction and family housing appropriations.

Manages the Defense Homeowner's Assistance Fund.

Monitors the financial execution of intelligence and classified programs and participates in the Defense Intelligence Programs Reviews.

Biographical Sketch

Allen D. South

Born in Canton, South Dakota on March 30, 1923.

Educated in the State of Missouri public school system. Graduated from the Central Business College, Sedalia, Missouri in 1942.

Entered the Army in 1943 and served in the European theater until being discharged in 1945.

Became a civilian employee of the Department of Navy and served in various positions in the Comptroller field at Great Lakes, Illinois; transfering to Navy Headquarters, Washington, DC in 1957, serving there until 1964.

Joined the staff of the Office of Assistant Secretary of Defense (Comptroller) in 1964, held various positions in Program/Budget, being promoted to the Director for Construction in 1969, the position currently held.

DIRECTORATE FOR PROCUREMENT

Director Richard A. Harshman

	Civ	Mil	Total
Professional	10	-	10
Clerical	2	-	2
Total	12	-	12

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all procurement appropriations and stock funds of the DoD.

Monitors the execution of the budget for the procurement appropriations and stock fund accounts.

Biographical Sketch
Richard A. Harshman

Mr. Harshman was born in Frederick, Maryland on September 7, 1935. He attended public schools in Arlington County, Virginia graduating from Washington-Lee High School in 1953. Mr. Harshman attended Richmond Professional Institute in Richmond, Virginia, 1954-56 and graduated from American University of Washington, D.C., in 1958 with a B.S. in Business Finance. He completed several graduate courses at American and George Washington Universities.

Mr. Harshman was employed as a Cost Accountant with the Stone Paper Tube Company, an industrial concern in Mt. Ranier, Maryland, for the period 1959-61. He then entered U.S. Government service with the Department of the Air Force Comptroller in 1961. Mr. Harshman was chosen to be a Junior Professional Assistant (JPA) and placed in an accelerated advancement program as a budget analyst trainee. He moved into more responsible positions in the Air Force financial management field, first as a financial analyst and then a budget analyst for tactical missile programs. His experience during this period centered on budget execution and computation of requirements for Air Force missile procurement programs. In 1968, Mr. Harshman accepted a budget analyst position with the Assistant Secretary of the Navy (Financial Management) with program and budget responsibility for the Shipbuilding and Conversion appropriation. After a year with the Navy financial organization he was selected to be a senior budget analyst with the Assistant Secretary of Defense (Comptroller) in the Procurement Directorate.

Mr. Harshman moved through ever-increasing complex program review responsibility within the Procurement Directorate, first in the electronics and communications programs, then tactical missile procurement and finally all strategic ICBM and Cruise missile procurement. He was promoted to the position of Deputy Director of the organization in November, 1971. After two years of service, Mr. Harshman was selected to be Director of the Procurement Directorate for the Assistant Secretary of Defense (Comptroller).

Mr. Harshman is married to the former Myra Springer of Arlington, Virginia, has two sons and resides in Fairfax, Virginia.

DIRECTORATE FOR RESEARCH AND DEVELOPMENT

Director David J. Hessler

	Civ	Mil	Total
Professional	6	-	6
Clerical	1	-	1
Total	7	-	7

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for all research, development, test, and evaluation appropriations of the DoD.

Monitors the execution of the budget for research, development, test, and evaluation appropriations.

Biographical Sketch
David J. Hessler

David J. Hessler was born in the District of Columbia on January 22, 1929. He attended St. Johns College Prep School, Georgetown University and was graduated from the University of Maryland in 1952 with a Bachelor of Science degree.

After graduation, he accepted a position as an analyst with the Assistant Secretary of State for Economic Affairs. From there in 1953 he was promoted to the Bureau of Security and Consular Affairs in the Department of State to take charge of their budget and administrative affairs.

In June, 1955, he transferred to the Department of Defense, accepting a position in the Research and Development Division of the Navy's Bureau of Ordnance, with responsibility for review of the field establishment budget for the Bureau's R&D facilities. Following a year and a half in BUORD, in 1957 he was promoted to the Navy Comptroller's Office. During the period 1957-60 he accepted positions of increasing responsibilities in the budget field including review and analysis of the Navy's Shipbuilding Program.

In June, 1960, he was appointed as a senior budget examiner in the Procurement Directorate of the Assistant Secretary of Defense Comptroller with responsibility for the Shipbuilding, Safeguard, and Ballistic Missile Programs.

In June, 1969, he was appointed Special Assistant to the Principal Deputy Assistant Secretary of Defense (Comptroller) with primary responsibility for the review of our military assistance programs for South Vietnam and Laos.

On May 18, 1973, he was appointed to his present position as Director for Research and Development (GS-17) in the Office of the Deputy Assistant Secretary of Defense (Comptroller). In this capacity he is responsible for the review of Department of Defense budget and apportionment requests relating to Research, Development, Test and Evaluation programs.

Mr. Hessler is married to the former R. Joyce McCabe. They have two daughters, Louise who is married to Lt. Robert J. Van Hooser (USA) and Diane who lives with them in Chevy Chase.

December 8, 1976

DIRECTORATE FOR OPERATIONS

Director Donald B. Shycoff

	Civ	Mil	Total
Professional	12	-	12
Clerical	3	-	3
Total	15	-	15

Reviews, evaluates, and makes recommendations on DoD Components' Program Objective Memoranda, budget requests, apportionment requests, and budget execution plans for the annual cost of operations and industrial funds of the DoD.

Monitors the execution of the budget for the operations accounts and industrial funds.

Coordinates overall operations justification to the Congress.

BIOGRAPHICAL SKETCH
DONALD B. SHYCOFF

Mr. Donald B. Shycoff was born in Haverhill, Massachusetts. He graduated from Syracuse University in 1953 with a Bachelor's degree in Political Science and attended post graduate school at the University of Illinois. Mr. Shycoff began his government career with the Navy Department in 1957.

Mr. Shycoff joined the Office of the Secretary of Defense (Comptroller) staff as an analyst in 1966. He was designated Director for Military Personnel in August 1973. He became Director for Operations in the Office of the Deputy Assistant Secretary of Defense (Program/Budget) in April 1974. The Directorate for Operations is responsible for review and analysis of budget programs and estimates for operation and maintenance and industrial funds of the Military Departments and Defense Agencies, including the related military and civilian manpower requirements.

Mr. Shycoff has received numerous awards and he received the Meritorious Civilian Service award in December 1975.

DIRECTORATE FOR MILITARY PERSONNEL

Director Lawrence P. Dube

	Civ	Mil	Total
Professional	5	-	5
Clerical	2	-	2
Total	7		7

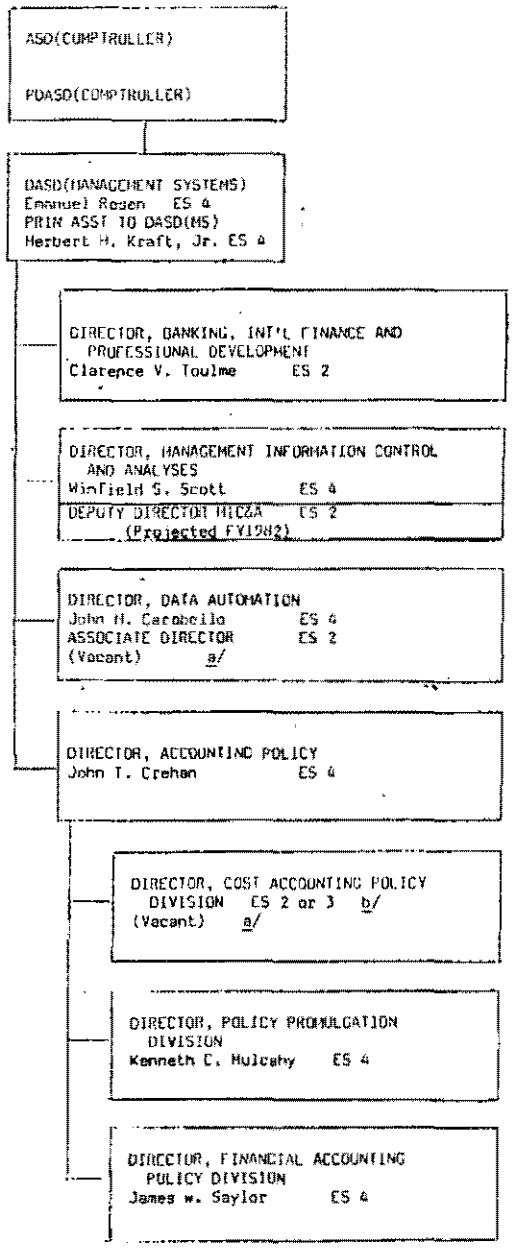
Reviews, evaluates, and makes recommendations on DoD Components' Program Objective memoranda, budget requests, apportionment requests, and budget execution plans for active duty military personnel, Reserve personnel, and retired military personnel apropriations of the DoD.

Monitors the execution of the budget for the appropriations identified above.

BIOGRAPHICAL SKETCH OF LAWRENCE P. DUBE

Mr. Dube was born in Nashua, New Hampshire in 1938. He received his BA Degree at the University of New Hampshire majoring in Political Science.

He began his career in the Federal Government in 1962 working in the budget field for various offices in the Department of Navy until 1968 when he joined the Comptroller staff in the Office of the Secretary of Defense (Operations Directorate). He became Director, Military Personnel in April 1974.



a/ Selection made by Management; in administrative processing and OPM review.

b/ ES 2 if possible; if not, ES 3, as required under current guidelines.

OFFICE OF THE DEPUTY ASSISTANT SECRETARY (MANAGEMENT SYSTEMS)

Emanuel Rosen

Principal Assistant — Herbert H. Kraft, Jr.

	Civ	Mil	Total
Professional	2	-	2
Clerical	2	-	2
Total	4	-	4

Directs and supervises:

The development and implementation of the program for improving management systems in DoD.

The development of policies, systems and procedures for the management and accounting of resources and operations.

Military banking, credit union and international financial matters.

The policies and procedures for the procurement, use, and management of automatic data processing in DoD.

The development of information and analyses to assist DoD managers in appraising Defense performance.

Management information and reporting systems, both in DoD and by contractor, in support of weapon systems acquisition.

Control of management information systems within OSD and DoD.

The development of DoD-wide policies and plans for education and professional development in the Comptroller area.

EMANUEL ROSEN

BIOGRAPHICAL SKETCH

Mr. Rosen was born in Brooklyn, New York and attended the New York City Public Schools. He received his Bachelor of Arts degree from Brooklyn College and a Master of Arts degree in Economics from Columbia University. Subsequently, he attended various institutions in the Washington area studying budgeting, business administration and defense systems analysis.

Mr. Rosen started his government career as a management intern in the Department of the Navy's Bureau of Ships in 1953. He subsequently held various positions in the Department of the Navy as a budget analyst, budget officer and system designer. In his last position with the Department of the Navy, he was Director, Budget Policy and Procedures Division in the Office of Navy Comptroller.

In March 1975, he assumed the position of Principal Assistant for Management Systems in the Office of the Assistant Secretary of Defense (Comptroller).

On February 6, 1979, he was appointed to the position of Deputy Assistant Secretary of Defense for Management Systems.

Mr. Rosen is a resident of Potomac, Maryland.

BIOGRAPHICAL SKETCH

MR. HERBERT H. KRAFT, JR.

Mr. Herbert H. Kraft, Jr., was designated Principal Assistant to the Deputy Assistant Secretary of Defense (Management Systems) effective 25 March 1979. Mr. Kraft assists in directing a staff of systems accountants, financial experts and other professionals engaged in the development and oversight of DoD policy for accounting, automatic data processing, information control including acquisition management information and the provision of financial services on military installations worldwide, including serving as focal point with Treasury, OMB, GAO, GSA and NBS on all related policy and procedural matters.

Born on August 8, 1932, in Philadelphia, Pennsylvania, Mr. Kraft attended Philadelphia public schools, graduating from Central High School in 1950. He then attended Muskingum College, New Concord, Ohio, and was graduated cum laude with a Bachelor of Arts Degree in History and Economics in 1954. He continued his education at the Woodrow Wilson School of Public and International Affairs at Princeton University, graduating in 1956, with the Master in Public Affairs Degree.

In July 1956, he joined the Office of the Secretary of Defense as an Executive Trainee. From October 1956 to October 1959, he served on active duty with the U. S. Army. Mr. Kraft has served continuously since 1959 with the Office of the Secretary of Defense in progressively more responsible positions, as a program analyst, audit reports analyst, budget analyst, and financial economist. In June 1973, Mr. Kraft was named Special Assistant to the Principal Deputy Assistant Secretary of Defense (Comptroller), and later in January 1975 became the Director for Banking, International Finance and Professional Development, his most recent position.

Mr. Kraft attended the Industrial College of the Armed Forces, graduating in June 1970. While at the Industrial College, he also earned the degree of Master of Science in Business Administration from the George Washington University. In addition to his other academic training, he has attended the Federal Executive Institute, the Defense Resources Management Education Center, and the DoD Computer Institute.

He is married to the former Louise H. Knoke of New Rochelle, New York. They reside with their three children in Vienna, Virginia.

DIRECTORATE FOR BANKING, INTERNATIONAL FINANCE AND PROFESSIONAL DEVELOPMENT

Director C. V. Toulme

	Civ	Mil	Total
Professional	9	-	9
Clerical	2	-	2
Total	11	-	11

Develops, monitors, and implements, as required, policies and procedures for the delivery of banking and credit union services at military installations in the United States and overseas. Exercises direct control over the following aspects of military banking at overseas installations:

Determination of banking services to be provided and the fees and charges for those services.

Arranging for funding of banking services and selection of institutions to provide those services.

Continued oversight and periodic on-site review of military banking income, expense, and customer service.

Develops and monitors policies and prepares reports pertaining to such financial matters as custody, use and disposal of foreign currencies.

Establishes and monitors DoD policies and systems for the development and maintenance of a professional Comptroller organization through planned career staffing, development, and utilization, through transmission of the latest developments in financial and resource management to DoD schools; and through sponsorship of experimental and pilot seminars and symposia.

BIOGRAPHICAL SKETCH

MR. CLARENCE V. TOULME

Mr. Toulme was designated Director for Banking, International Finance and Professional Development, Office of the Assistant Secretary of Defense (Comptroller) effective 25 May 1980. Prior to that time, he was associated with the Office of the Assistant Secretary of the Army (Installations, Logistics, and Financial Management).

Mr. Toulme is responsible for developing and monitoring DoD policies and procedures for banks and credit unions which operate on DoD installations worldwide. In addition, he develops policies governing the use of certain foreign currencies by DoD agencies and other designated foreign financial matters in which DoD has interest. He is responsible for the formulation and development of education, training and career development programs for financial and resource management specialists throughout DoD.

Prior to his association with the Office of the Assistant Secretary of the Army, Mr. Toulme was on active duty with the United States Army assigned to the Finance Corps. In addition to various assignments at CONUS installations, he served in Europe, Canada, and Vietnam.

He is a graduate of Bowling Green College of Commerce, holding a Bachelor of Science degree in accounting. In addition, he has attended the Armed Forces Staff College, Norfolk, Virginia, and the Department of Defense Computer Institute, Washington.

Mr. Toulme resides with his family in McLean, Virginia.

DIRECTORATE FOR MANAGEMENT INFORMATION CONTROL AND ANALYSIS

Director Winfield S. Scott

	Civ	Mil	Total
Professional	17	-	17
Clerical	4	-	4
Total	21	-	21

Develops policies for management and control of the DoD information program to comply with applicable public laws and OMB Circulars. Represents DoD in development of related Federal policies and criteria.

Develops and monitors the DoD-wide information management improvement program.

Develops policies for the DoD Data Element and Code Registration and Standardization Program. Serves as the approval authority for standard data elements and codes within DoD.

Develops policies for management information reporting and management systems in support of weapons systems acquisitions, including those subject to Selected Acquisition Report (SAR) requirements.

Develops policies and promulgates criteria for cost and schedule management control systems used by Defense contractors. Monitors implementation of contractor cost performance reporting systems.

Develops policies for the preparation and dissemination of statistical information used for management purposes in the Department of Defense and transmitted to Congress, the public and other Government agencies.

Prepares summaries of management information and analyses for the Secretary of Defense and key OSD officials on a periodic basis.

Provides OASD(C) membership and support to CAIG activities.

BIOGRAPHY

WINFIELD S. SCOTT is Director for Management Information Control and Analysis, Office of the Comptroller (DoD). He is responsible for providing leadership and direction in the development and administration of management information systems, acquisition management cost performance measurement systems, summary executive management information systems, and DoD information control.

He came to the Office of the Secretary of Defense (OSD) after retirement from the Army as a Brigadier General. Mr. Scott's first assignement in OSD was that of Special Consultant to the Deputy Secretary of Defense (DepSecDef) and Advisor to the Chairman of the Acquisition Advisory Group, a panel of experts commissioned by the DepSecDef to review major weapons systems acquisition management interfaces within the Department of Defense and make appropriate recommendations. His last assignment in the Army was that of organizer and first Commandant of the Defense Systems Management School, a school established by the Honorable David Packard, when he was the Deputy Secretary of Defense, for the express purpose of improving weapons systems acquisition management in the Department. Immediately prior to his duties as Commandant, Mr. Scott served: as Tri-service Project Manager for the 2.75 inch Rocket System for three years; a three-year tour of duty as principal Mid-range Logistic Planner on the staff of the J-4 of the Organization of the Joint Chiefs of Staff; Ordnance Officer, Military Assistance Command, Vietnam and Senior Ordnance Advisor to the Chief of Ordnance, Republic of Vietnam Armed Forces; and in a series of logistic and operational assignments with the United States for over 20 years.

He received a B.S. in Military Engineering from the United States Military Academy, an M.S. in Electrical Engineering from Northwestern University, and an MBA from George Washington University. He also attended the Management Program for Executives, Graduate School for Business, University of Pittsburgh.

Contact at: Directorate for Management Information Control and Analysis
Office of the Assistant Secretary of Defense (Comptroller)
Department of Defense
Washington, D.C. 20301
(202) 697-6107

10/10/79

DIRECTORATE FOR DATA AUTOMATION

Director John M. Carabello

	Civ	Mil	Total
Professional	7	-	7
Clerical	2	-	2
Total	9	-	9

Develops and oversees the implementation of policies, plans and standards associated with the administration of the DoD ADP Program.

Serves as liaison for DoD with other Government agencies, Congress and private industry on broad national and federal ADP policy issues.

Provides advice and analysis regarding the continuation, termination or redirection of major automated information systems throughout DoD.

Conducts studies aimed at strengthening ADP resource management throughout DoD.

Works with USDR&E and ASD(C^3I) staff to improve the management of computer resources embedded in major weapons systems.

BIOGRAPHY

JOHN M. CARABELLO is the Director for Data Automation in the Office of the Assistant Secretary of Defense (Comptroller). He is responsible for developing policies and plans for the administration of Defense ADP resources.

He was promoted to his present position in September 1977 after serving from September 1973 as the Director of ADP Policy, Technology and Standards -- one of the three Divisions he now heads. Prior to joining the Office of the Assistant Secretary of Defense (Comptroller) in 1970, he worked in the Navy's Office of Information Systems Planning. He entered the public service with the Department of the Navy as a Federal Management Intern in 1965.

He completed his undergraduate studies at Albright College in 1964. In 1977, he received an M.P.A. degree in management systems from the University of Southern California.

DIRECTORATE FOR ACCOUNTING POLICY

Director John T. Crehan

	Civ	Mil	Total
Professional	16	-	16
Clerical	4	-	4
Total	20	-	20

Develops accounting policies, principles, and standards. Reviews and recommends for approval financial management systems integrating accounting, financial reporting, appropriated funds, working capital funds, and property of the DoD. These policies and principles govern:

The integration of resource management and financial systems.

Use of working capital funds.

Cost accounting and transfer pricing.

Collections and expenditures of funds.

The administrative control of funds.

Uniform account structures and classification.

Financial inventory accounting and reporting for expense and investment items, including Government-owned property in possession of contractors.

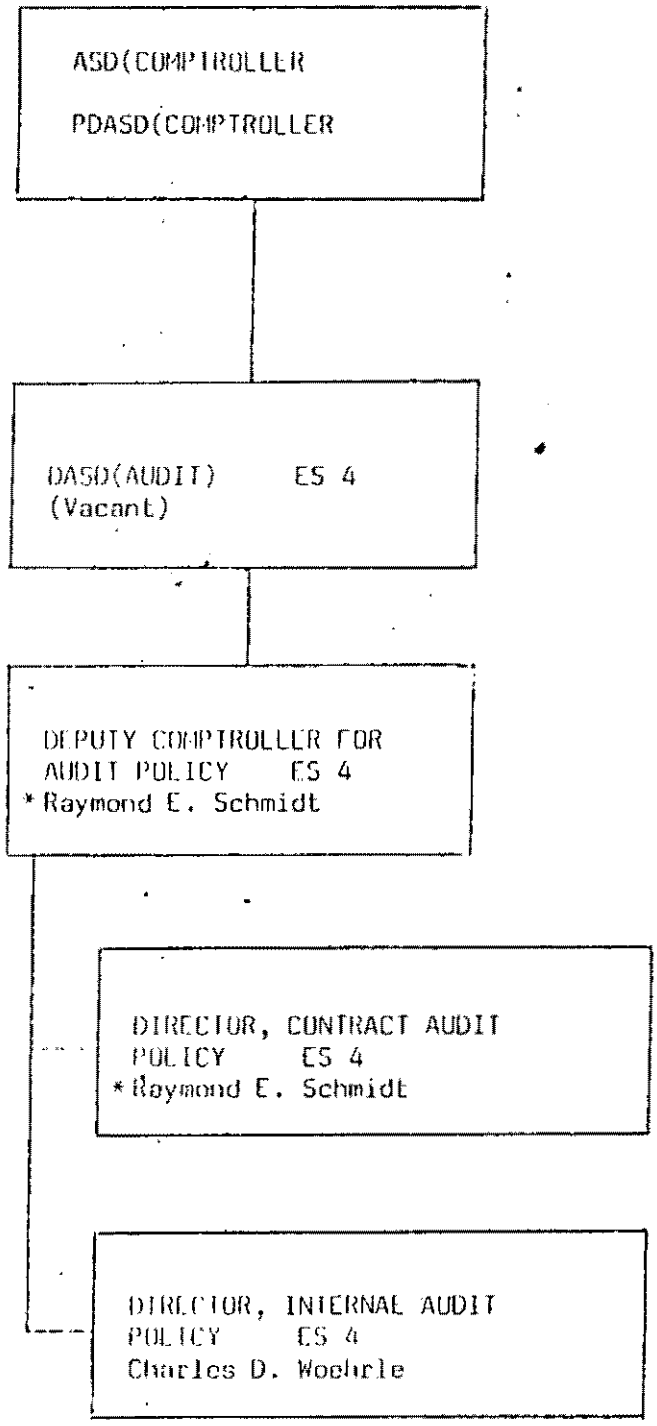
Pricing of foreign military sales and user charges.

Accounting for nonappropriated funds.

BIOGRAPHICAL SKETCH

JOHN T. CREHAN

Mr. John T. Crehan is the Director for Accounting Policy, OASD (Comptroller). He was appointed to that position on February 12, 1975. Prior to joining OSD, Mr. Crehan was with the Defense Contract Audit Agency (DCAA), where he held various positions in its Headquarters offices at Cameron Station, Alexandria, Virginia. His last assignment with DCAA was as the Regional Manager of the New York Region. Mr. Crehan has also served with the U.S. Army Audit Agency and a national firm of Certified Public Accountants. He holds a BS degree from Duquesne University and is a Certified Public Accountant. He is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants, and the Armed Services Military Comptrollers Association.



* Deputy Comptroller for Audit Policy and acts as Director, Contract Audit Policy

OFFICE OF THE DEPUTY ASSISTANT SECRETARY (AUDIT)

	Civ	Mil	Total
Professional	1	1	2
Clerical	1	-	1
Total	2	1	3

Directs and supervises:

-- Contracts Audit and Internal Audit policies and plans.

-- The planning, development, and issurance of policies and procedures for the guidance and direction of DoD audits of interservice and Defense-wide programs, the Security Assistance Program, and other significant areas concerning either DoD activities or contractor costs.

-- The coordination of audit programs and schedules within the DoD internal audit organizations and between the DoD internal audit organizations and the GAO.

-- The providing of advisory internal audit service to the Office of the Secretary of the Defense and other DoD components.

-- The performance of special audits of selected areas by Defense audit organizations.

-- The evaluation of GAO and other audit reports, the preparation of comments thereon and the follow-up on corrective actions.

-- Liaison with the GAO, State Department, and military department activities on matters relating to internal audits of the Security Assistance Program and interservice and special audits performed or directed.

BIOGRAPHICAL SKETCH

James H. Curry

Mr. Curry was selected on December 21, 1979, as the Deputy Director of the Defense Audit Service (DAS). In this position he is responsible for all operational aspects of DAS and works closely with the Director on policy matters.

Mr. Curry previously held the Regional Manager's position in Europe with DAS. Prior to that he headed up the Pacific Office with OSD Audit during the Vietnam Conflict. In 1971 he was awarded the Medal for Civilian Service in Vietnam by Ellsworth Bunker.

Mr. Curry began his Government auditing career with the General Accounting Office in 1959. He subsequently held positions in the General Services Administration and with OSD Audit before his present assignment with the Defense Audit Service. Mr. Curry is a graduate of Susquehanna University, and received a Masters of Business Administration from the University of Pennsylvania. He is a Certified Public Accountant and a Certified Internal Auditor.

Mr. Curry is a native of Hershey, Pennsylvania. He is married and the Curry's have one son, who is currently enrolled in Gettysburg College.

Currently, Mr. Curry is holding the position of Acting Deputy Assistant Secretary of Defense(Audit) and Acting Director, Defense Audit Service.

DEPUTY COMPTROLLER FOR AUDIT POLICY

Raymond E. Schmidt

	Civ	Mil	Total
Professional	1	-	1
Clerical	1	-	1
Total	2	-	2

Develops policies and plans for contract and internal auditing within the DoD.

Analyzes, evaluates and coordinates audit organizations, programs, operations and reports of the DoD.

Sponsors periodic planning meetings of DoD internal audit groups to coordinate audits of common functions or activities.

Summarizes for key officials highlights of internal audit reports from Defense components and provides follow-up information on action taken on significant matters included in audit reports.

Provides guidance on recruiting, career development and staff management of auditors.

Prescribes audit cognizance assignments for Defense agencies and joint activities.

Participates in development of procurement policies, especially cost principles relating to contract auditing.

Represents the DoD audit community in governmental audit and professional organization meetings concerned with current audit trends.

RAYMOND E. SCHMIDT

Biographical Sketch

After World War II service as a pilot in the China-Burma-India theater, Mr. Schmidt was a corporate auditor for the Reynolds Metals Company, Richmond, Virginia until his recall to active duty with the U.S. Air Force during the Korean War.

Mr. Schmidt joined the staff of the U.S. Air Force Auditor General in a civilian capacity in 1953 and performed both internal and contract audit assignments at its District Headquarters in New York City, and at field locations within the District, including offices at the ITT Federal Laboratories and RCA Corporation. He was Chief of the New Jersey Branch Office, USAF Auditor General, from 1964 to 1965 when he transferred to the newly established Defense Contract Audit Agency.

Joining the Office of the Assistant Secretary of Defense (Comptroller) in 1966, Mr. Schmidt has had responsibility for audits of Defense agencies and Defense-wide interservice audits of assigned functional areas. He is currently Assistant for Audit Policy as well as Director, Contract Audit Policy.

Mr. Schmidt received a BS degree in Business Administration with high honors from Rutgers University where he majored in accounting. He is a member of the Association of Government Accountants, Northern Virginia Chapter. A native of New Jersey, he currently resides in Fairfax County, Virginia, with his wife Catherine and their five children.

DIRECTORATE FOR INTERNAL AUDIT POLICY

Director Charles D. Woehrle

	Civ	Mil	Total
Professional	6	-	6
Clerical	1	-	1
Total	7	-	7

Develops policies and objectives with respect to internal auditing in the DoD.

Provides technical guidance to the DoD internal audit organizations as representative of the ASD(Comptroller).

Assures that all Defense components and activities are subject to appropriate internal audit coverage.

Monitors and coordinates the audit activities of the DoD audit components, including their joint programming activities. Chairs periodic programming meetings.

Reviews the operations of the Defense internal audit organizations for conformance with DoD audit policies and objectives.

Reviews internal audit reports for compliance with DoD audit reporting standards, and disseminates significant audit results and trends to the Secretary of Defense and Deputy Secretary of Defense and to interested DoD officials.

Provides guidance on staff qualifications, recruiting, career development and staff management, and develops and directs DoD joint audit training activities.

Provides assistance and guidance with respect to any matters relating to the effective performance of the internal audit mission.

BIOGRAPHICAL SKETCH

Charles D. Woehrle

Director for Internal Audit Policy

Charles D. (Chuck) Woehrle was appointed to the position of Director for Internal Audit Policy on January 1, 1978. He has served the DoD Comptroller and the Deputy Assistant Secretary of Defense(Audit) since 1967, 6 years in the management of interservice audits, and six in the development and monitoring of DoD internal audit policies. Mr. Woehrle's professional accounting background also includes 12 years of supervisory level audit experience with the Army Audit Agency and 6 years of senior level experience with a firm of Certified Public Accountants.

Mr. Woehrle is a graduate of St. Louis University (Bachelor of Science with major in finance and accounting). He is a Certified Internal Auditor and is an active member of the Association of Government Accountants, currently serving as Chairman of the National Task Force on Operational Auditing and as a member of the National Education Board. He has developed an AGA course on Operational Auditing and conducts lectures on the subject at DoD and AGA auditor training courses. He is a member of the Board of Directors of the Pentagon Federal Credit Union and formerly served as chairman of its supervisory (audit) committee.

He served as an officer and an aviator with the U.S. Marine Corps in combat during World War II and the Korean conflict.

Mr. Woehrle was born in Overland, Missouri. He and his wife, the former Bettie Copeland, reside in Vienna, Virginia.

DIRECTORATE FOR CONTRACT AUDIT POLICY

Director Raymond E. Schmidt

	Civ	Mil	Total
Professional	4	-	4
Clerical	-	-	-
Total	4	-	4

Develops policies and procedures to be followed in matters relating to audit of Defense contractors' records; and provides technical guidance to the Defense Contract Audit Agency (DCAA) as representative of the ASD (Comptroller). Reviews and evaluates audit instruction developed by DCAA to assure consistency with DoD policies.

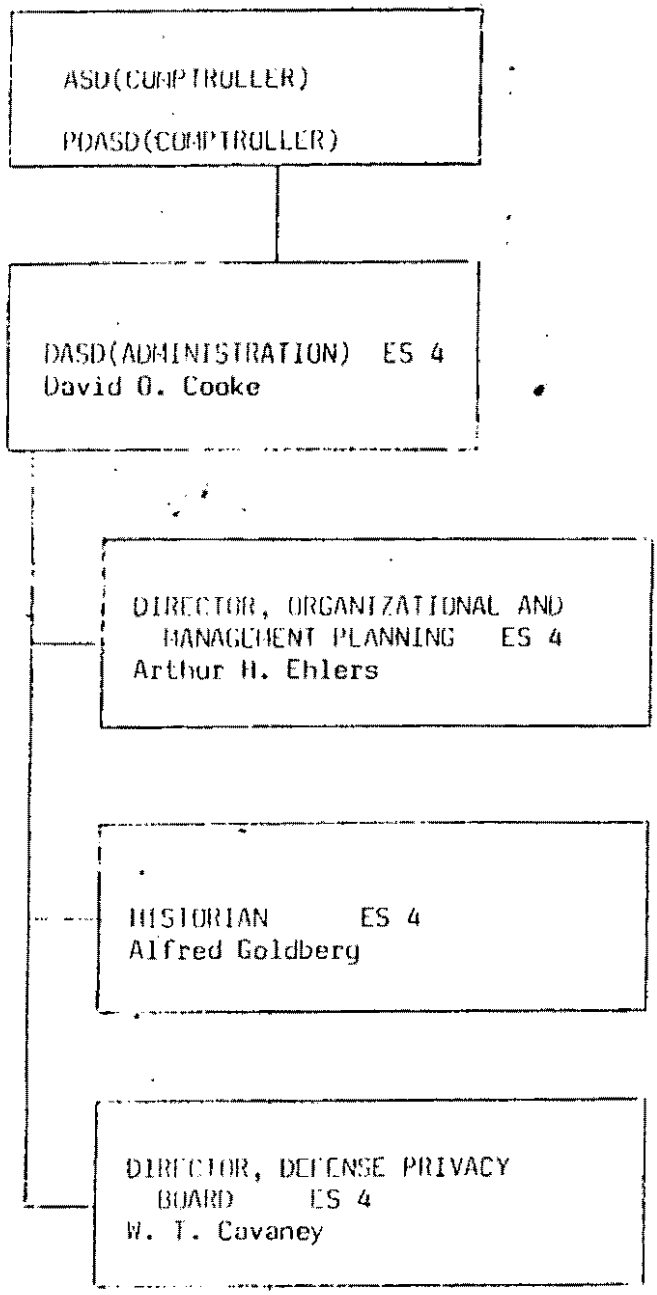
Evaluates the effectiveness of contract audit support of procurement by determining the degree of utilization by procurement and the adequacy of the support furnished, for the purpose of recommending changes in policy.

Participates with OUSD(R&E) staff in the development of procurement regulations or instructions related to contract audit or contract cost practices. Services on standing Armed Services Procurement Regulation subcommittees or ad hoc committees.

Evaluates GAO reports and DoD responses which involve contract audits.

Participates in developing DoD position on proposed issuances by the Cost Accounting Standards Board. Participates in developing implementing instructions on standards, rules or regulations issued by the Board.

Maintains liaison with ASD offices, military departments, Defense agencies, Government groups, industry groups, university groups and public accounting associations/firms with respect to matters affecting the pricing or costing of contracts or the auditing of costs incurred or proposed thereunder.


ASD(COMPTROLLER)
PDASD(COMPTROLLER)
DASD(ADMINISTRATION) ES 4
David O. Cooke
DIRECTOR, ORGANIZATIONAL AND MANAGEMENT PLANNING ES 4
Arthur H. Ehlers
HISTORIAN ES 4
Alfred Goldberg
DIRECTOR, DEFENSE PRIVACY BOARD ES 4
W. T. Cavaney

OFFICE OF THE DEPUTY ASSISTANT SECRETARY (ADMINISTRATION)

D. O. Cooke

	Civ	Mil	Total
Professional	2	-	2
Clerical	1	-	1
Total	3	-	3

The Deputy Assistant Secretary of Defense (Administration) serves as the principal staff assistant within the Office of the Secretary of Defense for administration and management matters, and as such:

Carriers out assigned coordinating responsibilities and special assignments for the Secretary and Deputy Secretary of Defense and for the Assistant Secretary of Defense (Comptroller).

Advises the Secretary and Deputy Secretary of Defense on organizational and management matters in the DoD.

Directs Washington Headquarters Services which:

Provides administrative support to OSD, OJCS, and other assigned activities within the NCR.

Provides policy supervision and manages common facilities and services within the NCR.

October 1979

DAVID O. COOKE
Deputy Assistant Secretary of Defense
(Administration)

Mr. Cooke has been involved in Defense management since 1958 when he was a member of Secretary of Defense McElroy's task force on reorganization which led to the passage of the DoD Reorganization Act of 1958. In 1959 he developed a DoD policy reference book for Secretary of Defense Gates and in 1960 served on special DoD reorganization study groups under Mr. Gates.

In January 1961, Mr. Cooke was assigned to the Office of Organizational and Management Planning. This was the office responsible during the McNamara era for the establishment of the Defense Intelligence Agency, the Defense Supply Agency, the Defense Contract Audit Agency and other major organizational changes in Defense. In the summer of 1964, Mr. Cooke became Director of Organizational and Management Planning and in January 1969 he was named Deputy Assistant Secretary of Defense (Administration).

Among the major Defense reorganizations in the 1970's for which Mr. Cooke had responsibility for planning and implementing were the Defense Civil Preparedness Agency, the Defense Mapping Agency and the Defense Investigative Service, as well as overall DoD headquarters realignments. As Chairman of the Defense Investigative Review Council from 1971-78, he played a major role in shaping both policy and programs for counterintelligence and related investigatory activities. He has been a principal DoD spokesman before Congressional committees on these policies and programs as well as related security matters.

Mr. Cooke has frequently served as the senior Defense representative on important interagency groups, including the Interagency Classification Review Council, President Ford's Intelligence Operations Group, and the National Study Commission on Records and Documents of Public Officials. He is the Defense member of the interagency Assistant Secretaries' Management Group.

As the Deputy Assistant Secretary of Defense (Administration) Mr. Cooke serves in a dual capacity as the Director, Washington Headquarters Services (WHS) which was established as a field activity of the Office of the Secretary in 1977. The WHS mission is to provide administrative and operational support to certain Defense activities in the National Capital Region. Such support includes budget and accounting, personnel management, office services, security, records management, travel, computer services, information and data systems and other administrative support.

Mr. Cooke has been awarded the DoD Distinguished Service Medal -- the highest department career award -- three times. He also holds the Secretary of Defense Medal for Outstanding Public Service -- an award rarely conferred on a career official.

Mr. Cooke is a graduate of New York State University College at Buffalo, New York (B.S., 1941) and received an M.S. from New York State University at Albany, New York in 1942. He received his law degree from the George Washington University Law School in 1950 where he was a member of the Law Review and Order of the COIF. He is a member of the District of Columbia Bar, the Court of Appeals for the District of Columbia and the Court of Military Appeals.

Mr. Cooke is a retired Captain, United States Navy. During his active duty he served in a wide variety of assignments mainly involving legal duties.

Mr. Cooke is married to Marion McDonald Cooke, also a lawyer. They have three children: Michele, Lot and David. He currently resides at 1412 23rd Road South, Arlington, Virginia.

Mr. Cooke is a member of the American Bar Association, the U. S. Maritime Law Association, the Federal Bar Association, and the American Society for Public Administration.

By virtue of his very high level experience in the Pentagon since 1957, Mr. Cooke is familiar with Defense problems across the board and has developed close personal relationships with most of the present civilian and military leaders within DoD.

DIRECTORATE FOR ORGANIZATIONAL AND MANAGEMENT PLANNING

Director Arthur H. Ehlers

	Civ	Mil	Total
Professional	7	2	9
Clerical	2	1	3
Total	9	3	12

Conducts studies, develops plans, and recommends changes with respect to DoD organization structure and management practices.

Provides policy guidance, planning, and coordination for the DoD Emergency Preparedness Program.

Supervises and coordinates the DoD Committee Management Program.

Analyzes and controls manpower requirements for OSD, OJCS, and activities assigned to OSD for administrative support.

ARTHUR H. EHLERS

Title: Director for Organizational and Management Planning, Office of the Assistant Secretary of Defense (Comptroller)

Responsibilities:

Directs a staff within the Office of the Secretary of Defense having responsibility to conduct reviews, make evaluations, and develop recommendations for the Secretary concerning the organization, functions, and management of DoD activities and programs.

Background:

- 18 years of Federal service
- Began as civilian personnel specialist under the Army Chief of Staff
- Tour with Dept of HEW -- assigned a variety of management and personnel responsibilities
- Entered Office, Secretary of Defense 1965 with similar responsibilities
- Moved to present organization in 1969
- Became Director 1973

HISTORICAL STAFF

Historian Alfred Goldberg

	Civ	Mil	Total
Professional	3	-	3
Clerical	1	-	1
Total	4	-	4

Prepares and maintains historical records and reports for OSD.

Coordinates the historical activities of the DoD.

Represents the DoD on matters related to history.

Performs special assignments.

ALFRED GOLDBERG
OSD HISTORIAN

U.S. Army and Army Air Forces - 1942-46 - Private to Captain

U.S. Air Force Reserve - 1946-78

Ph.D - The Johns Hopkins University - 1950

U.S. Air Force Historical Division - 1946-65

Chief of Current History Branch - 1950-63

Senior Historian - 1963-65

Visiting Fellow - Kings College, University of London, 1962-63

Social Science Council Research Fellowship - 1962-63

Staff Member, Warren Commission - 1964

Lecturer, University of Maryland - 1953-65

Lecturer, UCLA - 1968

Lecturer, University of Southern California - 1966-69

Rand Corporation - Senior Staff Member, 1965-73

OSD Historian - 1973-

Publications:

Co-author, The Army Air Forces in World War II (7 vols.)

Editor, A History of the U.S. Air Force, 1907-1957

Co-editor, The Department of Defense: Documents on Establishment and Organization, 1944-1978

Articles and reviews in books, journals, and encyclopedias

DEFENSE PRIVACY BOARD

W. T. Cavaney

	Civ	Mil	Total
Professional	2	1	3
Clerical	1	-	1
Total	3	1	4

Directs and administers the DoD Privacy Program under the Deputy Assistant Secretary of Defense (Administration). The Privacy Program was established by DoD Directive 5400.11 to ensure compliance with the Privacy Act of 1974 (5 U.S.C. 552a).

DoD policy for the Privacy Program is developed by the Defense Privacy Board. The Chairman is the Deputy Assistant Secretary of Defense (Administration); members consist of representatives from the Military Departments, the Defense Logistics Agency, the Assistant Secretary of Defense (MRA&L), and the General Counsel of the DoD. The Director of the Defense Privacy Office serves as Executive Secretary of the Board. The Chairman speaks for the Board on policy matters; the Executive Secretary on administrative matters.

BIOGRAPHY

William T. Cavaney

Mr. Cavaney is a native of Chicago, Illinois, and a graduate of the University of Chicago where he received an AB and JD. He is a member of the Illinois Bar. During World War II he served on active duty as a Naval Reserve Officer. He has been employed in various Components of the Department of Defense, as an investigator, attorney, intelligence and security analyst and is currently Executive Secretary of the Defense Privacy Board.

DEFENSE CONTRACT AUDIT AGENCY

The Defense Contract Audit Agency authorized personnel strength is 3,575

FACT SHEET
DEFENSE CONTRACT AUDIT AGENCY
(DCAA)

DCAA was established as a separate agency in the Department of Defense in 1965 by DoD Directive 5105.36; prior to that time its functions were performed by the three military departments and DLA. It was created principally to provide more independence, objectivity and consistency in advisory audit recommendations to procurement personnel regarding contractor costs, and to effect other operating improvements. Its Director is responsible to the Assistant Secretary of Defense (Comptroller).

The Agency audits about 9,600 business enterprises, including many large defense contractors such as Lockheed, Boeing, General Dynamics, and McDonnell Douglas. The results of the audits are provided to procurement and contract administration components for use in negotiation, administration and settlement of contracts and subcontracts. These contract audit services are also furnished a number of other Government agencies to avoid duplication. DCAA is the only Agency with which defense contractors deal on audit matters.

The principal specific functions of the Agency are:

Review of pricing proposals (in FY 79 the Agency reviewed about 29,000 proposals for approximately $98 billion),

Audit of costs incurred under Government contracts (approximately $34 billion audited in FY 79),

Review of the adequacy of contractors' accounting and financial management systems and estimating procedures,

Review of contractors' compliance with regulations and promulgated standards of the Cost Accounting Standards Board established by Public Law 91-379, and

Audit of contractors' compliance with Public Law 87-653 ("Truth in Negotiations").

In fiscal year 1979 savings as a result of audit recommendations were $3.4 billion, representing a return of 33 to 1 on amounts expended for operation of the Agency. DCAA audits include reviews of the economy and efficiency of contractor operations; in 1972 the General Accounting Office confirmed the appropriateness of the longstanding practice of DCAA to include such reviews in its audit programs, and in 1975 recommended the Agency give them greater priority.

Approximately 3,400 persons are employed in 390 locations throughout the United States and overseas; 77 field offices are located in the plants of the larger contractors. Operations are highly decentralized--audit reports are signed and released at the field office level; supervision is provided through six regional offices and the Headquarters in Cameron Station, Alexandria, Virginia.

Over 80 percent of DCAA's personnel are auditors, GS-510, for which recruiting is normally from college graduates with accounting majors. About 560 are certified public accountants and many others are training for the examination.

Progressive programs for technical guidance and professional career development are maintained--a contract audit manual is published by Headquarters; a training facility for contract auditing is operated in Memphis, Tennessee; a cadre of auditors conducts research in advanced audit techniques, especially those in which computers are involved; training and career development of all auditors is carefully planned and monitored; and a program for development of top executives is maintained through a system of education, on-the-job training, evaluation and counseling, and rotational assignments. The DCAA executive development program was recently surveyed by the Civil Service Commission and received an unusual outstanding rating accompanied by letters of commendation from the Chairman of the Civil Service Commission and the Secretary of Defense.

The Director is Mr. Frederick Neuman, CPA; Mr. Charles O. Starrett, Jr., CPA, is the Deputy Director.

FREDERICK NEUMAN
Biographical Sketch

Frederick Neuman is the Director of the Defense Contract Audit Agency (DCAA). This Agency is responsible for all contract auditing in the Department of Defense, and also performs this service for many other Federal departments and agencies.

After graduating from the College of the City of New York with a Bachelor of Business Administration degree, he was associated with a firm of Certified Public Accountants in that city for about four years. In 1942, he accepted a position as auditor with the old Army Air Corps in Pennsylvania. He remained with the Army Air Corps audit organization until it was absorbed by the U.S. Army Audit Agency (USAAA) in 1946. He served with the USAAA until January 1965, where his last position was Chief, Procurement Audits Division of the Headquarters office in Washington, D.C.

In January 1965, he was appointed to the planning group which was formed to establish DCAA. He held four prior positons of high responsibility in the Headquarters organization of the newly formed Defense Agency before being appointed to his present post as Director on 1 August 1976.

Mr. Neuman is a Certified Public Accountant in the State of New York, a charter member of the New York Association of Government Accountants (AGA), formerly a member of the Washington Chapter (AGA), and currently a member of the Montgomery-Prince Georges Chapter (AGA). He has served as chairman of several committees at the national level of AGA, and is National President-Elect for the 1979-1980 term.

He is active as a speaker at many professional meetings and serves as a panel member during various seminars on professional subjects. For many years Mr. Neuman has been a guest lecturer at the Defense Systems Management School at Fort Belvoir, Virginia, and the U. S. Army Judge Advocate General's School at Charlottesville, Virginia. In addition, he lectures at university-sponsored educational programs as well as those conducted by professional organizations.

In recognition of his contributions and excellent performance, Mr. Neuman received many awards and citations during his Government career. In 1970 he was given the Distinguished Civilian Service Award and Gold Medal for his performance in the Defense Contract Audit Agency during the period July 1965 through December 1970. On 18 December 1979 he was awarded the Secretary of Defense Meritorious Civilian Service Medal.

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ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS(ASD(PA))

The attached documents represent all of the issue papers prepared by the ASD(PA) for the Reagan Transition team. Nothing has been omitted or deleted from the documents.

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1. Organizational charts

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F. Directorate for Community Relations

G. Directorate for Freedom of Information and Security Review

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I. Directorate for Audiovisual Management Policy

J. Defense Audiovisual Agency

3. Budgetary process

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N. American Forces Information Service

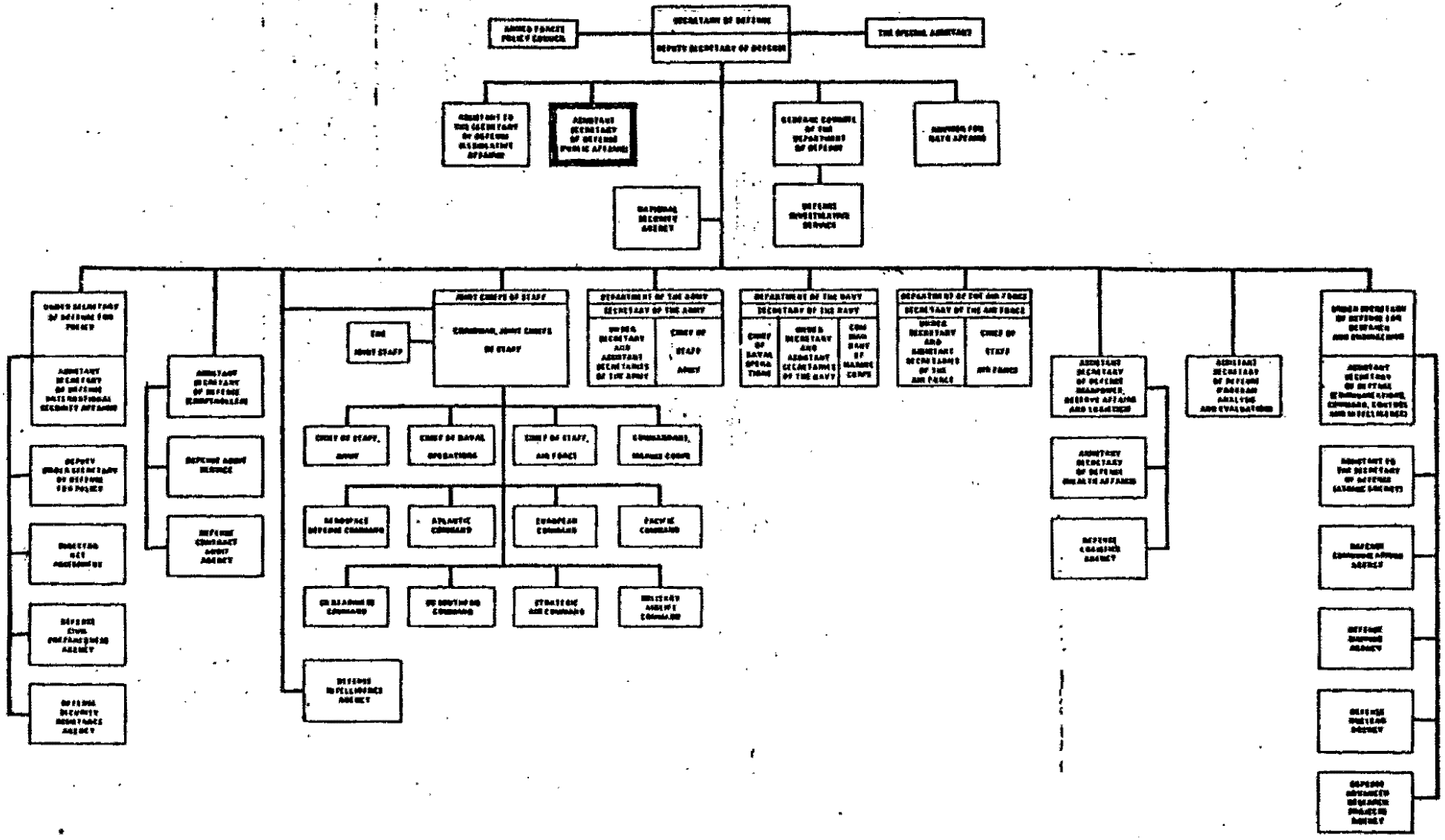
5. Issues

Tab O.

6. Administrative details

Tab P.

DEPARTMENT OF DEFENSE



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS)

ASD(PA)
Principal Deputy
Deputy
Special Assistant
Civ-6 Mil-4

AMERICAN FORCES INFORMATION SERVICE
- Director
- Deputy Director
- Plans & Policy Staff
- American Forces Radio & Television Service (AFRTS)
- American Forces Press & Publications Service (AFPPS)

Civ-132 Mil-50

DIRECTORATE FOR DEFENSE INFORMATION
- Director
- Deputy Director
- Plans Staff
- News Division
  - Armed Forces News Branch
  - Defense News Branch
  - Operations News Branch
- Audiovisual Division
  - Production & Documentary Branch
  - Acquisitions Branch

Civ-21 Mil-18

DIRECTORATE FOR COMMUNITY RELATIONS
- Director
- National Organizations Division
- Programs Division
- Public Activities Division

Civ-9 Mil-8

DIRECTORATE FOR FREEDOM OF INFORMATION AND SECURITY REVIEW
- Director
- Deputy Director
- Program Management Division
  - Records & Correspondence Branch
  - Reports & Data Branch
- OSD Division
- Army Division
- Navy Division
- Air Force Division

Civ-22 Mil-15

DIRECTORATE FOR MANAGEMENT
- Director
- Administrative Officer
- Administrative Services Branch
- Public Correspondence Branch

Civ-7 Mil-5

DIRECTORATE FOR AUDIOVISUAL MANAGEMENT POLICY
- Director
- Equipment Division
- Facilities Division
- Products Division

Civ-4 Mil-4

Federal Motion Picture Contracts Management Office
(Civ-3) (Mil-1)

Strength summary:

	Civilian	Military	Total
OASD(PA)	69	54	123
AFIS	132	50	182
Total	201	104	305

(The Federal Motion Picture Contracts Management Office is an element of the Defense Audiovisual Agency.)

IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY

Assistant Secretary (NC)
Special Assistant (C)
Military Assistant (M)
Private Secretary (NC)
Principal Deputy ASD (NC)
Military Assistant (M)
Private Secretary (NC)
Deputy ASD (M)
Assistant (M)
Secretary (C)
Civ-6 Mil-4

NC -- Non-career civilian

C -- Career civilian

M -- Military

Office of the Assistant Secretary of Defense (Public Affairs)

MISSION AND FUNCTIONS

The Assistant Secretary of Defense (Public Affairs) . . .

serves as the principal staff assistant to the Secretary of Defense for public and internal information and community relations matters. He is responsible for carrying out:

- An integrated DoD public affairs program that will:

  -- provide the American people with maximum information about the Department of Defense, consistent with the requirements of national security; and

  -- undertake activities contributing to good relations between the Department of Defense and all segments of the public, at home and abroad; in overseas areas these activities will be carried out in collaboration with the Department of State and the International Communications Agency.

- An American Forces information program that will:

  -- include all internal information materials and resources used in support of the Department's internal information effort; and

  -- provide news and information for military, DoD civilian, reserve and national guard personnel and their dependents and for retired military personnel and their spouses.

In addition, he directs and controls the Defense Audiovisual Agency, an independent organization (located at Norton Air Force Base, California) that provides centrally-managed production, acquisition, distribution, and depository support and services for selected audiovisual products for use by all DoD components.

STAFF ASSISTANCE

To carry out his duties, the Assistant Secretary is assisted, in his immediate office, by . . .

- a Principal Deputy, who is a civilian in the Senior Executive Service;

- a Deputy, who is a military officer in grade O-8 (Major General or Rear Admiral);

- a Special Assistant, who is a civilian in the Senior Executive Service; and

- a Military Assistant, who is a military officer, normally in grade O-6 (Colonel or Navy Captain).

Most of the operational activities of his office are carried out by the staffs of six directors who are under the direct supervision of the Assistant Secretary. These are:

- Director, American Forces Information Service

- Director for Defense Information

- Director for Community Relations

- Director for Freedom of Information and Security Review

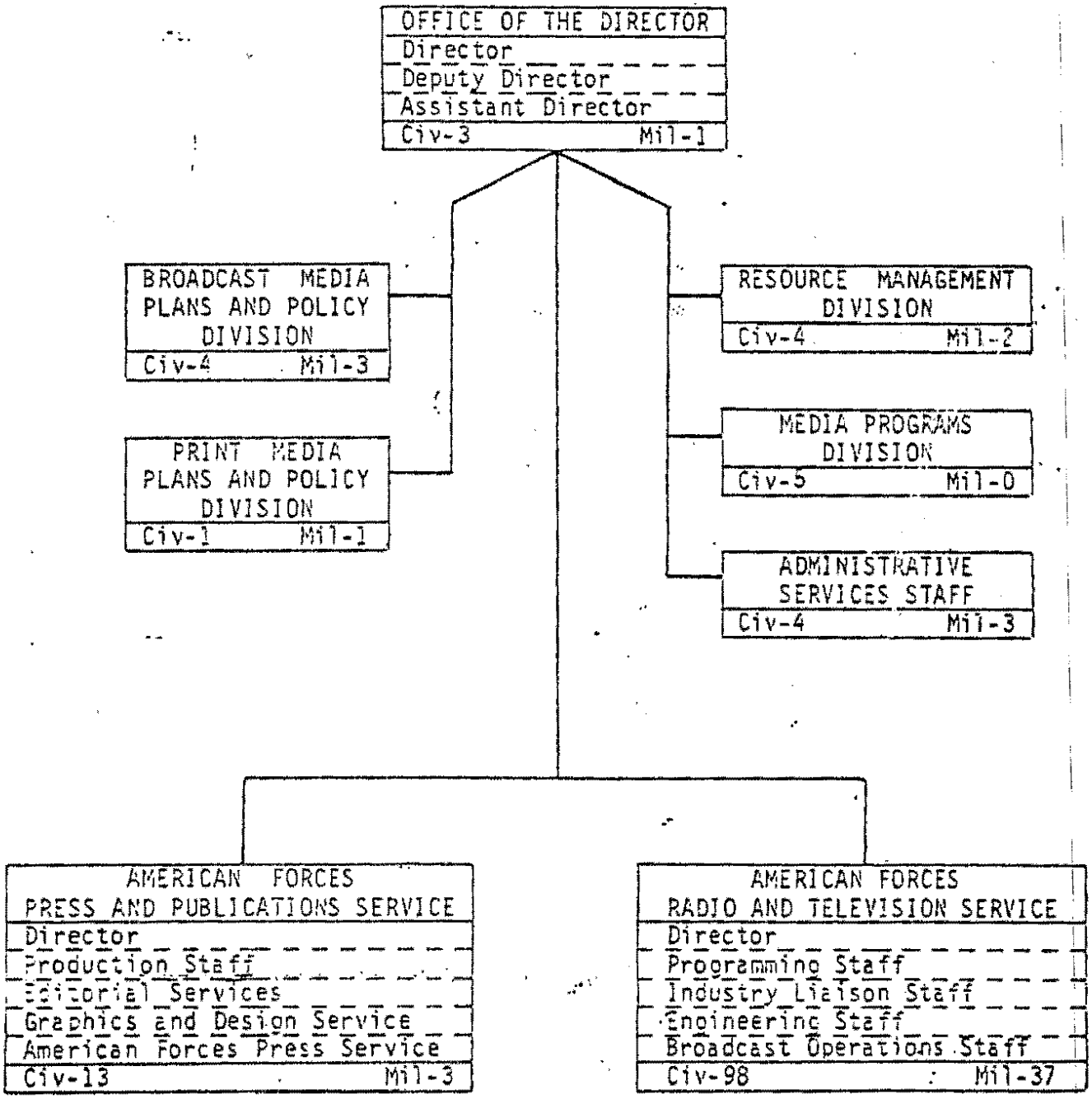
- Director for Management (who also serves as Executive Assistant to the Assistant Secretary)

- Director for Audiovisual Management Policy

The director of the Defense Audiovisual Agency is also under the direct supervision of the Assistant Secretary, although the Agency is not part of the Public Affairs office per se.

The functions of the directors are described in the following pages.

AMERICAN FORCES INFORMATION SERVICE (AFIS)



Strength summary:

Civilian	132
Military	50
Total	182

Internal information operations are carried out by:

-- American Forces Press and Publications Service (AFPPS). This Service, headed by a military officer in grade O-6, is the print-media arm of the AFIS. It . . .

Prepares or acquires a variety of Joint Service informational materials in the form of pamphlets, brochures, booklets, and posters that are supportive of the internal information objectives of the DoD and the Military Services.

Provides special emphasis on and support for the DoD Drug and Alcohol Abuse Prevention program and for the Civilian Health And Medical Program of the Uniformed Services (CHAMPUS).

Develops materials to support special projects or campaigns undertaken by the DoD.

Publishes the following periodicals:

- SSAM (Soldier, Sailor, Airman, and Marine), a monthly feature newspaper aimed primarily at the junior enlisted audience. It uses abundant graphics and upbeat features. Features on rights, benefits, personal affairs matters, and consumer and financial information are given high priority. Circulation: 249,000.

- DEFENSE/80 (81, 82, etc.). A monthly, four-color contemporary magazine that serves as the "voice" of the Secretary of Defense and reflects current DoD plans, policies, programs, and activities. The publication is targeted at senior officers, managerial-level civilian employees, and senior enlisted personnel. Circulation: 80,000.

- AFIS Weekly Editors' Clipsheet. A weekly publication for editors of Armed Forces newspapers. In camera-ready form, it features Joint Service internal information material, seasonal and special program material, and graphic elements normally not available at the local level. Distribution: 3,500.

-- American Forces Radio and Television Service (Los Angeles)(AFRTS-LA). This, the largest element of the AFIS, is the source of program materials for use by overseas networks and stations, remote-area stations, and U.S. Navy ships at sea. It is headed by a military officer in grade O-6. Its chief functions are:

- Developing or acquiring program materials (informational, including current news, and entertaining, including sports) for radio and television broadcasting by AFRT outlets.

- Assuring that program materials are in the formats required by the outlets and that the products are of professional broadcast quality.

- Removes commercial advertising from materials obtained from the commercial broadcasting industry; substitutes material supporting areas of current emphasis in the internal information program.

- Reproduces material obtained from commercial sources; prepares sufficient copies for servicing AFRT outlets.

- Distributes programming by the most expeditious means available: broadcast, teletype, or shipment.

- Maintains liaison with U.S. commercial and public broadcast networks; unions, federations, and guilds of the broadcast industry; program producers, syndicators, and owners; obtains agreements for use of commercially-produced materials by the AFRTS.

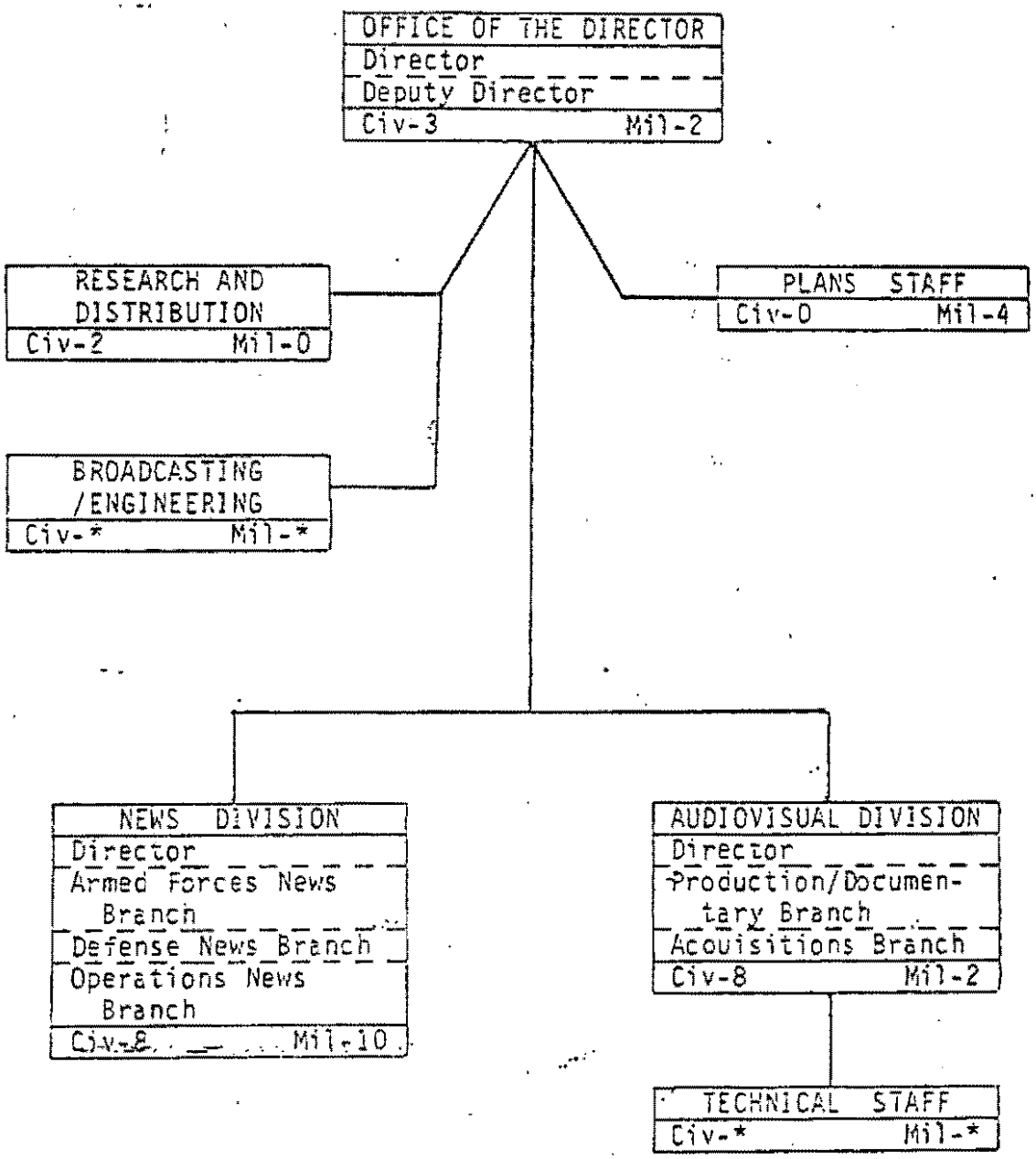
- Issues programming schedules and guidance for AFRT outlets.

- Contracts for the production of spot announcements and other broadcast materials.

- Produces radio programming and program aids necessary to sustain the program requirements of AFRT outlets.

- Reviews station audience surveys to insure that programming, library and other services are responsive to the needs of the AFRT outlets.

DIRECTORATE FOR DEFENSE INFORMATION (DDI)



* These elements are staffed by the Department of the Army.

Strength summary:

Civilian	21
Military	18
Total	39

DIRECTORATE FOR DEFENSE INFORMATION (DDI)

This Directorate assists the Assistant Secretary of Defense (Public Affairs) to carry out his responsibility to provide the American people with the maximum amount of information about the Department of Defense. To this end, the Directorate . . .

-- Acts as the sole releasing agency at the seat of Government for dissemination to the print and audiovisual media of materials originated within the Office of the Secretary of Defense (OSD), the Defense Agencies, and the Military Departments.

-- Serves as the focal point within the OSD for the provision of public affairs advice and counsel to DoD components concerning release of information of national or international news significance.

-- Develops and issues policies and procedures concerning release of information to the public.

-- Takes action on inquiries and requests for assistance from representatives of the news media.

-- Designates staff members to serve as public information advisers to senior officials of the OSD.

-- Maintains a news conference capability (i.e., a studio facility with sound-reproduction equipment).

-- Arranges for photographic support for the office of the Assistant Secretary.

-- Develops policies for DoD cooperation in the production of motion pictures and related undertakings by producers in the private sector.

-- Takes action on requests from audiovisual and electronic media for access to military facilities, release of DoD photographs and film footage, and related assistance.

-- Establishes and maintains liaison with public information personnel in the Unified and Specified Commands, Military Departments, and Defense Agencies. Formulates, coordinates, and approves public information guidance covering the programs and activities of these elements of the Department. Monitors implementation of guidance issued. Reviews the public affairs portions of contingency and operations plans developed by elements of the Department.

-- Makes assessments of the public information implications of policies, programs, and activities proposed by elements of the OSD or OJCS (Organization of the Joint Chiefs of Staffs). Provides input to insure that accurate information is released to the public in a timely manner. Assigns project officers to monitor specific undertakings.

-- Maintains liaison with other government agencies to insure that release of information on matters of mutual concern has been coordinated prior to release.

-- Acts on requests from news media representatives for travel in military carriers.

These functions are carried out through . . .

-- A Plans Staff, which formulates, coordinates, and issues public affairs guidance on activities and programs -- including contingency and operations plans -- of major components of the DoD. The Staff maintains continuing monitorship of areas of public affairs sensitivity and develops plans and guidance as needed.

-- A News Division. This element is the principal point of contact with news media representatives. It . . .

Disseminates informational materials -- news releases, fact sheets, speech texts, statements, etc. -- to the news media.

Responds to inquiries and requests for assistance.

Provides an around-the-clock point of contact for news media representatives and for the public affairs staffs of subordinate DoD components.

Designates staff members to serve as public-information advisers to senior officials of the OSD.

Maintains daily contact with the public information staffs of the Military Services.

-- An Audiovisual Division, which is the principal point of contact with the audiovisual and electronic media and with private-sector entities interested in producing defense-related audiovisual materials. Specifically, the Division . . .

Disseminates information through the public release of DoD-generated audiovisual materials.

Assists non-government agencies in the production of their audiovisual materials by providing photographs and motion picture footage, arranging for interviews with DoD people, and coordinating with other elements of the DoD.

Develops policies for DoD cooperation in the production of motion pictures and related undertakings by producers in the private sector. Applies approved policies to specific requests for cooperation.

Provides audiovisual facilities support to electronic news media representatives covering the DoD.

Maintains a studio facility to serve as the site of news conferences, briefings for news media representatives, and related activities.

Exercises approval authority for initiation of any DoD audiovisual production intended for public release.

Coordinates with the Military Services on news-related audiovisual activities.

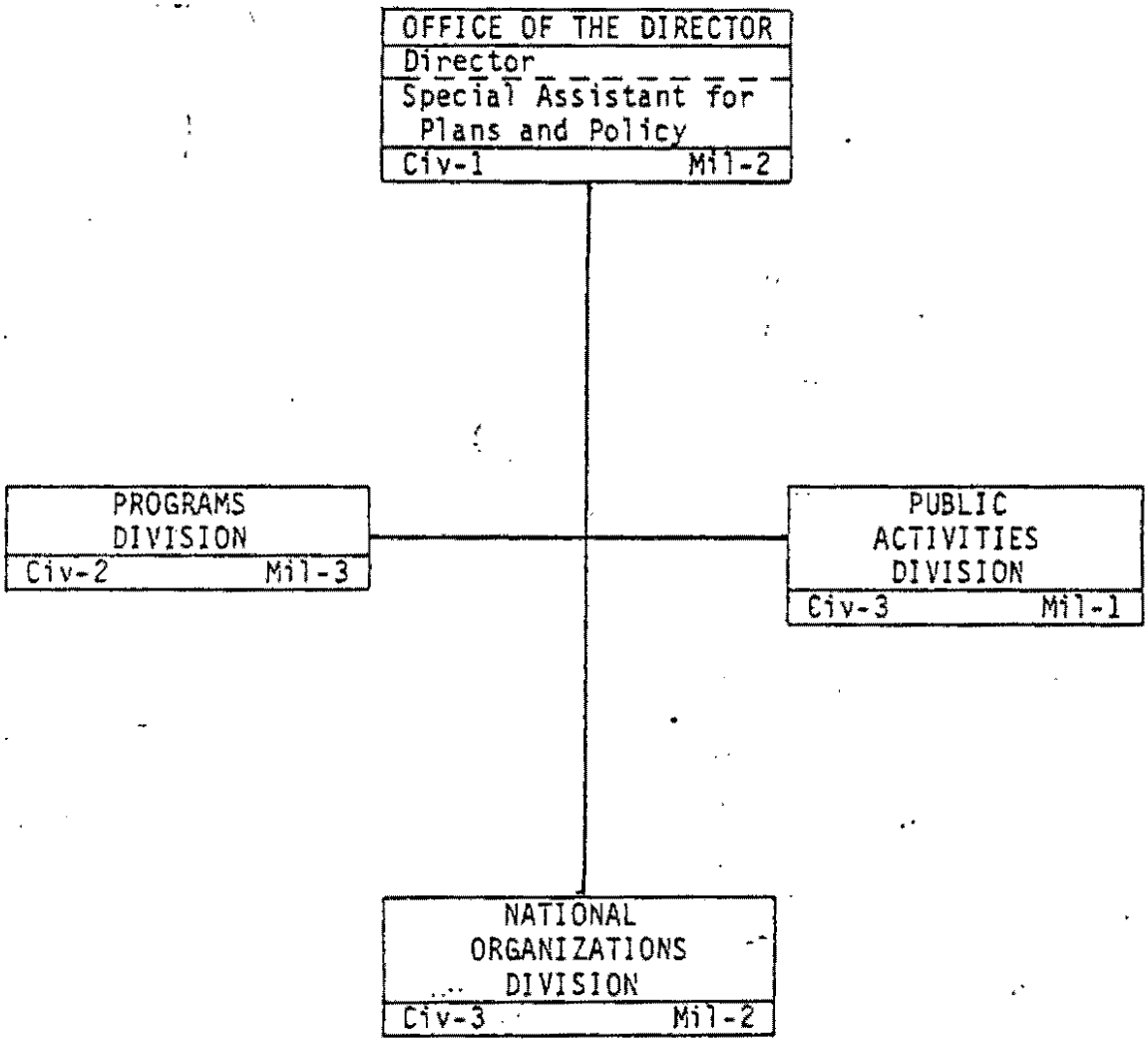
Maintains photographers and motion picture studio and editing facilities for support of OSD requirements.

Arranges for and monitors military participation in photographic contests and seminars and educational opportunities, sponsored by schools of journalism and by press associations, designed to improve the photographic skills of military personnel.

Maintains a library of still photographs and motion picture footage for quick response to requests from national news media.

Responds to requests for assistance from authors of books and magazine articles.

DIRECTORATE FOR COMMUNITY RELATIONS (DCR)



Strength summary:

Civilian	9
Military	8
Total	17

Directorate for Community Relations, Office of the Assistant Secretary of Defense (Public Affairs)

The Directorate for Community Relations (DCR):

-- establishes and implements policies covering Armed Forces participation in public events and similar activities and monitors compliance by components of the Department of Defense;

-- plans, coordinates, supervises, and evaluates Armed Forces community relations activities.

These functions are carried out through:

-- A Programs Division that formulates policies and procedures to be followed by Department of Defense components and agencies in connection with tours, conferences, seminars, exhibits, musical and ceremonial support for public events and other activities in the public domain

o exercises approval authority over all requests for Armed Forces support of public programs within the National Capital Area (ceremonial support).

o establishes and carries out responsibilities associated with conducting the Annual Joint Civilian Orientation Conference, a Secretary of Defense sponsored program.

o supervises official Pentagon Tour Program to include daily conduct of individual tours and the final selection of all Tour Guides.

o coordinates all visits to defense installations by foreign dignitaries under sponsorship of the U.S. International Communication Agency.

-- A National Organizations Division that serves as a point of contact for 2-way communication with national organizations and associations. The Division disseminates information to organizations expressing an interest in defense matters and, upon request, arranges for briefings and orientation sessions. The Division:

o serves as the single office of liaison between DoD and its components and approximately 400 national organizations and groups, except for single service oriented groups.

o disseminates DoD information and material to nationally organized public groups - business, labor, youth, veterans, women's, fraternal, educational, civic, and others.

o evaluates and coordinates arrangements for Armed Forces participation public events and related activities sponsored by national organizations, and insures an equitable distribution of community relations resources in support of such programs and activities.

-- A Public Activities Division that sets and carries out policies governing public speaking engagements and appearances by senior military and civilian officials of the Department, as well as flyovers and appearances by aerial demonstration teams.

- o serves as official point of contact for the general public concerning speech requests and appearances, including those for Secretary and Deputy Secretary of Defense.

- o coordinates with White House and Congressional leaders for DoD speakers.

- o publishes a monthly speakers schedule for the DoD and a daily listing of speakers. Provides White House daily input for President's News Summary concerning Secretary of Defense travel, speeches and media conferences.

- o responsible for Annual National Flag Day observances on June 14. This has become a key event which is held at the White House Ellipse.

- o responsible for all matters dealing with civilian requests for military flyovers and for the official aerial demonstration teams -- the U.S. Navy Blue Angels and the U.S. Air Force Thunderbirds -- and the official parachute team, the U.S. Army Golden Knights.

- o Evaluates all civilian requests for demonstration teams and military flyovers to insure compliance with applicable DoD Directives and Instructions. Approves and passes on appropriate requests for military flyovers and aerial/parachute demonstration teams to respective Military Services.

- o plans and hosts the demonstration teams annual scheduling conference held each December to determine the subsequent year's show season schedule and publishes demonstration teams approved schedule.

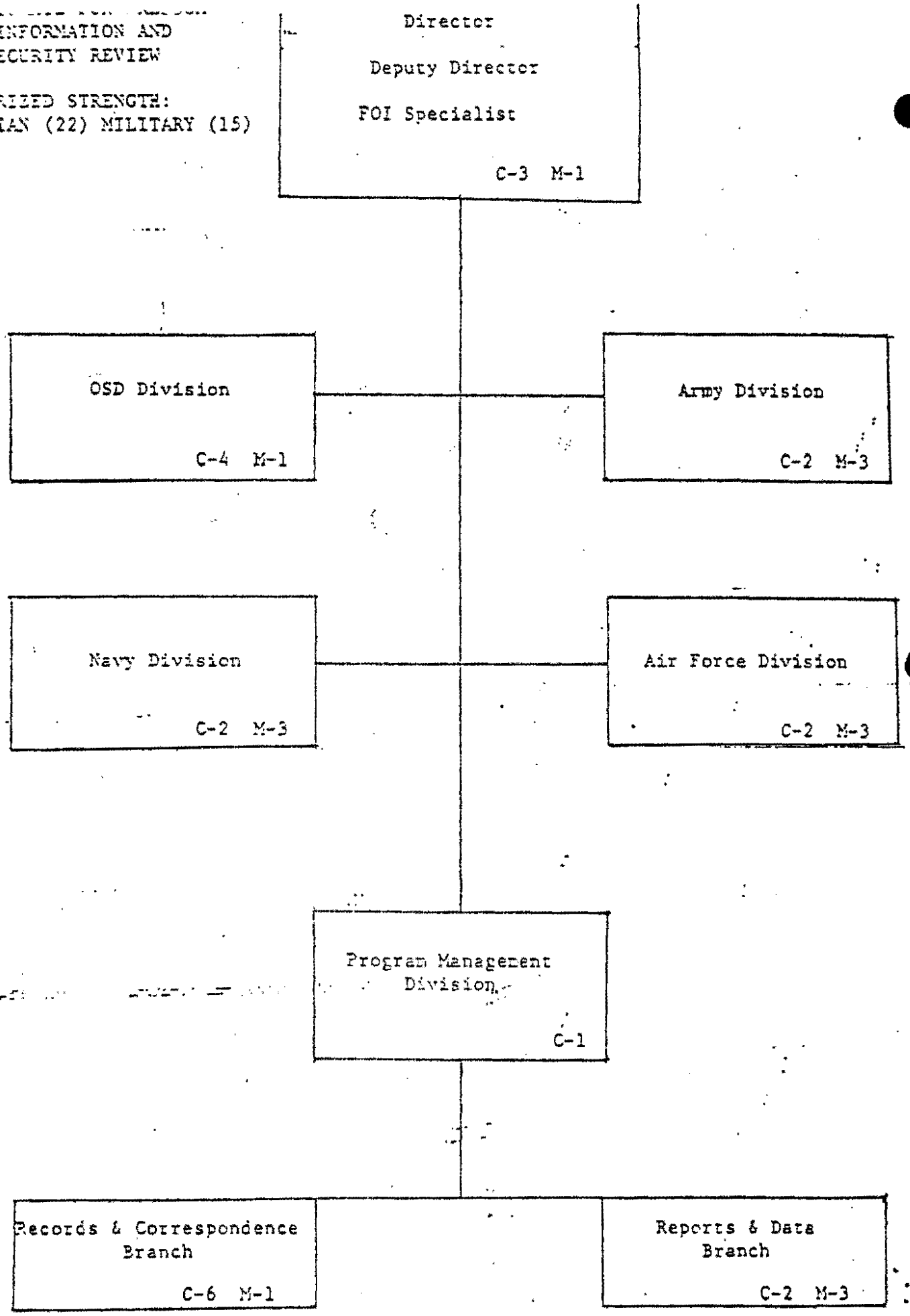
- o organizes and plans, with Military Services, annual Armed Forces Week/Day activities.

- o provides guidance to DoD regional coordinators on implementing directives of DoD plan.

- o Provides the DoD Liaison Officer to the Armed Forces Inaugural Committee (AFIC). In this capacity, the Liaison Officer coordinates and plases requests for support from the Committee to appropriated Military Services and DoD agencies.

OF INFORMATION AND
SECURITY REVIEW

HORIZED STRENGTH:
ILIAN (22) MILITARY (15)



Directorate for Freedom of Information and Security Review
Office of the Assistant Secretary of Defense (Public Affairs)

The Directorate for Freedom of Information and Security Review (DFOISR) is responsible for:

-- Security clearance of DoD (Department of Defense) information and material intended for public disclosure and the concurrent review of such material for conflict with established policy.

-- Review and clearance of testimony presented at Congressional hearings by all DoD witnesses, including that of the Secretary of Defense, Chairman, Joint Chiefs of Staff and Under Secretary of Defense for Research & Engineering. This responsibility includes the review and amendment for security of the annual classified versions of the Secretary of Defense's report, the Chairman's Military Posture Statement and the budget statement of the Under Secretary of Defense for Research & Engineering. This review is a preliminary step in the preparation by this Directorate of unclassified versions of each of these statements for public release.

-- Administering the DoD Freedom of Information and Mandatory Declassification Review Programs and preparing or arranging for responses to the public's requests for documents and records under the Freedom of Information Act, the Federal Privacy Act, and Section 3-5 of Executive Order 12065 ("National Security Information").

These functions are carried out through:

-- The Director and Deputy Director, who serve as principal staff assistants to the Assistant Secretary of Defense (Public Affairs) in providing the American people with maximum information about the Department, consistent with national security requirements.

-- OSD, Army, Navy and Air Force Divisions. These divisions review material, according to the sources from which received (i.e., the Office of the Secretary of Defense or its agencies, or one of the Military Departments), submitted for clearance in terms of security and conflict with established policy. They also assist in the administration of the Freedom of Information and Mandatory Declassification Review Programs, responding to or arranging for responses to requests from the public.

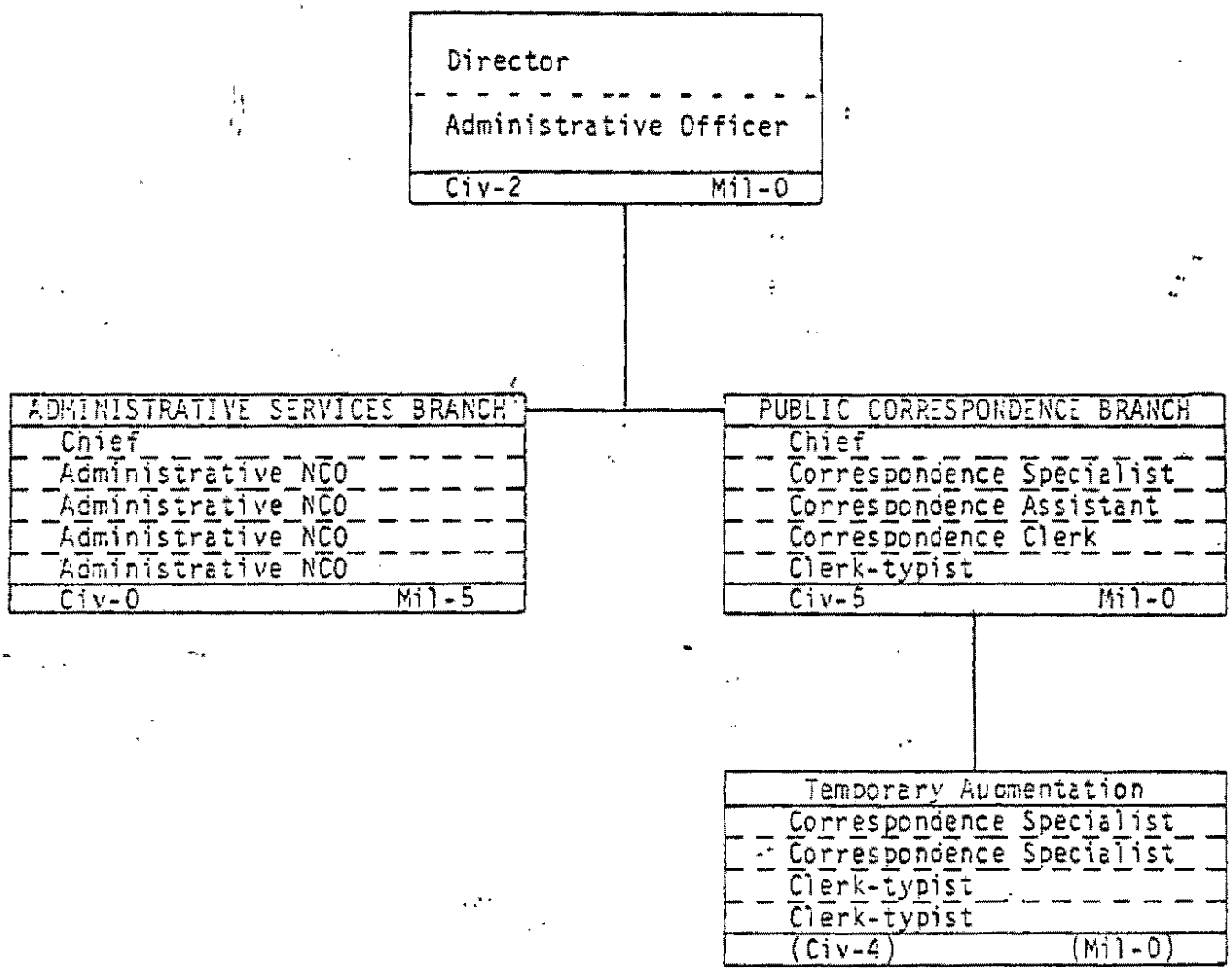
-- The Program Management Division, which supervises office management, including personnel administration, logistical support services and Directorate budget preparation.

-- The Records and Correspondence Branch provides for centralized

administration, security, correspondence control, records management and clerical support. The Branch also maintains a public reading room as required by the FOI Act.

-- The Reports and Data Branch maintains a research center, reference library and repository of security and policy guidance on which major security review decisions are based. The Branch operates an automated data base that stores texts of public utterances by key DoD officials and data on requests processed under the Freedom of Information and Privacy Acts and Executive Order 12065. It also prepares the annual Freedom of Information Report for submission to the Congress.

DIRECTORATE FOR MANAGEMENT



	Civilian	Military	Total
Permanent	7	5	12
Temporary	4	0	4
	11	5	12

Directorate for Management

This directorate is responsible for correspondence control, personnel administration, coordination of staff actions and papers, and administrative and logistical support for the Office of the Assistant Secretary and its elements.

The directorate . . .

-- Prepares and issues policy and procedural guidance in the areas of administration and logistical support (e.g., records management, reports control, timekeeping and pay, control of official travel, security of classified information, preparation and processing of correspondence and staff papers). Monitors performance in these areas and initiates corrective action as required.

-- Assembles the annual budget request for the office -- less the American Forces Information Service. Monitors expenditures.

-- Records incoming correspondence and staff papers and assigns them for action by appropriate elements of the office.

-- Reviews all outgoing correspondence, coordination actions, and staff papers and makes or recommends revisions as necessary.

The Director (grade GS-15), assisted by an Administrative Officer (grade GS-12), supervises:

-- An Administrative Services Branch headed by a senior noncommissioned officer.

-- A Public Correspondence Branch headed by a civilian (grade GS-14). This element prepares responses to a wide variety and high volume of inquiries from the public. Much of this mail has been forwarded from the White House or from Congressional offices and is covered by special rules regarding the quality and alacrity of responses.

DIRECTORATE FOR AUDIOVISUAL MANAGEMENT POLICY	
Director	
Deputy	
Plans & Programs Officer	
Equipment Division	
Facilities Division	
Products Division	
Civilian - 4	Military - 4

FEDERAL AUDIOVISUAL CONTRACT MANAGEMENT OFFICE	
(Civilian - 5)	(Military - 1)

(The Federal Audiovisual Contract Management Office, an element of the Defense Audiovisual Agency, is operated by the Directorate for Audiovisual Management Policy under the direction of the Office of Federal Procurement Policy (OMB)).

MISSIONS AND FUNCTIONS

DIRECTORATE FOR AUDIOVISUAL MANAGEMENT POLICY

This Directorate implements Public Law and Federal audiovisual (AV) policy and standards, and provides overall policy guidance, management objectives and, as required, standardized procedures for AV activities throughout the Department of Defense. The Director chairs the Defense Audiovisual Steering Committee, represents the DoD on the Federal Audiovisual Committee, and oversees the operation of the Defense Audiovisual Agency (DAVA) on behalf of the Assistant Secretary of Defense (Public Affairs).

Plans and Programs Officer

Determines requirements for, develops, and coordinates long range AV objectives, concepts, plans and programs; prepares and coordinates directives, instructions, regulations, manuals and memoranda promulgating Federal and Department of Defense AV policy and procedures. Evaluates the effectiveness of existing policy and procedures; makes recommendations concerning required changes.

Equipment Division

Develops policy pertaining to AV equipment requirements, acquisition, utilization, standardization, and evaluation (including operational test and evaluation of commercial off-the-shelf AV equipment) for OSD and DoD Components. Chairs the DoD AV Standardization Panel of the Defense Materiel Standardization and Specifications Office. Represents DoD on the American National Standards Institute Photographic Management Board and the Equipment Standardization Work Group of the Federal Audiovisual Committee.

Facilities Division

Develops policy concerning the authorization, establishment, management, operation and utilization of audiovisual facilities within the DoD and guidance concerning application of policy on use of AV contract support. Manages an MIS data base which collects information on all DoD AV resources and activities annually for internal management purposes and as the basis for the DoD Annual AV Report to the National AV Center (NAC), GSA. Oversees preparation of the AV Services Special Exhibit in the DoD Budget Justification Books for Congress.

Products Division

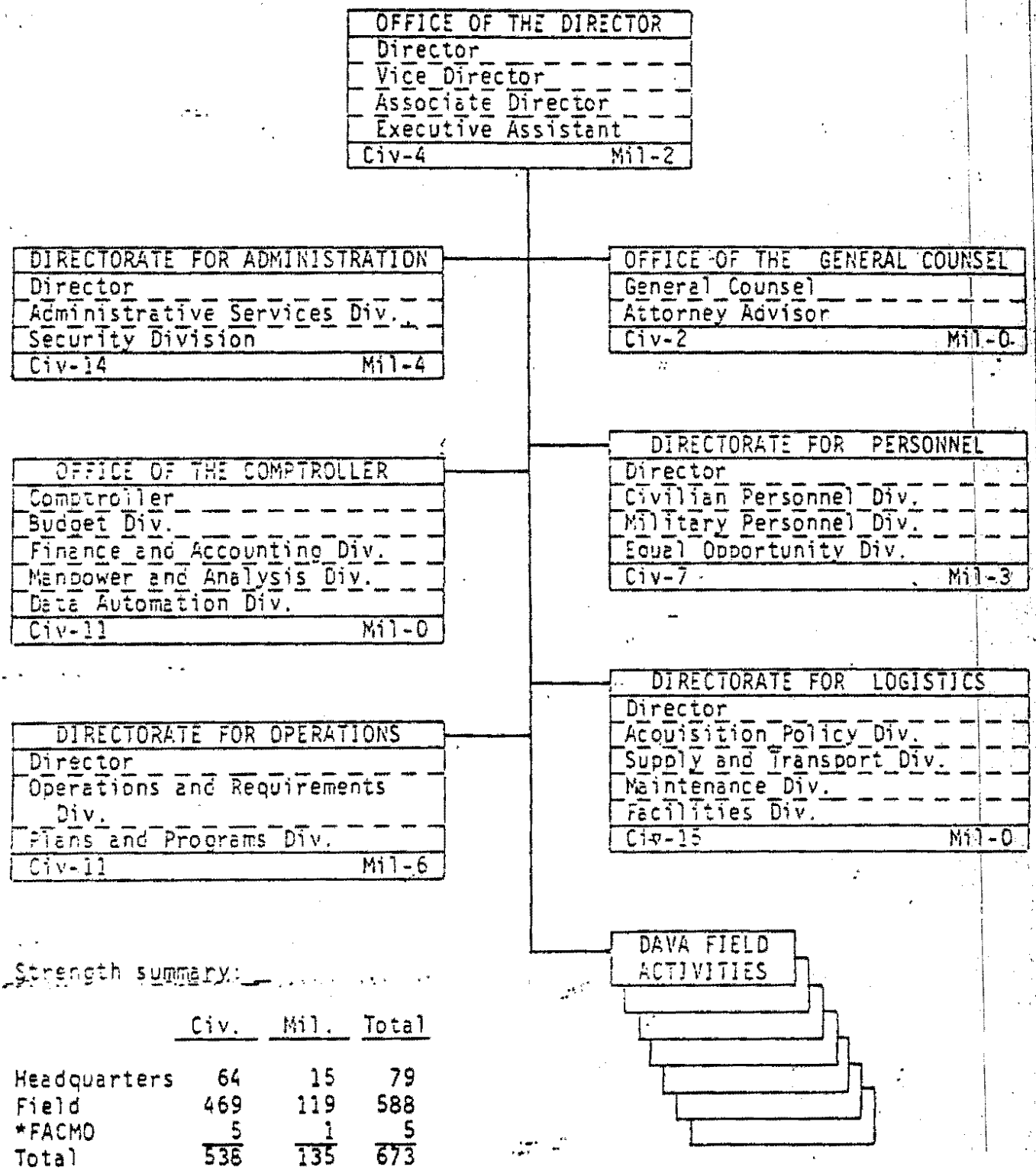
Responsible for the development of DoD policy, concerning the production of audiovisual products (in-house and commercially), the acquisition of off-the-shelf AV products, the distribution and use of those products, and the preservation and retirement for AV material and related records. Develops standardized procedures, and forms for requesting, justifying, approving and reporting AV products and their use. Chairs the Joint Interest AV Production Working Group which is responsible to avoid unwarranted duplication of AV products and for overseeing the production of joint interest requirements. Manages several data bases of the Defense Audiovisual Information System containing records on the current and obsolete DoD AV productions, their distribution and booking, and identifying the AV depository holdings.

MISSIONS AND FUNCTIONS

FEDERAL AUDIOVISUAL CONTRACT MANAGEMENT OFFICE

The Directorate for Audiovisual Management Policy (DAVMP) serves as Executive Agent for the Office of Federal Procurement Policy in the management and administration of a Government-wide audiovisual production contracting system. Actual operation of this contracting system is accomplished by the Federal Audiovisual Contract Management Office which, although an element of the Defense Audiovisual Agency, is operationally and administratively controlled by DAVMP. The basis for the contracting system is two lists of producers: the Qualified Film Producers List (QFPL) and the Qualified Videotape Producers List (QVPL). Producers applying for inclusion on these lists submit samples which are reviewed by an Interagency Audiovisual Review Board. If the samples are rated acceptable, the producers sign a contract with the Executive Agent and are placed on the appropriate list. Increments from these lists are provided to all federal agencies desiring to contract for motion picture or videotape productions. The Federal Audiovisual Contract Management Office also reviews all proposed contracting documents for conformance to federal standards, maintains a management information system on all government production contracts and serves as a central source of information on government production contracting activities and procedures.

DEFENSE
AUDIOVISUAL
AGENCY

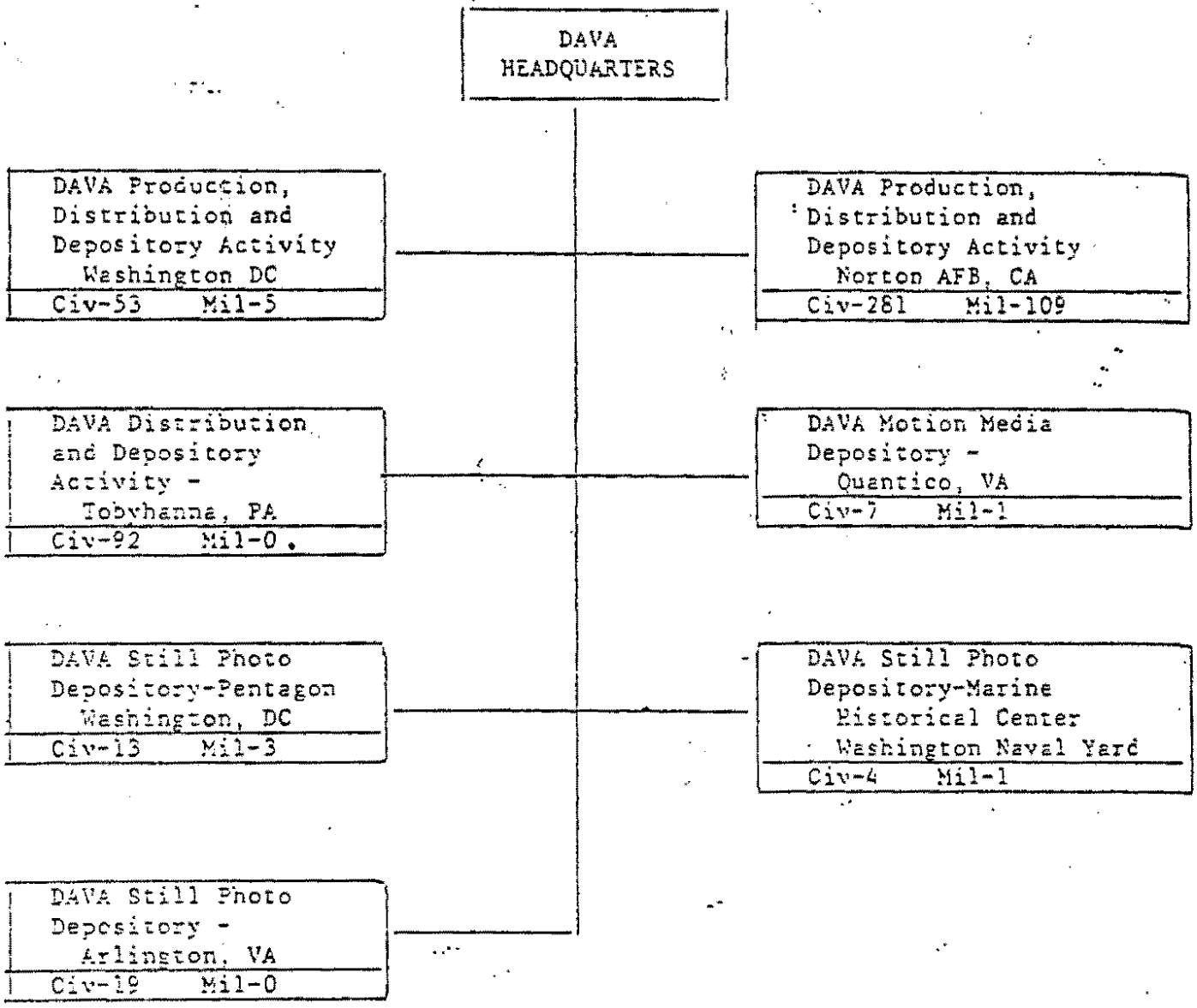


Strength summary:

	Civ.	Mil.	Total
Headquarters	64	15	79
Field	469	119	588
*FACMO	5	1	5
Total	538	135	673

* The FACMO (Federal Audiovisual Contract Management Office) is shown in the section on the Directorate for Audiovisual Management Policy, OASD (Public Affairs).

DAVA FIELD ACTIVITIES



Defense Audiovisual Agency (DAVA)

(The DAVA is a separate agency of the Department of Defense under the authority, direction, and control of the Assistant Secretary of Defense (Public Affairs)

The DAVA:

-- Provides audiovisual (AV) products and services to all DoD components. Its functions include AV production, AV product acquisition, distribution of AV products, and operation of AV depositories and records centers.

-- Administers the DoD program for operational test and evaluation of commercial off-the-shelf AV equipment used by DoD components.

-- Operates the Defense Audiovisual Information System (DAVIS), an automated management information system, for the Assistant Secretary of Defense (Public Affairs).

DAVA authority extends to:

-- Productions requiring public exhibition clearance.

-- Productions to be used by more than one DoD component.

-- Productions to be acquired from commercial sources.

-- Products and services for which any DoD component requests DAVA support.

The DAVA organization includes a headquarters at Norton Air Force Base, California, and the following field activities:

-- DAVA Production, Distribution, and Depository Activity, Norton AFB, CA.

-- DAVA Production, Distribution, and Depository Activity, Washington, D.C.

-- DAVA Distribution and Depository Activity, Tobyhanna Army Depot, PA.

-- DAVA Motion Media Depository, Quantico, VA.

-- DAVA Still Photo Depository, Arlington, VA.

-- DAVA Still Photo Depository, The Pentagon, Washington, D.C.

-- DAVA Still Photo Depository, Marine Corps Museum, Washington, D.C.

In order to provide management and direction to DAVA, the Director is assisted, in his immediate office by;

-- A Vice Director, who acts in the Director's absence, maintains continuity of ongoing operations and activities, and represents DAVA at conferences and high-level DOD/federal meetings.

-- An Associate Director for Management and Technology who provides technical, audiovisual managerial advice to the Director for the establishment of the DAVA primary mission and resources program; Collaborates with top-level experts and consultants in other audiovisual organizations, foreign and domestic; and serves on DOD panels dealing in audiovisual matters.

-- An Executive Assistant who manages executive office communication/correspondence requirements; coordinates protocol requirements; manages HQ support for special briefings, official/civic functions, etc; and performs traditional public affairs duties to include: DAVA official spokesman to public/media; coordinates HQ/Field Activity public affairs policy and procedures; plans and manages DAVA tours/exhibits; coordinates review of professional papers/presentations; and prepares speeches for senior DAVA officials.

DAVA STAFF

The operational and administrative responsibilities of this Agency are carried out by the staffs of six Directors, all of whom are under the direct supervision of the DAVA Director. These functions are:

DAVA General Counsel

Provides legal guidance and opinions to the Director on matters related to DAVA mission accomplishment.

DAVA Director for Administration

Plans, coordinates, directs and controls or arranges for administrative support/services to both the headquarters and for DAVA field activities. This includes administrative services, administrative management of the DAVA inspection program, security and safety and Privacy Act and Freedom of Information Act point of contact for the Agency.

These functions are carried out through:

-- An Administrative Services Division which establishes policy, develops, directs and manages DAVA admin programs. This division provides, controls, and operates publications, reproduction, distribution, and storage administration services support to include postal management. These functions are provided by:

o The Administrative Management Branch which directs administrative management support programs, including correspondence, publications, and committee management.

o The Records Management Branch establishes and maintains the DAVA records management program for the identification, maintenance, and disposition of all records and files to include forms and reports control.

- o The Central Distribution Center controls, processes and dispatches all incoming and outgoing classified and unclassified mail and internal communications/correspondence.

- o The Word Processing Center operates word processing equipment, establishing schedules to meet priority correspondence requirements for DAVA headquarters officials.

-- The Security Division develops, directs and manages DAVA Agency-wide administrative, personnel, and physical security programs. This includes the initiation, validation, revocation and suspension of individual security clearances, and the conduct of security inspections of headquarters and DAVA field activities.

DAVA Director for Personnel

Develops personnel policy and provides personnel management and equal employment opportunity programs to meet DAVA mission requirements.

These functions are carried out by:

-- The Civilian Personnel Division which:

- o Formulates policies, programs, and procedures for the recruitment, placement, training, development, retention and administration of civilian personnel assigned to DAVA.

- o Develops position management, classification, pay, leave, upward mobility, awards, merit pay and incentives programs.

- o Coordinates and monitors support furnished by servicing base central civilian personnel offices through Interservice Support Agreements (ISSA).

-- The Military Personnel Division which:

- o Formulates policies, plans, and programs for the selection, procurement, assignment, development, and administration of military personnel assigned within the Agency.

- o Coordinates and requisitions military personnel through service component military personnel systems.

-- The Equal Opportunity Division which:

- o Formulates agency policies and develops equal employment opportunity (EEO) programs.

- o Implements and evaluates the effectiveness of agency EEO programs, coordinating with DAVA Field Activity EEO representatives.

DAVA Comptroller

Provides policy guidance for planning, organizing, directing, and coordinating an integrated staff services program, to include:

- o Program/Budget
- o Accounting
- o Manpower
- o Automatic Data Processing and
- o Management Analysis

These functions are carried out by:

-- The Budget Division, which:

- o Directs the development and preparation of DAVA budget estimates and operating financial plans;
- o Updates the Agency five-year defense program; and
- o Defends Agency budget requests to OSD and Congress.

-- The Finance and Accounting Division which plans and supervises the establishment and operaters of an annual accounting system for the control of funds made available to the agency.

-- The Manpower and Analysis Division which:

- o Makes budget analyses to indicate trends in resource levels for current and future fiscal periods;
- o Monitors and analyszes resource utilization;
- o Reviews and validates manpower authorization documentation for the Agency; and
- o Analyzes effectiveness/efficiency of organizationa structures/authorization.

-- The Data Automation Division which develops and coordinates automatic data processing applications for DAVA program execution.

DAVA Director for Logistics

Develops plans, policies, programs and procedures for management of DAVA logistic support, to include:

- o Acquisition
- o Supplies and Services
- o Transportation; and
- o Facility Engineering

These functions are carried out as follows:

-- The Acquisition Policy Division plans, directs, and supervises development and implementation of acquisition policies, to include contracting for audiovisual productions, services, talent, and for the purchase of material and services used by DAVA Activities.

-- The Supply and Transportation Division formulates plans and policies for the receipt, storage, issue and transportation of material to include audiovisual equipment, replacement, consumable items, spares, other supplies necessary for audiovisual support missions.

-- The Maintenance Division develops plans and establishes policy for all phases and levels of maintenance in support of DAVA operational requirements. Reviews, directs, and monitors modification/modernization programs for all operational and support equipment/systems.

-- The Facilities Division develops DAVA policy and manages architectural and engineering services, maintenance and repair of real property, utilities, fire protection, facilities planning services, and energy conservation programs for DAVA activities. Coordinates support requirements with component servicing base civil engineer agencies.

DAVA Director for Operations

-- Develops plans, policies and procedures related to the production, distribution and depository operations assigned to DAVA.

-- Assigns tasks for production/services to DAVA field activities, and

-- Manages the DOD Audiovisual Operational Test and Evaluation (OT&E) program to evaluate commercial "off-the-shelf" audiovisual equipment.

These functions are carried out as follows:

-- The Operations and Requirements Division develops procedures for and manages DAVA Activities which provide AV products and services. These functions are provided as follows:

o The Acquisitions and Requirements Branch establishes and develops the DAVA production program and related support requirements, prioritizing both in-house and contractual productions.

o The Depository Activities Branch provides policy guidance and monitors DAVA Activity storage and archival services, to include transference to federal archives and public sales.

o The Distribution Activities Branch provides staff direction to DAVA field activities for distribution services audiovisual products, to include film loan library services.

-- The Plans, Programs, and Technology Division, which provides AV plans support to the Director, DAVA. These functions are provided as follows:

- The Plans and Programs Branch develops long-range DAVA objectives, organizational and contingency plans, programs and policies to provide DOD Components and other users with required products.

- The Techology Activities Branch develops and supervises the DOD AV Operational Test and Evalustion program for commercial AV equipment adaptability for DOD use. Also develops, or adopts from industry, audiovisual equipment and formal standards to be used throughout the DOD.

DAVA Field Activities

DAVA Production, Distribution, and Depository Activity, Washington, D.C.

This activity is collocated with the Navy Photographic Center at the Anacostia Naval Station and provides:

- Audiovisual production support by acquisition from the private sector, primarily to satisfy Navy, Marine Corps, and Army audiovisual program requirements.

- Distribution of those audiovisual products to component service and DOD Agency field organizations.

- Depository accessions, cataloging, archival/storage and retrieval services for former Navy and Marine Corps still photographs, and Navy motion media material. This includes customer service of both official and public over-the-counter sale of reproductions and stock footage.

DAVA Productions, Distribution and Depository Activity, Norton AFB, CA.

This activity is collocated with the DAVA Headquarters and provides:

- Both "in-house" and audiovisual production acquisition from the private sector, primarily to satisfy Air Force and Army audiovisual program requirements.

- Distribution of those "in-house" and contractual productions to component service/DOD Agency field organizations.

- Depository accessions cataloging, archival/storage, and retrieval services for former Air Force still photograph, motion picture and other media audiovisual materials. This includes customer service of both official and public over-the-counter sales of reproductions and stock footage.

- Operates a centralized audiovisual library primarily serving Air Force commands and installations.

DAVA Distribution and Depository Activity, Tobyhanna, PA.

This activity is located at the Tobyhanna Army Depot and provides:

- Distribution of audiovisual products primarily to Army field organizations, including Army-produced Training Extension Course (TEC) and Skill Performance Aids (SPAS) materials.

- Depository accessions, cataloging, archival/storage and retrieval services for former Army motion media and other audiovisual materials. This includes customer service of both official and public over-the-counter sale of reproductions and stock footage.

DAVA Still Photo Depository, Arlington, VA.

This activity provides accession, cataloging, archival/storage, and retrieval of former Air Force still photographic materials. This includes customer service of both official and public over-the-counter sale of reproductions.

DAVA Still Photo Depository, Pentagon, Washington, D.C.

This activity provides accession, cataloging, archival/storage, and retrieval of former Army still photographic materials. This includes customer service of both official and public over-the-counter sale of reproductions.

DAVA Still Photo Depository, Marine Corps Historical Center, Washington Naval Yard, D.C.

This activity provides accession, cataloging, archival/storage, and retrieval of former Marine Corps still photographic materials. This includes customer service of both official and public sale of reproductions.

DAVA Motion Media Depository, Quantico Marine Base, VA.

This activity provides accession, cataloging, archival/storage, and retrieval of former Marine Corps motion media audiovisual materials. This includes customer service of both official and public sale of stock footage.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS)

BUDGETARY PROCESS

The annual OASD(PA) budget request takes the form of in input to the O&M (Operations and Maintenance) budget developed for the Office of the Secretary of Defense by the Director for Budget and Finance, Washington Headquarters Services.

We do not budget for personnel, military or civilian. Dollar requirements for civilian personnel are developed by the Budget and Finance office based on the authorized civilian strength of OASD(PA). Military personnel are accounted for in the budgets submitted by their respective services.

In our most recent budget submission (for FY 1982), we asked for the following amounts for the purposes indicated:

Travel and transportation of persons	$ 81,300
Investment costs (procurement)	101,367
For information processing equipment and a microfiche storage and retrieval system for the Directorate for Freedom of Information and Security Review.	
Computer services	440,032
For computer time, leasing of ADP-related equipment, and data preparation services for the Directorate for Freedom of Information and Security Review.	
Central support services	245,334
Covers rental of office machines, subscriptions to periodicals and newspapers, acquisition of reference materials, purchase of items of equipment costing less than $3,000, etc.	
TOTAL	$ 868,033

CONSTRAINT ON PUBLIC AFFAIRS EXPENDITURES

See next page.

Congressional ceiling on expenditures for public affairs activities.

A $28 million limit on Public Affairs expenditures was included in the DoD appropriations acts for 1971-74 and 1976. For FY 1977 the figure was reduced -- without explanation -- to $24 million. For FY 1978-80 the ceiling was $25 million, and for FY 1981 it has been returned -- at DoD's request -- to the $28 million figure.

The Department has maintained, and Congress has so far agreed, that the ceiling figure should apply only to Public Information and Community Relations activities, and that other functions sometimes carried out in Public Affairs offices should be excluded. Under this provision we have excluded administrative overhead, management of non-PA activities, security review functions, and the whole of the internal information program.

Also excluded are the costs of operating aerial demonstration teams (inside the United States), military bands, museums, exhibits, and the Defense Information School.

Ground rules issued by the Department provide that the costs of salaries of individuals will be counted for all persons who spend over 50 per cent of their time on public information or community relations activities.

Each year, the ceiling figure is suballocated by the OSD Comptroller to the Army, Navy, Air Force, Marine Corps, and Office of the Secretary of Defense. The Comptroller also monitors expenditures under the ceiling.

The period during which the ceiling has been in effect has been a generally inflationary period. No allowance for inflation has been made. Even so, the Military Services and the OSD have managed to live within the ceiling figures. When the figure was reduced to $24 million in 1977, however, some public affairs positions had to be eliminated.

The ceiling was first imposed following press and television coverage alleging extravagent public relations expenditures by the military. ("The Selling of the Pentagon" was a case in point.) Those allegations, though overblown, were not without some basis in fact. Relative austerity has prevailed since the ceiling was established. In the absence of an inflation factor, public affairs activities presumably have been reduced more or less constantly since 1971.

For FY 1981 we were successful in getting the figure returned to the original $28 million level. We did not seek another raise for FY 1982, but for 1983 and subsequent years we may will want to try to justify increases in the ceiling, particularly if there are substantial increases in over-all DoD activity as the result of larger defense budgets.

AMERICAN FORCES INFORMATION SERVICE (AFIS)

BUDGETARY PROCESS

AFIS, a field activitity of the Office of the Secretary of Defense (OSD), is a separate account for budget purposes -- under the heading "Other Defense Agencies." The AFIS budget is entirely independent of and separate from the budget submission of the Office of the Assistant Secretary of Defense (Public Affairs).

AFIS develops all budget input, from Program Objective Memoranda (POM) documents through galley input to the President's budget.

AFIS obtains personnel and administrative servicing from Washington Headquarters Services (WHS). This includes financial and accounting support. Budget exhibits and documentation are presented by AFIS to WHS Budget and Finance, where the budget package is reviewed for technical accuracy and incorporated in the OSD consolidated submission.

Although its budget is defended by AFIS as an independent element, it is subject to across-the board budget reductions levied by the Congress on the OSD.

Once the budget is approved, funding authorizations are provided for both the Procurement (items over $3,000) and Operations and Maintenance (O&M) appropriations. Fiscal management is exercised by WHS for AFIS elements in the Washington, D.C. area. For the American Forces Radio and Television Service (AFRTS) activities in Los Angeles a separate funding authorization is forwarded to the Director, AFRTS-LA, whose accounting is handled internally, with backup support from Fort Ord, California.

Although the Congress wishes AFIS to be the manager of all military broadcast assets, this pattern has not been put into effect. The recently revised charter for AFIS calls for AFIS to interact directly with the AFRT budgeting process of the Military Departments, but the mechanism for this interaction has not been formalized.

Budget summary by subactivity:

	Actual FY 1980 (000)	Estimate FY 1981 (000)	Estimate FY 1982 (000)
Office of the Director	135	178	185
AFIS Plans and Policy	1,932	3,009	6,230
AFIS Administration	1,071	2,325	1,718
Radio and Television Service	17,550	23,204	20,784
Press and Publications Service	1,978	2,491	2,800
Audiovisual Management	379	---	---
TOTAL	23,045	31.207	31,717

Civilian grade structure, OASD(PA)(less AFIS)

No.	Grade & step	Salary
1	EX-4	52,750
1	ES-5	50,112
2	ES-4	100,224
2	GS-15/10	100,224
1	9	50,112
1	8	50,112
2	7	100,224
1	6	50,112
1	5	50,112
1	4	49,002
2	GS--14/8	93,410
2	7	90,886
4	6	174,724
1	4	41,657
1	2	39,133
1	X	42,919
1	GS-13/10	41,660
1	7	38,456
2	6	74,776
1	4	35,252
1	1	32,048
3	X	108,960
1	GS--12/7	32,339
2	6	62,882
1	4	29,645

No.	Grade & step	Salary
1	GS-11/7	26,986
1	6	26,236
1	5	25,486
1	GS-9/10	24,165
1	8	22,925
1	7	22,305
2	6	42,370
2	GS-8/10	43,750
1	8	20,753
2	GS-7/10	39,494
1	7	18,229
2	4	33,422
3	X	51,651
1	GS-6/10	17,776
1	6	15,952
2	4	30,080
3	2	42,384
1	X	15,4[illegible]
1	GS--5/5	13,902
1	1	12,266
2	X	27,804
1	GS--4/1	10,963
TOTAL		$ 2,176,126

Four temporary employees are not included in the above.

Where the step is shown as "X," the position is vacant; salary has been computed at the mid-level (step 5).

Military grade structure, OASD(PA) (less AFIS)

No.	Grade	Salary
1	O-8	50,112
6	O-6	223,560
27	O-5	834,948
6	O-4	160,992
4	O-3	93,120
2	E-9	43,680
3	E-8	49,752
1	E-7	14,052
4	E-6	47,616
TOTAL		$ 1,517,832

Notes: Includes base pay only; allowances are excluded.

Based on average (not actual) time in grade.

Excludes one O-4 serving with but not charged to OASD(PA).

Civilian grade structure, American Forces Information Service

No.	Grade & step	Salary
1	ES-3	50,112
1	GS-15/10	50,112
1	06	50,112
1	05	50,112
2	GS-14/08	93,410
1	01	37,871
1	X	42,919
2	GS-13/10	83,320
5	09	202,645
2	08	79,048
1	07	38,456
1	05	36,320
1	04	35,252
1	01	32,048
1	GS-12/10	35,033
1	09	34,135
3	08	99,711
2	07	64,678
3	06	94,323
2	05	61,068
2	04	59,290
1	02	27,849
1	01	26,951
9	GS-11/10	263,124
2	09	56,972
3	08	83,208
6	07	161,916
1	06	26,236
2	05	50,972
2	04	49,472
2	02	46,472
1	01	22,486
1	GS-09/09	23,545
2	07	44,610
2	04	40,890
1	03	19,825
1	01	18,585

No.	Grade & step	Salary
1	GS-08/09	21,314
1	04	18,509
1	01	16,826
1	GS-07/08	18,735
1	07	18,229
3	05	34,434
2	04	33,422
2	03	32,410
2	01	30,386
1	GS-06/10	17,776
1	09	17,320
2	06	31,904
1	05	15,496
1	02	14,128
1	GS-05/10	15,947
3	08	45,387
2	05	27,804
1	02	12,675
1	01	12,266
1	GS-04/08	13,518
1	03	11,693
2	01	21,926
2	GS-03/01	19,532
1	WG-11/05	23,608
3	WG-10/05	67,454
1	03	20,883
1	WG-08/03	18,824
1	WG-06/05	17,867
8	WG-05/05	132,954
4	WG-04/05	61,485
1	04	14,830
1	02	13,728
2	WG-02/05	26,166
TOTAL		$ 3,209,253

Temporary employees are not included in the above.

Where the step is shown as "X," the position is vacant; salary has been computed at the mid-level (step 5).

Military grade structure, American Forces Information Service

No.	Grade	Salary
4	0-6	149,040
3	0-5	92,772
4	0-4	107,280
1	0-3	23,268
1	0-2	17,688
4	E-8	66,288
18	E-7	252,720
6	E-6	71,424
4	E-5	39,744
2	E-4	18,144
TOTAL		$ 838,368

Notes: Includes base pay only; allowances are excluded.

Based on average (not actual) time in grade.

MATTERS REQUIRING EARLY ACTION BY THE ASSISTANT SECRETARY OF DEFENSE (PUBLIC AFFAIRS)

1. Headquarters and Activity manning, Defense Audiovisual Agency

PROBLEM: A civilian grade determination dispute between Headquarters DAVA and the servicing Civilian Personnel Office at Norton Air Force Base has resulted in a severe undermanning of the Headquarters. The conflict has also had an adverse effect on filling 41 civilian vacancies at the collocated DAVA Activity at Norton. Current manning of the Headquarters is:

Civilians authorized	64 (100%)
Positions filled	11 (18%)
Positions vacant	52 (82%)
In hiring process	19
Positions unfilled due to the dispute	34 (52%)

IMPACT: Undermanning has resulted in . . .

- Impairment of DAVA's capability to become fully operational.

- Degradation of operations since administrative/policy support previously provided by the Military Departments has been transferred to DAVA headquarters, but DAVA has been unable to provide the follow-on directives.

- Delay in developing standardized and centralized DAVA policies and procedures. This creates a void for DAVA's subordinate Activities, which must continue operating under diverse guidance previously provided by their parent commands in the Military Services.

- Lack of capability to initiate studies leading to a mandated 15-percent reduction in personnel spaces. This reduction is to take effect within 24 months after the Agency is fully operational.

CURRENT STATUS: We expect early approval by the Deputy Secretary of Defense of a recommendation to authorize DAVA to establish its own Civilian Personnel Office. This will eliminate the impediment to expeditious filling of vacancies.

ACTION REQUIRED: If a stringent hiring freeze is imposed by the new Administration, we must seek an exemption for DAVA. Such a freeze, with less than 15 percent of the authorized civilian employees assigned, would paralyze the newly-formed DAVA. The Agency was brought into being to solve widely-acknowledged audiovisual management problems in the DoD. Unless the Agency can be brought up to full strength quickly, this objective may be thwarted.

2. Issuance of a statement of public information principles

BACKGROUND: Beginning in 1969, each Secretary of Defense has issued a statement of public information principles intended to insure that, within the bounds set by legitimate considerations of national security, the news media and the public will be fully informed about the activities of the Department of Defense. Such a statement, distributed throughout the DoD, should reaffirm the Department's commitment to the precepts set out in the Freedom of Information Act. The statement sounds the tone for the public information program. (Sample statements are appended.)

ACTION REQUIRED: (1) Draft a statement for approval by the new Secretary of Defense, (2) Prevail upon the Secretary to approve and issue the statement.

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

JUN 22 1977

MEMORANDUM FOR Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Director of Defense Research and Engineering
Assistant Secretaries of Defense
General Counsel
Assistants to the Secretary of Defense
Directors of the Defense Agencies

SUBJECT: Principles of Public Information

President Carter has pledged a new openness in government. The President's commitment to candid communication with the American people is firmly rooted in the conviction that, given the facts, they will make wise decisions.

In its activities, abroad as well as at home, the Department of Defense will seek at all times to fulfill the letter and spirit of the President's pledge. In the discharge of their duties, officials will be mindful of that responsibility.

It will be the Department's basic policy to make available timely, accurate information about plans, budgets and activities so that the public, the Congress, the press, radio and television may assess and understand Defense programs. Requests for information, from organizations and private citizens will be answered responsively and as rapidly as possible. Coordination with other Departments and Agencies will be accomplished, when necessary, without undue delay. In carrying out this basic policy, the following principles will apply:

-- Information will be made fully and readily available unless its release is precluded by statute (as in application of the Privacy Act or the Freedom of Information Act) or is precluded by current and valid security classification.

-- Information will be withheld when disclosure would adversely affect national security or threaten the privacy or personal safety of men and women of the Armed Forces.

-- Information will not be classified or otherwise withheld to protect the government from criticism or embarrassment.

(Over)

The Assistant Secretary of Defense (Public Affairs) is assigned primary responsibility for assisting in carrying out this commitment. Addressees are directed to seek advice from him as necessary in day-to-day operation under this basic policy.

Harold Brown

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

JUL 21 1973

MEMORANDUM FOR Secretaries of the Military Departments
Chairman of the Joint Chiefs of Staff
Director of Defense Research & Engineering
Assistant Secretaries of Defense
General Counsel
Director of Defense Program Analysis & Evaluation
Assistants to the Secretary of Defense
Directors of the Defense Agencies

SUBJECT: Public Information Principles

To assure that the American people are fully informed about matters of national defense, the Department of Defense will conduct its activities in an open manner, consistent always with the need for security and personnel safety. In accordance with the Freedom of Information Act, unclassified information, other than that specifically exempted by the Act, is to be readily accessible to the public and to the press. The following principles apply:

1. The Department's first concern must be the security of the United States and the safety of the men and women of the Armed Forces. Information which would adversely affect the nation's security or endanger military personnel should not be disclosed.

2. No information is to be classified solely because disclosure might result in criticism of the Department of Defense. To avoid abuses, the declassification and classification criteria set forth in Executive Order 11652 will be strictly observed.

3. The provisions of the Freedom of Information Act (5 USC 552) are to be supported in both letter and spirit.

(Over)

48

4. The Department also has a responsibility to make available accurate and timely information about plans, budgets, and activities so that the public, the press, and the Congress may assess and understand proposals and programs. It is important that the facts about national security and defense strategy be available to and understood by the public. Recruitment and retention of the active and reserve All-Volunteer Force require a vigorous explanation of this national goal. Therefore, when interested citizens -- particularly students -- request defense information and/or speakers every effort must be made consistent with the demands of our primary national security mission to participate in such discussion and dialogue.

5. The Department's obligation to provide the public with accurate, timely information on its major programs will require, in some instances, detailed public information planning and coordination within the Department and with other government agencies. The sole purpose of such planning and coordination is to expedite the flow of information to the public: propaganda has no place in Department of Defense public information programs.

The Assistant Secretary of Defense (Public Affairs) will advise and assist the Secretary to help assure adherence to these public information principles throughout the Department of Defense.

James R. Schlesinger

Administrative details of interest to the Assistant Secretary

A. Security clearances

Prior to confirmation by the Senate you will be granted an interim clearance for access to classified information up to TOP SECRET. Meanwhile, action will be started to obtain the additional clearances you will need for access to special categories of classified information. Once those clearances come through, you will be given badges for entry into the National Military Command Center (NMCC) and the Defense Intelligence Agency (DIA) briefing areas.

B. Safeguarding classified information

The chief of the Administrative Services Branch in the Directorate for Management is our Top Secret Control Officer. He is responsible for insuring that all Top Secret documents can be accounted for at all times. He is also charged with maintaining control over documents with a lower classification. On occasion, people from outside the Office of Public Affairs will bring classified material directly to you or to one of your deputies. We ask that such material be routed to the Administrative Services Branch immediately upon receipt so that it can be logged and brought under control.

Each person who handles classified documents in the course of a day is responsible for insuring that they are secured (i.e., locked in a safe) at the end of the day. A final security check of your Immediate Office area (i.e., Suite 2E800) is made by the Duty Noncommissioned Officer before he departs in the evening.

C. Telephone service

Secure voice: There are five instruments of this type in Suite 2E800. Classified material up to and including TOP SECRET (but not Special Intelligence material) may be discussed on these instruments.

Washington Switch: The Washington Tactical Switchboard is a worldwide communications system operated on a 24-hour basis. Phones are located in several places in the Office of Public Affairs and in your home and the homes of your deputies and the three Military Assistants. When the receivers are lifted, an operator will respond. On an incoming call, a light on the instrument panel will remain lighted until the phone is picked up.

White House line: This is a separate instrument that connects with the White House Communications Center.

Private lines: Several direct private lines are available to you. These connect with the offices of the Secretary of Defense and other key officials of the Department.

Call Boy: A "Call Boy" will be available to you to carry with you when away from the office.

D. Teletype service

Two teletype machines are located in Suite 2E800. These carry the Associated Press City Wire and the United Press International City Wire. These machines are monitored by the Administrative Services Branch; copy is cut approximately every 30 minutes. Items of particular interest are reproduced and distributed to the three Military Assistants. The remainder of the copy is posted on boards outside the offices of the ASD and the Deputy ASD.

An Associated Press International "A" wire is located in the Administrative Services Branch. It runs overnight. Copy is reviewed early each morning (Tuesday through Friday) in the Directorate for Management. Items of interest are clipped and delivered to the ASD.

In the Directorate for Defense Information are machines carrying the AP and UPI city wires, the UPI International "A" wire, and Reuters. Items of DoD interest are reproduced and delivered periodically to eight locations within the Office of the Secretary of Defense.

E. Newspapers

At about 5:30 a.m. daily (Monday through Friday), the Directorate for Defense Information obtains copies of the New York Times, Washington Post, Baltimore Sun, Wall Street Journal, Christian Science Monitor, and New York Daily News. These are reviewed and defense-related items are clipped, reproduced, and compiled in a document known as News Items of Significant Interest (generally referred to as the "NISI"). Copies are distributed to the offices of key officials of the OSD.

The following newspapers are delivered to the desks of the ASD and his deputies at the times shown:

-- New York Times	6:30 a.m.
-- Washington Post	"
-- Wall Street Journal	"
-- Baltimore Sun	8:00 a.m.
-- New York Daily News	"
-- Washington Star (a.m. edition)	8:30 a.m.
-- Los Angeles Times	9:30 a.m.
-- Washington Star (p.m. edition)	3:30 p.m.

F. Correspondence control

Correspondence and staff papers received from the Correspondence Control Division, Washington Headquarters Services, or through the mail are reviewed by the Administrative Services Branch, put under control if appropriate, and routed to action offices. Items addressed to the ASD and Deputy ASDs by name are routed directly to the addressees.

Outgoing correspondence and staff papers are reviewed by the Director for Management. If signature is required, the item is forwarded to the appropriate official. Local ground rules cover certain items. For example:

-- Outgoing messages must be signed by the ASD or Principal Deputy.

-- Concurrences on memoranda going to the Secretary of Defense must be signed by the ASD or Principal Deputy.

-- Responses to letters forwarded from the White House must be signed by a Deputy ASD or higher official.

-- Concurrences or comments on proposed DoD Directives must be signed by the ASD or Principal Deputy.

Incoming messages are received from the Joint Chiefs of Staff Message Center. Overnight traffic is picked up by the Duty NCO at approximately 5:00 a.m. daily (Monday through Friday). The Duty NCO reviews the messages, reproduces them, and makes distribution to those in the Office of Public Affairs who will have an interest in their content.

A reference file of incoming and outgoing messages is maintained by the Administrative Services Branch.

G. Government automobiles

Local transportation for the ASD and his deputies is available from the Executive Motor Pool between the hours of 7:00 a.m. and 8:30 p.m. Special arrangements can be made to meet official requirements outside those hours.

H. Salary and leave

The salary of an official at Executive Level IV is $52,750 per annum. There are 26 pay periods per year, with paydays every other Friday.

An Earnings and Leave Statement will be issued each payday; it lists the amount earned, deductions, and amount due. Statements will be mailed to your home. Checks will be mailed to your home or to a bank of your choice.

Executive Level officials do not accrue leave.

I. Deductions from pay

Civil Service retirement. You will be covered under the Civil Service Retirement System. Seven percent of your salary will be deducted for retirement purposes. Retirement deposits are refundable upon departure from the federal service or they may be left in the fund to provide you an annuity at age 62.

Life insurance. You are eligible for group life insurance. The amount of coverage is based on salary: you will be covered for $53,000 at a cost of $13.52 biweekly.

Health insurance. Group hospitalization coverage cannot begin until the pay period after you have entered on duty in a pay status. You must elect coverage under one of the many plans that are available. Election must be made within 31 days of your appointment. Otherwise, coverage cannot be secured until the next "open season" is declared, usually during the month of November of each year.

J. Retirement eligibility

There are two basic minimum requirements that must be met by all employees:

-- Five years of creditable civilian service.

-- Retirement Act coverage for at least one year out of the last two years prior to the separation on which retirement is based.

The one-out-of-two requirement does not apply to disability retirement. The requirement for five years of civilian service applies in all cases.

An employee who meets the basic requirements may retire on an immediate annuity under the following conditions:

Age	Service	Remarks
62	5 years	
60	20 "	
55	30 "	
50	20 "	Must be involuntarily separated. The anuity is reduced 2% per hear for each year under age 55.
any	25 "	
any	5 "	Must be totally disabled for service in the position occupied.

K. Performance evaluations

You will be required to prepare annual evaluations of the performance of the persons occupying the following positions:

-- Principal Deputy ASD (*)

-- Deputy ASD

-- Special Assistant to the ASD (*)

-- Military Assistant to the ASD

-- Director, American Forces Information Service (*)

-- Director for Community Relations

-- Director for Defense Information

-- Director for Freedom of Information and Security Review (*)

-- Director for Management (**)

-- Director for Audiovisual Management Policy

-- Director, Defense Audiovisual Agency (*)

Positions marked by a single asterisk are in the Senior Executive Service. In connection with the annual performance evaluations of persons in these positions, you must determine whether to recommend that they be considered for bonus pay.

The position marked by a double asterisk is a merit pay position. In connection with the annual performance evaluation of its occupant, you must determine whether to recommend award of merit pay.

139 pages

ASSISTANT SECRETARY OF DEFENSE (MANPOWER, RESERVE AFFAIRS AND LOGISTICS)

The attached documents represent all of the "issue papers" prepared by the ASD(MRA&L) in connection with the transition from the Carter to Reagan Administration. The OASD(MRA&L) advises that nothing has been omitted or deleted from these documents.

MRA&L TRANSITION BOOK

I. MRA&L Organization

Tab A - MRA&L Charter, Directive 5124.1

Tab B - MRA&L Organization Chart

Tab C - Deputates - Resumes, Organization and Major Functions

1. Civilian Personnel Policy
2. Installations and Housing
3. Supply, Maintenance and Transportation
4. Office of Economic Adjustment
5. Equal Opportunity
6. Energy, Environment and Safety
7. Military Personnel Policy
8. Program Management
9. Reserve Affairs
10. Requirements, Resources and Analysis
11. Reserve Forces Policy Board
12. Special Projects
13. Weapons Support
14. Administration

Tab D - MRA&L Administrative Budget

Tab E - MRA&L Research, Studies and Data Program

Tab F - Partial Listing of 1980 Congressional Appearances

Tab G - Major Upcoming Action Items

II. MRA&L Issues

Tab H - Overview

Tab I - Issue Papers

1. Active Force Recruiting Capability Forecast FY 81 and FY 82
2. Aptitude Testing and Enlistment Standards
3. Educational Incentives
4. Pay and Retention in the Active Force
5. Training Quality and Resources
6. Undergraduate Helicopter Pilot Training (UHPT) Consolidation
7. Dependents Overseas
8. Transfer of DoD Dependents Schools System to Department of Education
9. Equal Opportunity and Force Representativeness
10. Mobilization Manning
11. National Service
12. Full-Time Support Program/Military Status of Technicians
13. DoD Civilian Employment Ceilings
14. Civilian Management and Compensation Issues
15. Issues and Directions in Weapon Support Planning and Management
16. Maintenance Efficiency
17. Depot Maintenance System
18. Commercial and Industrial-Type Activities Program
19. Supply Management
20. Airlift and Sealift Capability
21. Facilities Deficiencies
22. NATO MilCon Issues

23. Base Structure and Support

24. DoD Community Impacts

25. Energy Supply and Demand

26. Hazardous Material and Munitions Management

27. DoD Safety Programs

28. Mobilization Exercises and Capability

29. Rapid Deployment Force Support Requirements

30. Materiel Readiness and Sustainability

31. Host Nation Support

April 20, 1977
NUMBER 5124.1

ASD(C)

Department of Defense Directive

SUBJECT Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics)

References:
(a) DoD Directive 5120.27, "Assistant Secretary of Defense (Manpower and Reserve Affairs)," December 7, 1973 (hereby cancelled)
(b) DoD Directive 5126.22, "Assistant Secretary of Defense (Installations and Logistics)," March 28, 1975 (hereby cancelled)
(c) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976

A. PURPOSE

Pursuant to the authority vested in the Secretary of Defense under the provisions of title 10, United States Code, one of the positions of Assistant Secretary of Defense is designated the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) (hereinafter "the ASD(MRA&L)"), with responsibilities, functions and authorities as prescribed herein.

B. RESPONSIBILITIES

The ASD(MRA&L) is the principal staff adviser and assistant to the Secretary of Defense for Department of Defense civilian and military personnel requirements, policy and planning; reserve affairs; logistics; and installations management. For each of his assigned areas he shall:

1. Develop policies, conduct analyses, provide advice, make recommendations, and issue guidance on Defense plans and programs.

2. Develop systems and standards for the administration and management of approved plans and programs.

3. Initiate programs, actions, and taskings to ensure adherence to DoD policies and national security objectives;

and to ensure that programs are designed to accommodate operational requirements and promote the readiness and efficiency of the forces.

4. Review and evaluate programs for carrying out approved policies and standards.

5. Participate in those planning, programming, and budgeting activities which relate to ASD(MRA&L) responsibilities.

6. Review and evaluate the implications of proposed weapon systems for manpower, personnel and logistics support functions.

7. Review and evaluate recommendations concerning manpower and logistics requirements and priorities.

8. Promote coordination, cooperation, and mutual understanding within the Department of Defense and between the DoD and other Federal agencies and the civilian community.

9. Serve on boards, committees, and other groups pertaining to his functional areas, and represent the Secretary of Defense on MRA&L matters outside the DoD.

10. Exercise staff supervision over the Director, Defense Logistics Agency.

11. Provide policy guidance to, and supervise the operation of the following OSD field activities: Defense Dependents Schools; Manpower Data Center.

12. Perform such other duties as the Secretary of Defense may from time to time prescribe.

C. FUNCTIONS

The ASD(MRA&L) shall carry out the responsibilities described in section B. for the following functional areas:

1. Force structure analysis as related to quantitative and qualitative manpower requirements, manpower utilization, logistics and support.

2. Development of manpower programs to meet requirements.

3. Administration of controls on military and civilian manpower strengths.

4. Attraction and retention of military personnel.

5. Compensation, retired pay, per diem, travel and transportation allowances.

6. Civilian and military personnel training and education.

7. Personnel management systems.

8. Labor-management relations.

9. Nonappropriated fund activities.

10. Commercial affairs, credit unions, commissaries, and post exchanges.

11. Morale, discipline and welfare.

12. Personnel utilization.

13. Community services.

14. National Guard and Reserve Affairs as provided in title 10, United States Code, including facilities and construction, logistics, training, mobilization readiness and other related aspects of reserve affairs.

15. Equal opportunity, including employment and utilization of personnel, education in race relations and human relations, and contractor compliance with equal opportunity requirements of Defense contracts.

16. Career development.

17. Supply systems.

18. Transportation management and sealift and airlift readiness.

19. Postal policy.

20. Customs inspection.

21. Warehousing.

22. Provision of DoD resources to other agencies for drug and narcotics enforcement efforts.

23. Equipment and support readiness, including repair, overhaul and modification.

24. Safety and accident prevention.

25. Environmental quality.

26. Energy management and conservation.

27. International logistics and coproduction arrangements.

28. Installations and real property acquisition, maintenance, and disposal.

29. Military base structure and utilization.

30. Military construction and family housing.

31. Economic adjustment.

32. Federal-state relations.

33. Such other areas as the Secretary of Defense may from time to time prescribe.

D. RELATIONSHIPS

1. In the performance of his duties, the ASD(MRA&L) shall:

a. Coordinate and exchange information with other DoD organizations having collateral or related functions.

b. Use existing facilities and services, whenever practicable, to achieve maximum efficiency and economy.

2. All DoD organizations shall coordinate all matters concerning the functions cited in section C. with the ASD(MRA&L).

E. AUTHORITIES

The ASD(MRA&L) is hereby delegated authority to:

1. Issue instructions and one-time directive-type memoranda which carry out policies approved by the Secretary of Defense, in his assigned fields of responsibility. Instructions to the Military Departments will be issued through the Secretaries of those Departments or their designees. Instructions to Unified and Specified Commands will be issued through the Joint Chiefs of Staff.

2. Obtain such reports, information, advice, and assistance, consistent with the policies and criteria of DoD Directive 5000.19, as he deems necessary.

3. Communicate directly with heads of DoD organizations, including the Secretaries of the Military Departments, the Joint Chiefs of Staff, the Directors of Defense Agencies, and, through the Joint Chiefs of Staff, the Commanders of the Unified and Specified Commands.

4. Establish arrangements for DoD participation in those non-defense governmental programs for which he has been assigned primary cognizance.

Continuation of E.

5. Communicate with other Government agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

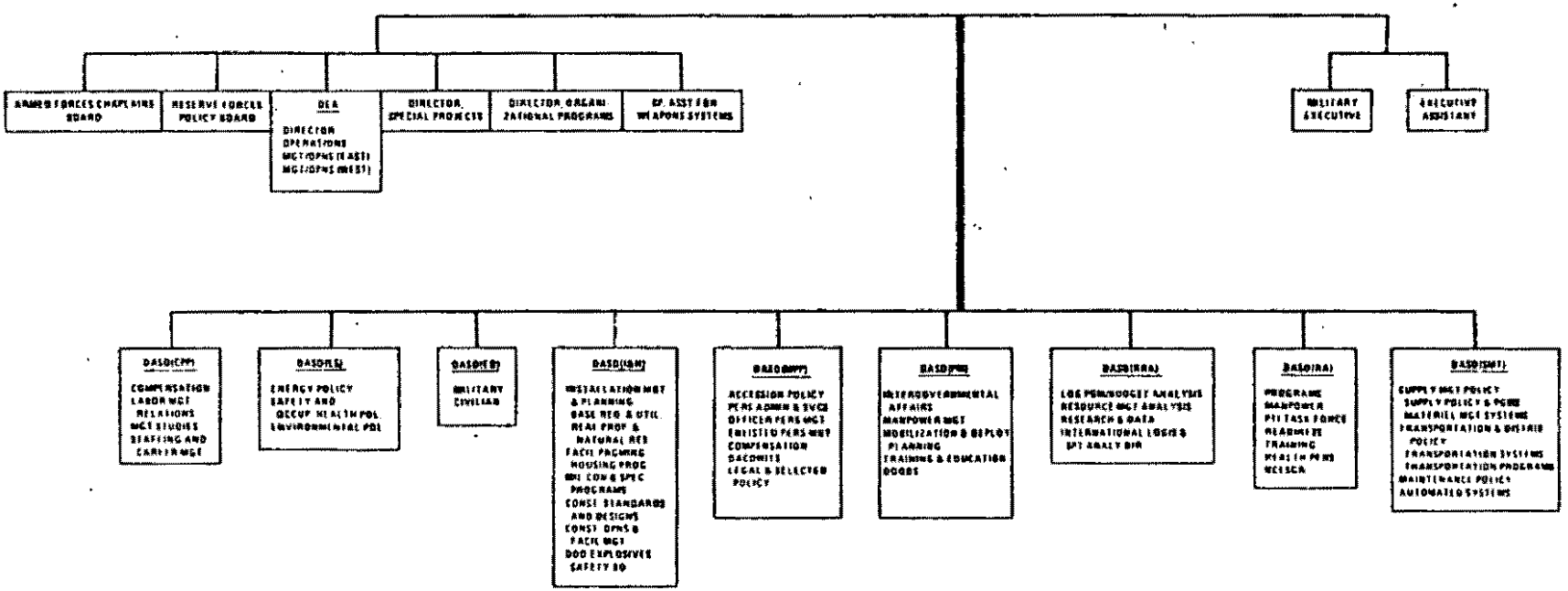
F. EFFECTIVE DATE

This Directive is effective immediately.

Harold Brown
Secretary of Defense

ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, RESERVE AFFAIRS & LOGISTICS)

PRINCIPAL DEPUTY



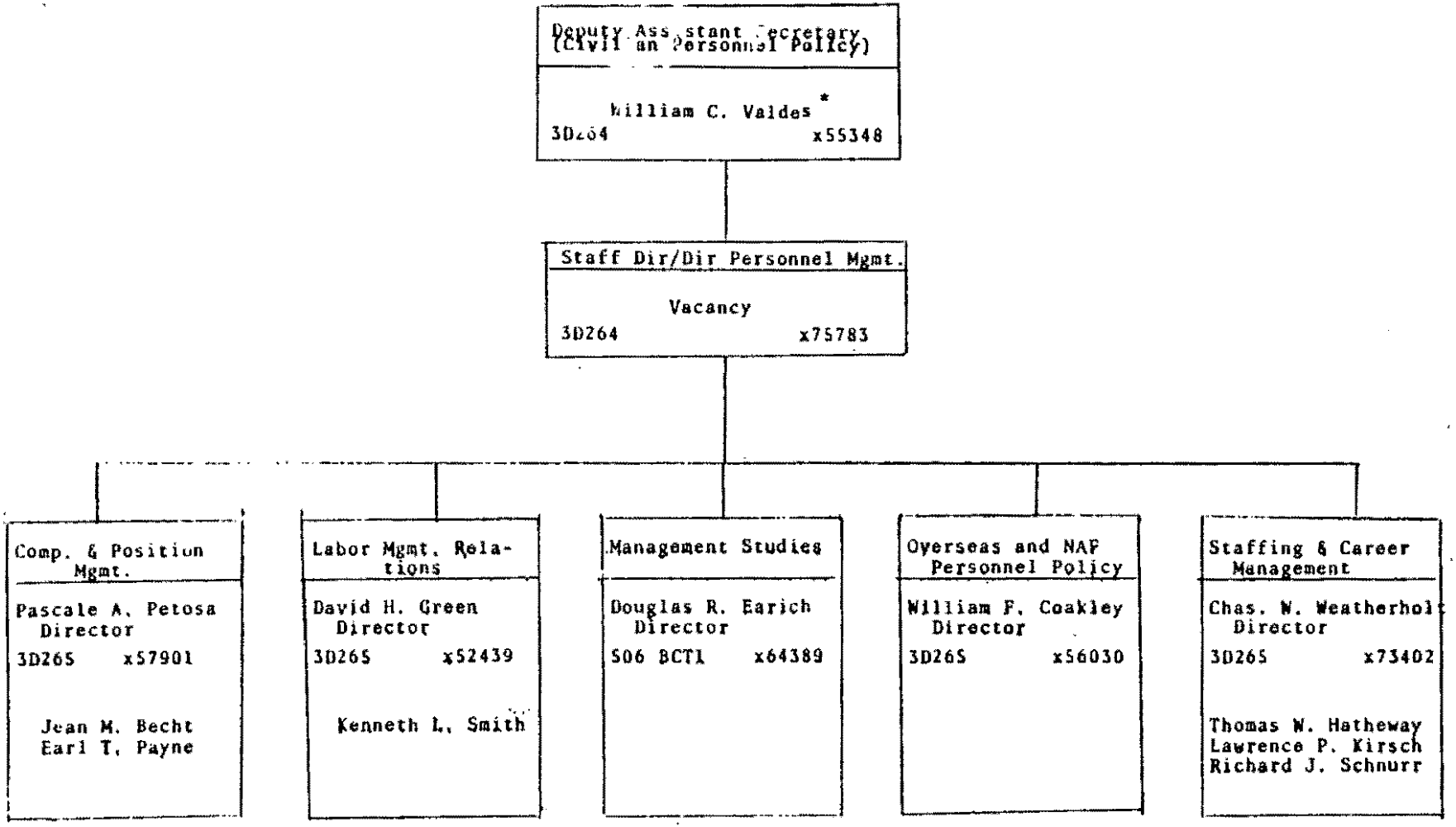
William C. Valdes
Deputy Assistant Secretary of Defense
(Civilian Personnel Policy)
Office of the Assistant Secretary of Defense
(Manpower, Reserve Affairs and Logistics)

Dr. Valdes was born in New York City on September 27, 1918. He was graduated from Yale University in 1940 with a B.A. degree and subsequently received an M.A. degree from The George Washington University in Personnel Administration and a Ph.D. degree in Public Administration from American University. During World War II, he served in the Air Force.

Before entering Federal service, he was employed as a Management Analyst with the consulting firm of Burton Bigelow Organization in New York City, and with the Ranger Engine Division of Fairchild Aircraft Corporation as Assistant to the Director of Industrial Relations.

After entering the Federal service, Dr. Valdes held a series of personnel management positions in the Veterans Administration, Navy, Air Force and the Office of the Secretary of Defense before assuming his present position as Deputy Assistant Secretary of Defense for Civilian Personnel Policy in the Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics. In his present capacity, Dr. Valdes has policy responsibility for all civilian personnel policy matters in the Department of Defense world-wide.

Dr. Valdes has represented the Secretary of Defense on numerous inter-governmental boards and committees concerned with wage policy and labor relations and is a Professorial Lecturer in Public Administration at The George Washington University. He has been awarded the Meritorious and Distinguished Civilian Service Awards by the Secretary of Defense and currently holds a Presidential Rank of Meritorious Executive in the Senior Executive Service.



*Re-employed annuitant

STATEMENT OF FUNCTIONS

Office of Civilian Personnel Policy

The Office of Civilian Personnel Policy is responsible for the formulation of Department of Defense overall civilian personnel policies affecting U. S. citizen employees in the United States and foreign areas, foreign national employees, and employees of nonappropriated fund instrumentalities in the military departments and defense agencies.

In carrying out its responsibilities, the Office of Civilian Personnel Policy develops DoD-wide policies and programs in those areas where uniform standards or coordinated procedures are required or desirable, establishes the DoD position to the Congress, Office of Management and Budget, Office of Personnel Management and other Federal agencies, develops DoD-wide career programs, and provides policy guidance to the Centralized Referral Activity and the Automated Career Management System for DoD employees. The Office of Civilian Personnel Policy also is responsible for providing policy supervision to the Technical Staff, DoD Wage Fixing Authority and for issuing wage schedules which fix the pay rates, based upon locality surveys, of about 500,000 "blue collar" employees in the Department of Defense and thousands of such other employees in other Federal agencies. Surveys are also conducted fixing wages for about 100,000 nonappropriated fund hourly paid employees.

Included in the scope of these activities are policies and programs related to employment, examining, placement, training and development, pay, separation, incentive awards, union and employee relations, overseas employment policies, travel and per diem, and all other personnel policy matters relating to the Department's over one million civilian employees (including foreign nationals) paid from appropriated funds, and policies governing employment and utilization of approximately 300,000 employees paid from nonappropriated funds.

PERRY J. FLIAKAS

Deputy Assistant Secretary of Defense

(Installations and Housing)

Primary responsibility for the formulation of Defense-wide policies, plans, programs, and standards for management of real property from acquisition to final disposition, including: military construction, installations and bases, housing, operation and maintenance of facilities, utilization, real property management, pollution control, and explosives safety.

Appointed September 1974. Grade GS-18.
Converted to Senior Executive Service Career Appointment in July 1979.

Over 30 years experience in various high level responsible positions in the Department of Defense ranging from logistics - supply management, materiel maintenance, and materiel requirements; financial management and budget; real property management, housing, and construction management:

Previous Positions:

Jan 1972 to Sept 1974	—	Director of Facilities Planning and Programming and Principal Deputy to the Deputy Assistant Secretary of Defense (Installations and Housing), OASD (I&L). (GS-18).
Aug 1969 to Jan 1972	—	Director of Housing Programs and Principal Deputy to the Deputy Assistant Secretary of Defense (Installations and Housing), OASD(I&L). (GS-18).
May 1968 to Aug 1969	—	Director for Construction, Office, Assistant Secretary of Defense, Comptroller. (GS-17).
Sept 1967 to May 1968	—	Deputy Director Operations Division, Office, Assistant Secretary of Defense, Comptroller. (GS-16).
April 1967 to Sept 1967	—	Deputy Military Assistance Comptroller, Office, Assistant Secretary of Defense, International Security Affairs. (GS-16).
Jan 1966 to April 1967	—	Chief, Operating Resources Management Office, Office, Deputy Chief of Staff for Logistics, Department of Army, (GS-16).

Jul 1962 to Jan 1966	--	Budget Analyst, Office, Assistant Secretary of Defense, Comptroller. (GS-15).
Aug 1950 to Jul 1962	--	Various positions in Logistics, Supply Management, and Materiel Requirements activities. Office, Chief of Ordnance, Department of Army. (GS-5 - 14).
Sept 1949 to Aug 1950	--	Private industry: Certified Public Accounting Firm, Frank C. Frantz & Co., chartered, Washington, D.C.

Education: Georgetown University, School of Foreign Service Bachelor Science Degree in Public and Business Administration. 1949.

Military Service: U.S. Army, 1944 to 1946, 82nd Airborne Divison, European Theater of Operations.

Honors and Awards: Awarded Secretary of Defense Meritorious Award, 1973, by Secretary of Defense Laird.
Personal commendations from Assistant Secretaries of Defense Anthony, Shillito, Mendolia, Shrontz, White and Pirie.
Consistent "outstanding" annual evaluation.

Personal Data: Date of Birth: August 15, 1926
Place of Birth: Washington, D.C.
Married; three children

Local address: 8810 Tallyho Trail, Potomac, Maryland 20854
Office telephone: (202) 695-7804
Home telephone: (301) 299-6806

DEPUTY ASSISTANT SECRETARY OF DEFENSE (Installations and Housing)
Perry J. Fliakas, Rm. 3E 760, x57804

- **Director, Facilities Programming**
  John F. Rollence, Rm. 3D 764, x77363
  - **Staff Director, Housing Programs**
    Patrick J. Meehan, Jr., Rm. 3D 764, x57957
  - **Staff Director, NATO Programs and Foreign Construction**
    Kelly Campbell (Acting), Rm. 3D 764, x52902
  - **Staff Director, Military Construction and Special Programs**
    Vytautas B. Bandjunis, Rm. 3D 764, x53372
- **Director, Installation Management and Planning**
  E. A. Rogner, Rm. 3E 752, x50054
  - **Staff Director, Base Requirements and Utilization**
    Earnest A. Buzalski, Rm. 3D 814, x78241
  - **Staff Director, Real Property and Natural Resources**
    A. D. Lewis (Acting), Rm. 3D 761, x77227
- **Director, Construction Operations and Facilities Management**
  Brig. Gen. Donald H. O'Shei, USA, Rm. 3C 762, x57006
- **Director, Construction Standards and Design**
  Mortimer M. Marshall, Rm. 3E 763, x52712
  - **DoD Explosives Safety Board**
    Col. Alton W. Powell, USAF, Hoff. Bldg. #1, 325-0152

Summary - DASD (Installations and Housing)

	Civilian	Military
SES	8	1
Professional	12	6
Clerical	10	-
Total	30	7

DEPUTY ASSISTANT SECRETARY OF DEFENSE
INSTALLATIONS AND HOUSING)

Major Functions

The Office of the Deputy for Installations and Housing is responsible for the development, implementation, and monitorship, of policies, plans, programs and legislative proposals for the acquisition, management, operation and maintenance, and disposition of military real property and facilities worldwide. These responsibilities include:

- Military construction
- Installations and bases
- Family housing and unaccompanied personnel housing
- Operation and maintenance of facilities
- Real property management
- Pollution control
- Explosives safety

Specific roles and missions include:

- Determine requirements for real property and facilities.
  Evaluate military installations for improved utilization, modernization, consolidation or disposal.
- Develop, implement and monitor policies, plans and programs for construction of facilities; construction management; operation and maintenance of real property; operation and maintenance of military housing and debt service.*
- Establish standards and criteria for construction of facilities.
- Establish and enforce explosives safety standards for conventional munitions.

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*In October, 1978, Secretary of Defense assigned this office the responsibility for improving the overall management of the European construction program. As a logical follow-on, in November, 1979, the Secretary issued his "Plan for Construction in Europe" and this office was given the principal role to assure its successful completion. Specifically, I have the responsibility for:

1. Providing Consolidated Guidance for Service POM submission for both Military Construction and NATO Infrastructure funded programs.
2. Improving the procedures for planning, programming and budgeting all European construction programs.

3. Establishing management by priority as the basic technique for optimizing inadequate construction resources.

4. Presenting and defending a consolidated European construction program to the Congress.

PAUL H. RILEY
Deputy Assistant Secretary of Defense
(Supply, Maintenance and Transportation)
Office of Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics)

Paul H. Riley was appointed Deputy Assistant Secretary of Defense on February 13, 1961 by the Secretary of Defense.

Mr. Riley's primary areas of interest cover: Supply Management, Transportation and Distribution, Maintenance, Subsistence Management, Automated Systems, and Logistics Services.

Mr. Riley received a B.S. degree in Business Administration from the University of Indiana in 1942. Immediately upon graduation, he was commissioned a Second Lieutenant in the Army. During World War II, he served with the Sixth Major Port of Embarkation in Casablanca, Naples, Anzio, and Southern France. He was separated from the Army in February 1946.

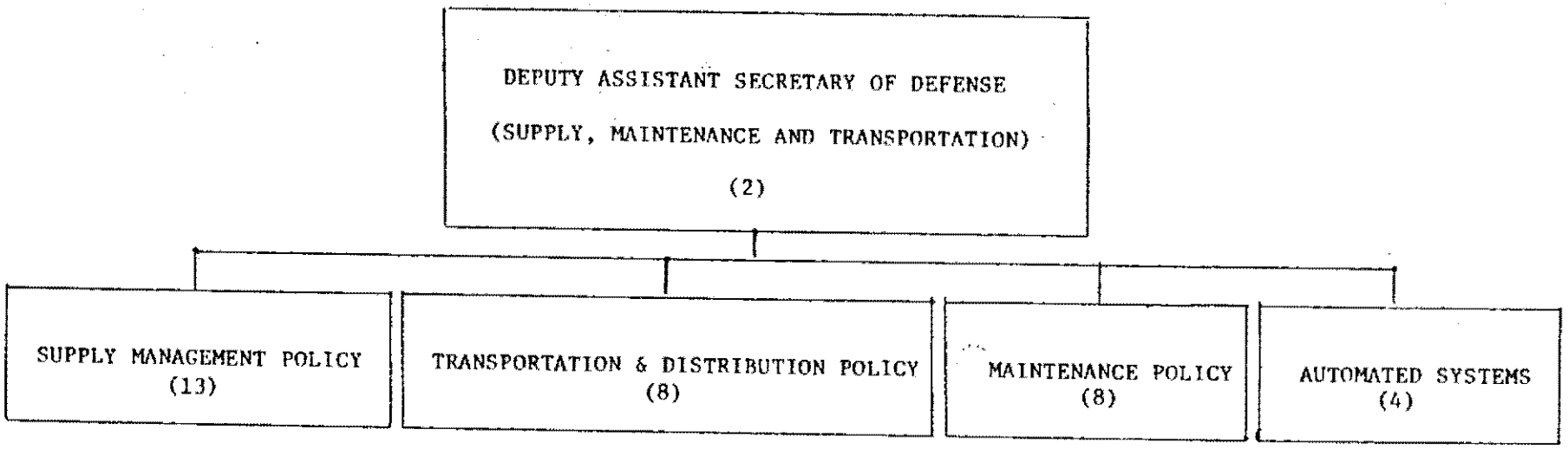
From March 1946 to December 1951, Mr. Riley worked with the Production and Marketing Administration of the U.S. Department of Agriculture, where he directed that Administration's classification and wage administration programs.

Mr. Riley was Chief of the Management and Special Analysis Staff in the Military Division of the Bureau of the Budget from December 1951 until March 1958. During this period, he conducted programs designed primarily to review and study the supply systems of the Army, Navy, Air Force and Marine Corps.

In February 1958, Mr. Riley became Special Assistant to the Assistant Secretary of Defense (Supply and Logistics). He was appointed to the position of Director of Supply Management Policy in August 1958.

Mr. Riley was awarded the Department of Defense Distinguished Service Medal in 1962, the National Civil Service League award in 1966 for being one of the top ten civil servants in the Government, and the Department of Defense Distinguished Civilian Service Medal in 1973.

Mr. Riley is currently appointed as a limited-term re-employed annuitant.


DEPUTY ASSISTANT SECRETARY OF DEFENSE
(SUPPLY, MAINTENANCE AND TRANSPORTATION)
(2)
SUPPLY MANAGEMENT POLICY
(13)
TRANSPORTATION & DISTRIBUTION POLICY
(8)
MAINTENANCE POLICY
(8)
AUTOMATED SYSTEMS
(4)

DIRECTORATE FOR SUPPLY MANAGEMENT POLICY

- Develops, reviews and evaluates implementation of concepts, objectives, policies, programs, guidance, logistics operations management, and organizational arrangements for supply management at all echelons within DoD.

- Provides technical and functional advice and support to higher level DoD officials in the accomplishment of their duties including support for Congressional testimony.

- Develops policies for management, requirements determination and stockage for all commodities of secondary items; secondary item war reserve requirements; provisioning, commercial item support; and the retention, utilization, donation and disposal of all personal property.

- Develop policies, provides guidance and monitors the integrated materiel management of Secondary Items within the DoD.

- Participates in the development of the logistics guidance to be used in program planning and in the review of Service/Agency Program Objective Memorandums; develops and resolves Program Decision Memorandum issues and participates in the review and resolution of Service/Agency budgets for secondary item procurement, stock funds, ADP systems, and Operations and Maintenance.

- Develops policies and reviews implementation of intergovernmental and interservice supply support relationships and act as focal point for logistics systems interface with other Federal Agencies.

- Develop DoD policy and monitor DoD participation in the development and implementation of a Government-wide National Supply type System.

- Develop policy for logistics management systems including ADP Software/Hardware at the wholesale, intermediate retail and user levels.

- Develop policy guidance and monitors logistics programs such as: the ten Military Standard Logistics Systems (MILS), the Federal Catalog Program, Defense Integrated Data System, Physical Inventory Control Program, Defense Inactive Item Program, UNIFORM Materiel Movement and Issue Priority System.

- Develop policy guidance and evaluate performance of the DoD Food Service and Subsistence Management Program.

- Develops policies for specific supply management programs: Medical materiel, Clothing and textiles, Precious Metals Recovery Program, Reparable Item Management, Retail Inventory Management and Stockage Policies, Critical Item Management, Aircraft Engine Computation Methodology, Supply System Inventory Reporting, and the drawdown of U.S. stocks for foreign military sales.

- Develop policy and participate in the NATO Codification Program, including NATO interoperability and consumer logistics.

- Reviews GAO and other investigative and evaluative reports related to supply matters and initiates corrective action as required.

MAJOR RESPONSIBILITIES

Directorate for Transportation and Distribution Policy

1. Develop programs for airlift and Sealift Readiness such as (a) Civil Reserve Air Fleet, (b) Ready Reserve Force, (c) National Defense Features, accomplishing the needed coordination with Industry and Federal agencies such as the Department of Transportation and Maritime Administration.

2. Develops policies, systems and programs for the efficient and economical operation of DoD components' physical distribution activities.

3. Coordinates and evaluates the effectiveness of the three Single Managers for Transportation - MAC, MSC, MTMC.

4. Recommends assignment and monitors exercise of responsibility on behalf of DoD regarding transportation legal and regulatory matters with the Department of Justice, FMC, ICC, CAB, FAA, and other national and state regulatory bodies.

5. Serves as focal point for congressional hearings, legislation, standing committees, and boards on domestic and international transportation matters, to include NATO Planning Boards.

6. Administers DoD program for the development of effective intermodal container-oriented distribution system operations, to include coordination of intermodal systems development among the Defense Components, industry and other Government agencies.

7. Recommends the extent of DoD intervention required in specific regulatory cases and develops positions on new transportation regulatory proposals.

8. Develops and monitors policies, plans and programs for the transportation and storage of personal property belonging to military and civilian personnel of the DoD.

9. Develop policy and program to assure controls in the management and utilization of administrative aircraft and vehicles with special responsibilities for non-DoD use of DoD transportation resources.

10. Promote cooperation between the civil transportation sector and DoD activities to assure optimum mix of civil-military transportation facilities such as passenger terminals and seaports.

11. Analyze DoD worldwide transportation requirements and recommends resources to meet current and proposed transportation/mobility programs.

12. Collaborates with the OASD (Comptroller) in the review of, and makes recommendations on budget estimates, program packages and apportionment of operating and procurement funds of DoD components concerning transportation of persons and things, traffic management and physical distribution functions.

13. Develops policy for the operation of the Military Postal System and negotiates with the USPS.

14. Evaluates requests for the construction, acquisition, establishment, expansion, or closure of transportation, storage and warehousing facilities.

DIRECTORATE FOR MAINTENANCE POLICY

MAJOR ONGOING RESPONSIBILITIES

Develop review and revise as necessary, policies relating to:

- Maintenance of weapon systems and equipment in DoD.
- Contracting for equipment maintenance.
- Use of Engineering Technical Services systems/equipments.
- Operation of Commercial and Industrial-Type Activities.
- Career programs and training requirements for maintenance personnel and for personnel engaged in management of contractor support or or commercial-industrial activities.

Develop or participate in development of systems for:

- Aggregation and display of maintenance programs with identification of requirements to systems or equipment support.
- Reporting of actual performance of depot maintenance against standard performance as to time, quantity, and cost.
- Measuring equipment performance and maintenance workforce performance.
- Identifying cost of maintenance support by weapon system at base level.
- Improving management of the Commercial and Industrial-Type Activities (CITA) program (OMB Circular A-76).

Review and evaluate maintenance programs including proposed R&M modifications of the Military Departments to assure that adequate support is economically provided by a balance application of organic, contract and interservice capability and capacity.

- Draft ASD/DASD position papers on substantive maintenance issues in program and budget reviews.

Review performance of organic and contract maintenance operations and recommend appropriate actions for improving effectiveness of resource application, of efficiency of resource utilization, including consideration of alternate sources among organic, interservice and contract facilities and new procurement versus repair.

Review Logistic Support plans for new weapon systems to assure consistency with ongoing or planned maintenance operating programs.

Review Services' application of OMB Circular A-76 policy to assure compliance.

19 Nov 80

MAJOR ONGOING RESPONSIBILITIES

Directorate for Automated Systems

- Develop policy for Automated Information Systems within the Department of Defense in coordination with OASD(C) and OASD(C^3I).

- Execute the Life Cycle Management (LCM) program for MRA&L systems to assure proper, timely, and cost effective use of automation within the DOD Components.

- Coordinate technical efforts of DASDs and Directors within MRA&L where needed to create and maintain a cohesive automated systems program.

- Prepare, justify, defend, and execute the MRA&L ADP Budget.

- Technically evaluate and acquire ADP and telecommunications resources for OASD(MRA&L) staff support, determining the availability of in house capability, establishing and maintaining projects, and, where outside support is determined to be necessary, obtaining services in concert with GSA, procurement activities and other elements of the DOD staff.

- Represent ASD(MRA&L) on the Executive Committee of the DOD ADP Policy Committee, the DOD ADP Security Council, the Defense Weapons Software Steering Committee and such other policy panels as may be established in the area of automation.

- Conduct technical reviews of selected component ADP systems in coordination with OASD(C), OASD(C^3I) and MRA&L staff offices to enforce integrated defense systems planning.

- Participate in preparation of Consolidated Guidance, Secretary of Defense Report, and other policy documents.

- Prepare replies to Congressional, OMB, GAO and SecDef throughout the program and budget review process in coordination with functional directorates within MRA&L.

- Represent the ASD(MRA&L) in ADP programs which cross functional and agency lines, including joint planning with Selective Service and Health Affairs to provide mutually supportive automation efforts.

- Direct and evaluate Studies and Research of technical and operational systems problems and issues.

OFFICE OF ECONOMIC ADJUSTMENT

ROBERT M. RAUNER

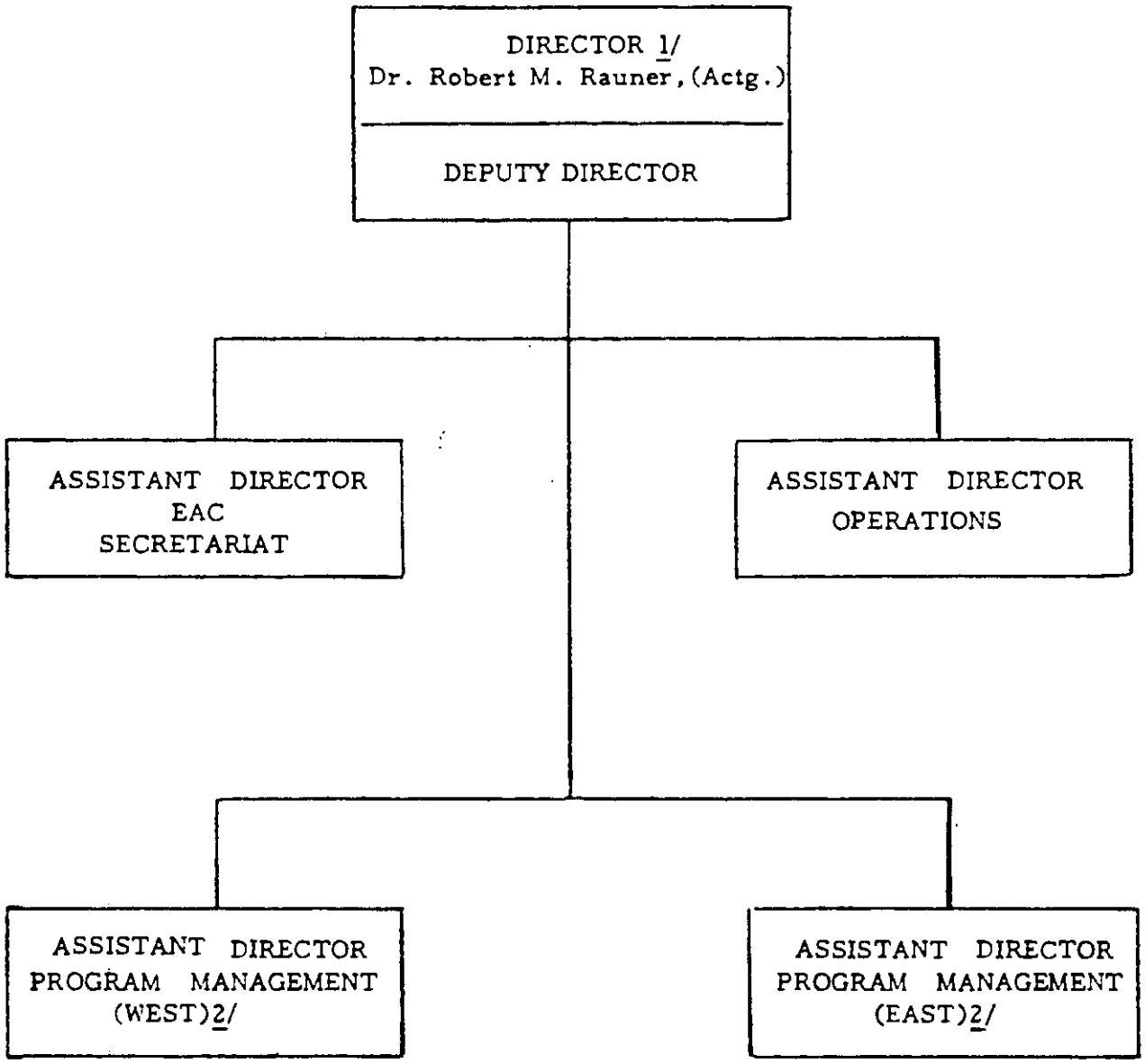
Dr. Robert M. Rauner is presently the Acting Director, Office of Economic Adjustment. In this capacity he also serves as the Executive Director of the President's Economic Adjustment Committee.

Prior to joining the Department of Defense, Dr. Rauner had extensive economic development experience in both the private sector and in the federal government. He was formerly Deputy Director of the Office of Regional Economic Development, Department of Commerce; Vice President of Resource Management Corporation; President of the Regional Economic Development Institute, Inc.; Assistant Administrator for Program Development and Evaluation and Deputy Assistant Secretary for Economic Development Planning in the Department of Commerce; and Research Economist in the RAND Corporation's Logistics Department. He also served with the U.S. Marine Corps in the Pacific during World War II.

Dr. Rauner has an AB from Middlebury College where he majored in Economics and Political Science. He earned his PhD in Economics at the London School of Economics. Dr. Rauner taught Economics at Trinity College, Hartford, Connecticut for a number of years and has authored numerous books, articles, and reports on planning, regional development, economic theory, and logistics.

OFFICE OF ECONOMIC ADJUSTMENT

Pentagon - Rm. 3E772
Phone. 697-9155



1/ Also serves as Executive Director of the President's Economic Adjustment Committee (EAC)

2/ All professional staff serve as project managers. This includes 3 military officers for liaison with the Army, Navy and Air Force, and 5 Regional Directors who coordinate project activities with concerned local, state and federal regional officials.

DECEMBER 1980

OFFICE OF ECONOMIC ADJUSTMENT (OEA)

Major On-going Responsibilities

Community Assistance Projects. Manage 46 projects to coordinate Federal assistance and help alleviate actual or potential impacts resulting from Defense program changes. Most serious impacts result from base closures, reductions in personnel, contract cutbacks or major expansions in activity. Map at Attachment 1.

Economic Adjustment Committee (EAC). Serve as permanent staff for EAC (currently includes heads of 19 Federal departments and agencies chaired by the Secretary of Defense). List in E.O. 12049 at Attachment 2. The present Committee is an outgrowth of informal arrangements in the early 1960's to utilize available Federal resources to alleviate Defense impacts. Each succeeding President has found merit in coordinated Federal assistance for this purpose and has endorsed or strengthened the approach. President Nixon formally established the Committee in 1970. The most recent Presidential direction was the aforementioned Executive Order. We must arrange for transition in membership in order to continue effective assistance for on-going projects. This will be especially critical if the new Administration makes major decisions i.e. base closures, MX siting, etc which have serious local impacts and require assistance of EAC members.

MX. Assist the Air Force and affected areas (Nevada, Utah and possibly other locations) to deal with potentially serious local, economic and social impacts of proposed new MX installations. (See enclosed issue paper.)

Trident. Assist the Navy and affected communities to deal with serious local, social, and economic impacts associated with new Trident installations. Assistance related to the west coast installation at Kitsap County, Washington has been in progress since 1974 and should be substantially completed during FY 82. Assistance on the east coast facility was initiated in FY 78 and is expected to continue at least through FY 90. These projects involve a combination of Defense and Domestic agency funds for alleviating impacts, a subject that is discussed in separate issue papers on MX and Community Impact Assistance Study.

BIOGRAPHY

M. KATHLEEN CARPENTER

DEPUTY ASSISTANT SECRETARY OF DEFENSE

FOR EQUAL OPPORTUNITY

(MANPOWER, RESERVE AFFAIRS AND LOGISTICS)

Ms. M. Kathleen Carpenter was appointed as Deputy Assistant Secretary of Defense for Equal Opportunity, (DASD(EO)) on September 22, 1977.

As DASD(EO), Ms. Carpenter is responsible for policy planning, program guidance and direction of all matters within the Department of Defense relating to equal opportunity and treatment of military personnel and their dependents, equal employment opportunity for all civilian employees of DoD for enforcement of the provisions of Title VI, of the Civil Rights Act of 1964 as pertains to Federally assisted programs administered by DoD and for monitoring and coordinating DoD responsibilities for Contractor Compliance Programs pursuant to Executive Order 11246 of September 1965.

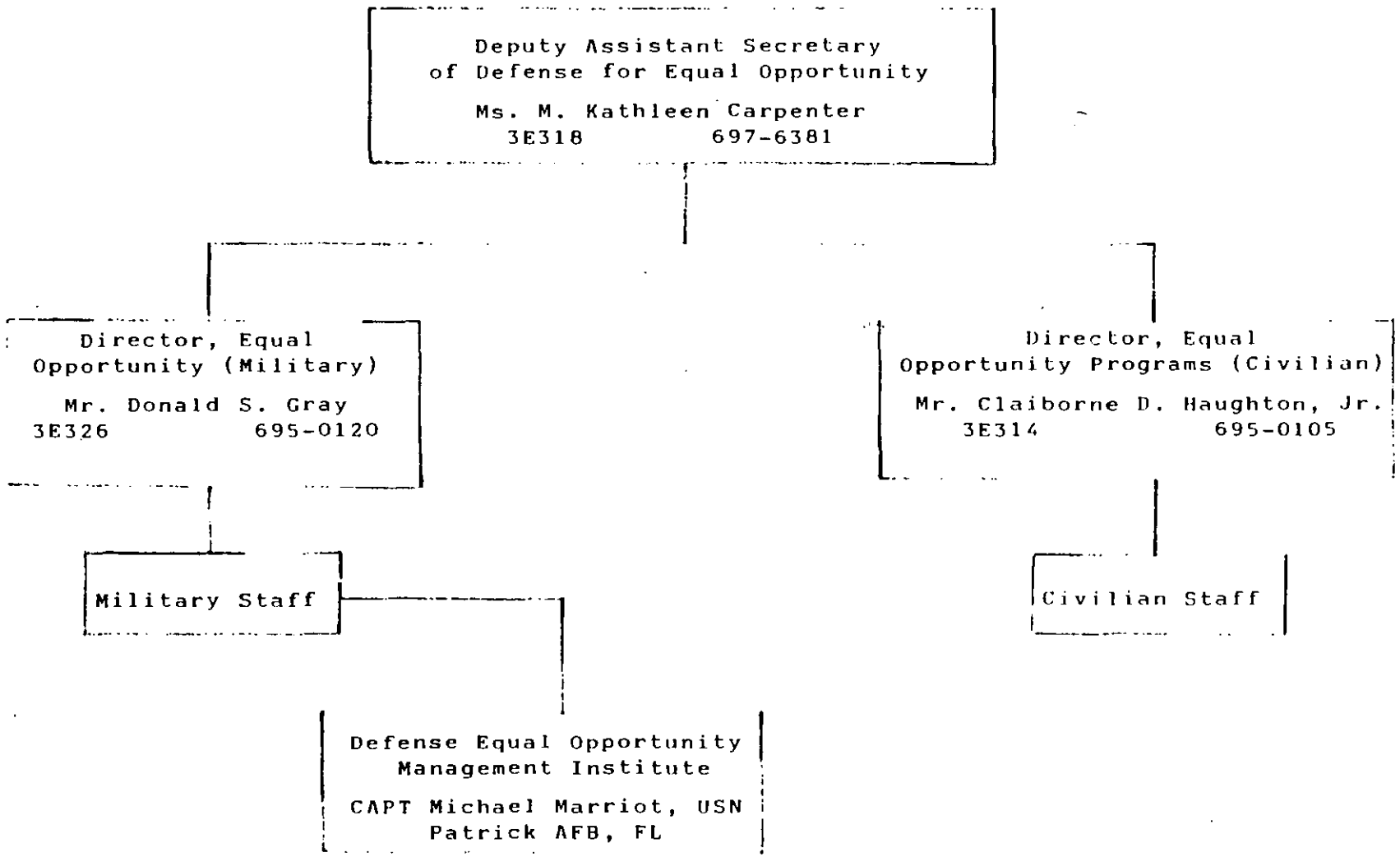
Prior to joining the Department of Defense, Ms. Carpenter served as Norton Simon's $2 billion (diversified consumer company) Corporate Counsel and Special Counsel for Employment Practices, with corporate-wide responsibility for its Equal Employment Opportunity (EEO) program, including Affirmative Actions, Government Contract Compliance Programs, and Title VII and EO 11246 litigation. She also previously was General Counsel of Halston Enterprises, Inc., the designer products subsidiary of Norton Simon, Inc.

Prior to joining Norton Simon, she served as Manager of International Mergers, Acquisitions and Divestitutes of Booz, Allen and Hamilton, a management consultant firm. Earlier she had served as a personnel management consultant for a New York-based consultant firm and as a methods and computer systems analyst for the Prudential Insurance Company.

Ms. Carpenter graduated from Upsala College in 1966 and received her Juris Doctorate from Seton Hall University School of Law in 1972. She has been admitted to the New York State Supreme Court and the United States District Court for the Southern District of New York. Ms. Carpenter received an appointment as a U. S. Supreme Court Fellow which she declined to join Norton Simon, Inc.

Her professional affiliations include the American Bar Association, the New York County Lawyers Association, and Organizational Resource Counselors. She serves as the Defense Department's representative on the White House Task Force on Women Business Owners, has given numerous speeches and taught courses in the area of EO.

Ms. Carpenter was formerly a member of the Board of Trustees, Colorado Women's College.


Deputy Assistant Secretary
of Defense for Equal Opportunity
Ms. M. Kathleen Carpenter
3E318 697-6381
Director, Equal
Opportunity (Military)
Mr. Donald S. Gray
3E326 695-0120
Director, Equal
Opportunity Programs (Civilian)
Mr. Claiborne D. Haughton, Jr.
3E314 695-0105
Military Staff
Civilian Staff
Defense Equal Opportunity
Management Institute
CAPT Michael Marriot, USN
Patrick AFB, FL

Major Ongoing Responsibilities

Office of the Deputy Assistant Secretary of Defense (Equal Opportunity)
Assigned Functions:

Equal Opportunity Programs (Military) Directorate:

- Establish all policy related to insuring equal opportunity among military personnel and their "dependents" in such areas as accessions, training and education, promotion selection, assignment and treatment.

- Identify systemic and institutional barriers to equal opportunity for minorities and women in the military.

- Establish and implement policy on the development and enforcement of military equal opportunity programs and affirmative action plans pursuant to DoD Directive 1100.15.

- Establish policy and guidance for efficient operation of the Defense Equal Opportunity Management Institute in coordination with the Race Relations Education Board. Perform ASD(MRA&L) supervisory responsibilities as outlined in DoD Directive 1322.11.

- Establish policy for equal opportunity and human relations training in DoD.

- Provide administrative support and perform executive secretary function for the Race Relations Education Board.

- Establish policy for and monitor the enforcement of the DoD Equal Opportunity in Off-Base Housing Program in accordance with DoD Directive 1100.16.

- Serve as U.S. representative to the Committee on Women in NATO Forces.

- Provide administrative and logistical support to the Chair of the Committee on Women in NATO Forces.

- Serve as one of the military representatives to the Defense Advisory Committee on Women in the Services.

- Serve as coordinator for the internal DoD sex discrimination review conducted in conjunction with the Department of Justice, Task Force on Sex Discrimination.

- Analyze and assess DoD component equal opportunity program performance and effectiveness in implementing appropriate DoD equal opportunity policies and guidance.

- Direct and monitor Service investigations of EO complaints when policy considerations are involved.

Equal Opportunity Programs (Civilian) Directorate:

- Develop all DoD policy directives, and memoranda implementing Titles VI and VII of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Executive Order 11478, Executive Order 12067; and the equal opportunity provisions of the Civil Service Reform Act of 1978.

- Develop all policies and procedures for the DoD Hispanic Employment Program as required under Office of Personnel Management (OPM) guidance. Direct the DoD Hispanic Employment Program Managers Council and manage the DoD HEP program.

- Develop all policies and procedures for the DoD Federal Women's Program (FWP) based upon OPM guidance. Monitors DoD components implementation of DoD FWP policy directive. Manage the DoD Federal Women's Program.

- Develop all civilian equal opportunity guidance for the DoD CG and PPI.

- Serve as technical advisor to the Defense Acquisition Regulation Committee on contract compliance/EEO matters affecting DoD acquisition policies under Executive Order 11246.

- Prepare EO and EEO issues relating to civilian employment in DoD and DoD federally assisted programs and provide this input for MRA&L issue papers, SecDef annual defense report, and congressional testimony of DoD officials.

- Analyze and assess DoD Components performance and effectiveness in carrying out DoD EO/EEO policies. Include recommendations to correct identified deficiencies and to forecast major program needs.

- Conduct and direct special compliance reviews of DoD Federal financial assistance program recipients when unique national welfare or defense considerations are involved.

- Prepare annual reports to OMB, OPM, DOJ, and EEOC on EO and EEO program activities, effectiveness, and projected activities.

- Function as DoD point of contact with EEOC on all matters under Executive Order 12067 concerning coordination of EEO policy initiatives.

- Develop and implement civil rights training programs for DoD Components.

- Prepare departmental responses to interagency communications, congressional inquiries and public information requests on all matters regarding DoD civilian EEO/EO programs.

- Develop to completion assigned special projects, one time task force reports, and background studies on all matters concerning DoD civilian EEO/EO programs.

- Represent DoD in high-level, subcabinet, inter-departmental, and interagency planning and policy meetings. Act as interagency liaison with six major departments regularly.

- Represent DoD in national and regional conferences of major civil rights groups, i.e., NAACP, NUL, IMAGE, NOW, American GI Forum, LULAC, and FEW.

- Plan, organize, and manage Pentagon special observances of Black History Month, Hispanic Heritage Week, Federal Women's Week, Asian American/Pacific Islander Week, etc.

- Provide policy oversight of DoD Components' EEO complaints investigation systems, direct or conduct special investigations of EEO complaints, and function as final review authority in the appeal of internal discrimination complaints and noncompliance findings.

- Direct or participate in DoD field inspection teams at component sites to evaluate all aspects of equal opportunity concerning DoD civilian employees.

- Prepare DoD EO/EEO budget reports and develop policy guidance concerning implementation of Section 53 of OMB Circular A-11.

- Implement Secretary of Labor debarment orders against DoD contractors for EO violations under EO 11246.

- Function as DoD point contact with the Labor Department on all matters under EO 11246 concerning DoD contractors EO obligations.

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

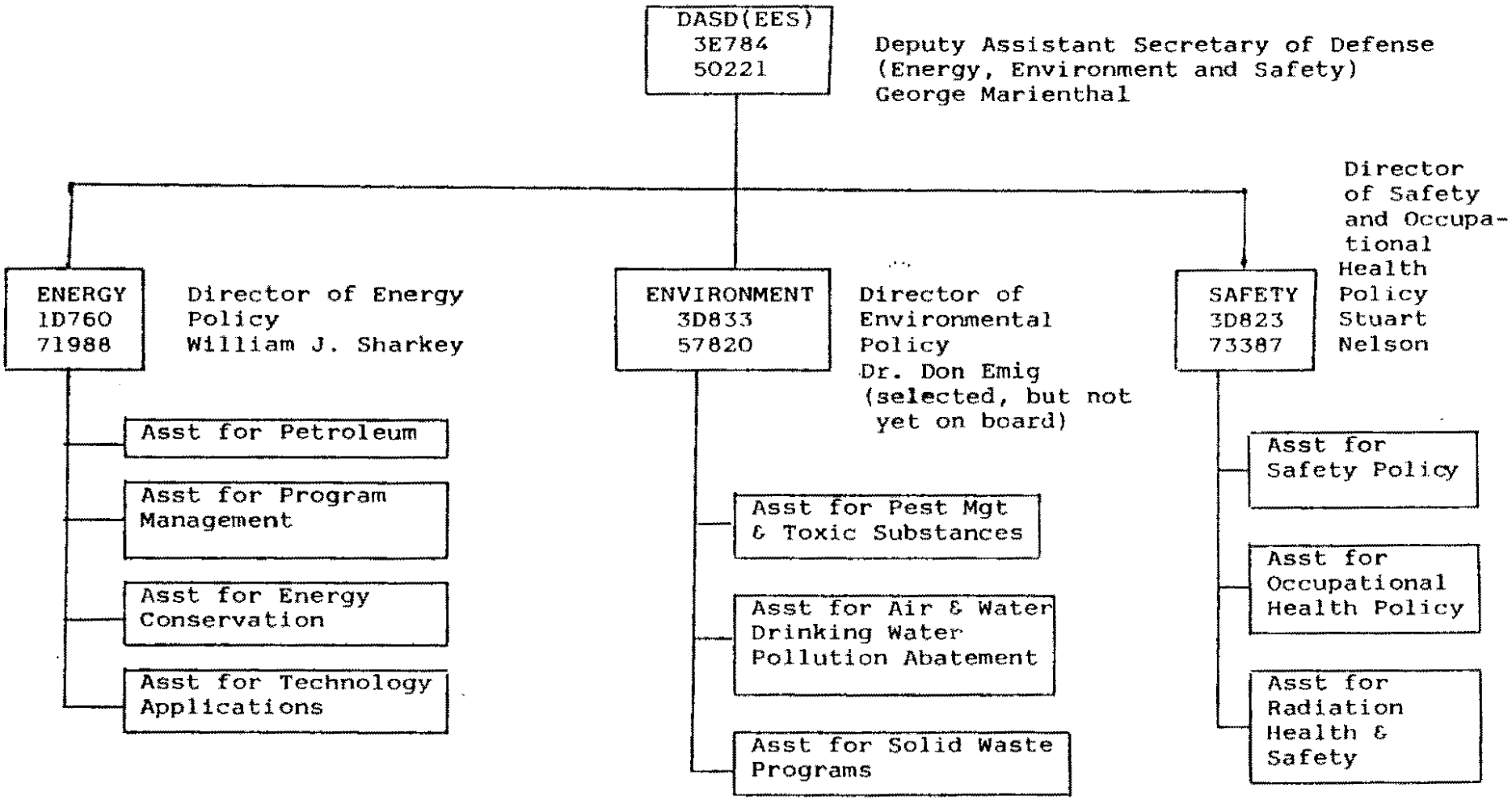
George Marienthal
Deputy Assistant Secretary of Defense
(Energy, Environment & Safety)
The Pentagon, Room 3E784
(202)695-0221

George Marienthal, 42, is the Deputy Assistant Secretary of Defense for Energy, Environment, and Safety. He reports to the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics. His responsibilities include the management of the worldwide energy program for the Department of Defense, which covers both the supply of all fuels and the conservation of energy. He manages Defense's environmental programs which include air and water pollution abatement, solid waste management, toxic substances control, radiation control, safe drinking water, use of pesticides, noise control, and environmental impact statements. He also directs all the safety and occupational health programs, including industrial safety, military operational safety, and traffic safety.

Mr. Marienthal has a wide background in Department of Defense activities and is uniquely suited to work in the Office of the Secretary of Defense. He is the son of a United States Marine. In high school, he joined the Army ROTC program. He graduated from the United States Naval Academy. He was commissioned in the United States Air Force, where he served for five years. He has been a Deputy Assistant Secretary of Defense in the Pentagon since 1975.

Mr. Marienthal has had considerable experience in federal government agencies. As a management consultant to the Office of Secretary of Defense, he worked for four years for the Logistics Management Institute. Also, he served for four years at the Environmental Protection Agency (EPA), where he reported directly to the Administrator. He served for one year as the Director of the Office of Federal Activities. He developed EPA's program to control pollution from all federal facilities and the enforcement program to deal with federal contractors. For three years, he served as the Director of Regional Operations and managed EPA's ten regional offices, nationwide.

Mr. Marienthal has an undergraduate engineering degree from the United States Naval Academy. He has graduate degrees from Stanford University in engineering and from American University in business administration. Mr. Marienthal is married, the father of three children, and resides in Rockville, Maryland.


DASD(EES)
3E784
50221
Deputy Assistant Secretary of Defense
(Energy, Environment and Safety)
George Marienthal
ENERGY
1D760
71988
Director of Energy
Policy
William J. Sharkey
Asst for Petroleum
Asst for Program
Management
Asst for Energy
Conservation
Asst for Technology
Applications
ENVIRONMENT
3D833
57820
Director of
Environmental
Policy
Dr. Don Emig
(selected, but not
yet on board)
Asst for Pest Mgt
& Toxic Substances
Asst for Air & Water
Drinking Water
Pollution Abatement
Asst for Solid Waste
Programs
SAFETY
3D823
73387
Director
of Safety
and Occupa-
tional
Health
Policy
Stuart
Nelson
Asst for
Safety Policy
Asst for
Occupational
Health Policy
Asst for
Radiation
Health &
Safety

ODASD(ENERGY, ENVIRONMENT AND SAFETY)'S ASSIGNED FUNCTIONS:

Deputy Assistant Secretary of Defense for Energy, Environment and Safety:

- Act as the principal advisor to the Secretary of Defense, Deputy Secretary of Defense, and Department of Defense principals on energy, environment, and safety aspects of DoD policies, programs, and plans;

- Serve as focal point for energy matters for DoD to ensure that appropriate levels of DoD management participate in the formulation of energy policies and procedures;

- Develop policies and guidance to govern DoD planning and programming development for all energy requirements of U.S. forces;

- Prepare DoD positions on national energy matters related to the Secretary of Defense's responsibilities, membership on the Energy Coordinating Committee, and other interdepartmental groups, posture statements, budget submittals, congressional testimony, and proposed legislation;

- Develop policy for DoD's peacetime energy usage and contingency requirements in relation to present and forecasted availability of supply to insure that requirements are met;

- Provide oversight of the planning, programming, budgeting, and funding of energy programs related to the energy objectives of the Secretary of Defense;

- Develop energy goals and objectives for energy supply, energy conservation, and energy technology applications to DoD mobility and facilities operations;

- Develop and coordinate the DoD environmental quality program;

- Act as central source for interpretation and policy guidance for all laws and standards promulgated for pollution abatement to include the Clean Air Act, Clean Water Act, Safe Drinking Water Act, Toxic Substance Control Act, Resource Conservation and Recovery Act, Federal Insecticde, Fungicide, and Rodenticide Act, and Noise Control Act;

- Establish DoD goals and objectives to achieve compliance with environmental standards;

- Coordinate DoD component efforts to achieve environmental objectives and evaluate DoD component compliance status and progress as related to pollution prevention, control, and abatement;

- Review budget submission and monitor the programming, construction, and permitting of pollution abatement projects to comply with the clean air act, clean water act, and other pollution abatement requirements;

- Establish DoD policy for compliance with the National Environmental Policy Act (NEPA) and monitor and evaluate DoD component implementation of NEPA;

ODASD(ENERGY, ENVIRONMENT AND SAFETY)'S ASSIGNED FUNCTIONS:

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R. DEAN TICE
MAJOR GENERAL, USA

Major General R. Dean Tice was born in Topeka, Kansas, on 4 December 1927. He entered the Army as an enlisted man in April 1946 and was commissioned a second lieutenant of infantry in April 1947 upon completion of Officer Candidate School. In his early carrer as an officer he served in Infantry Divisions in successive positions of command--platoon leader, company commander and staff.

His first tour in Vietnam extended from July 1956 to July 1957 where he served as G3 operations advisor to the ARVN. Subsequently he served on Department of the Army personnel management team and on the Department of the Army staff, serving in the Office of the Deputy Chief of Staff for Personnel. In March 1963 he was selected to serve in the Office of the Under Secretary of the Army as Chief, Personnel Management Division. He then attended the Armed Forces Staff College of Norfolk, Virginia. He joined the United States Southern Command in Panama in February 1965 where he served as Regional Plans Officer for military assistance to Latin America.

In July 1967, he returned to Vietnam and was assigned as Deputy Brigade Commander of the 3d Brigade, 4th Infantry Division. He later commanded the 2d Battalion, 12th Infantry of the 25th Infantry Division in Vietnam. In August 1968 he was assigned to the Office of the Secretary of Defense for Manpower and Reserve Affairs as Executive for Personnel Procurement. He departed that assignment in August 1969 to attend the Industrial College of the Armed Forces.

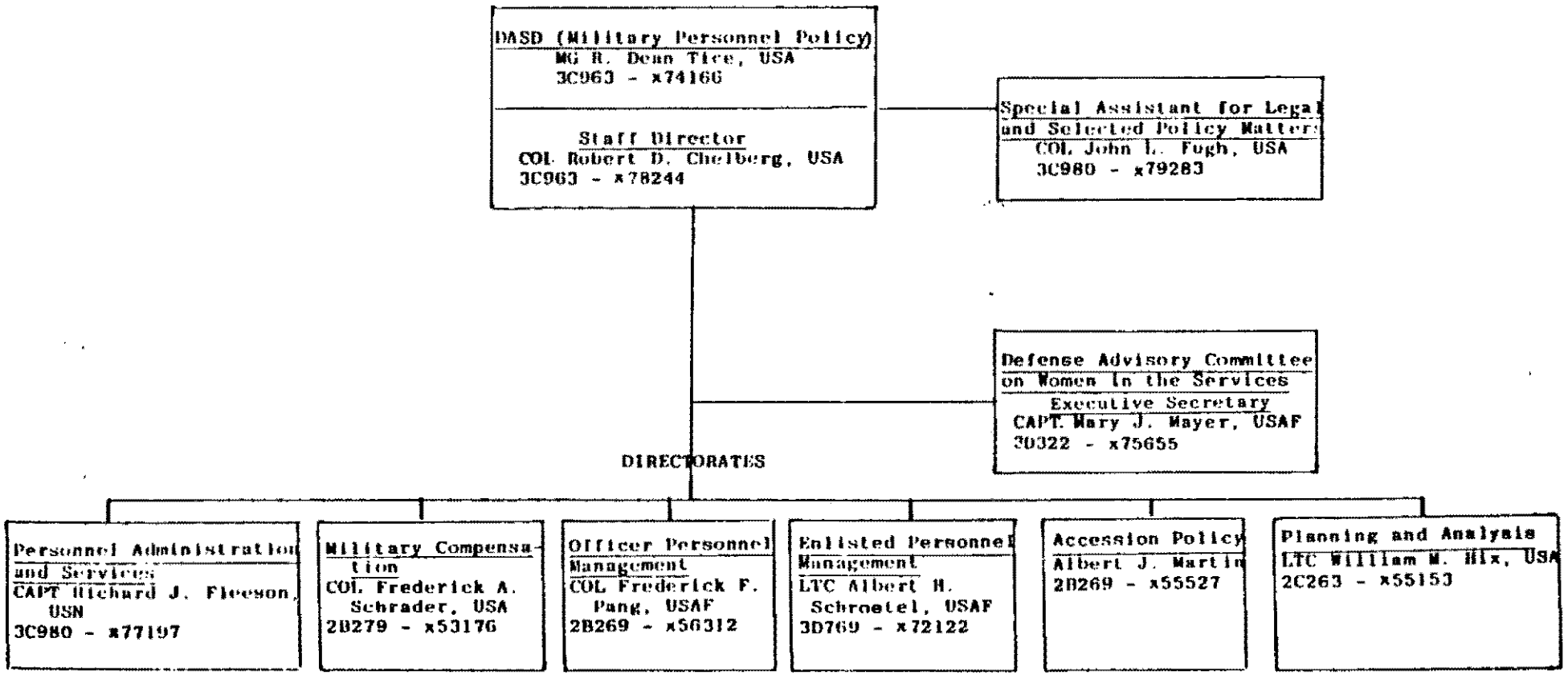
In 1970 he took command of the 1st Brigade, the 1st Infantry Division. He also served as Chief of Staff of the 1st Infantry Division and was subsequently promoted to Brigadier General on 6 September 1972. He then returned to the Pentagon to the Office of the Deputy Chief of Staff for Personnel supervising various personnel management programs.

General Tice assumed command of the Berlin Brigade on 9 September 1974 and remained in that capacity until 16 July 1976 when he assumed the duties of Deputy Chief of Staff, Personnel, Headquarters, United States Army, Europe, and Seventh Army, Heidelberg, Germany. He was promoted to Major General on 1 April 1976. On 7 October 1977, he assumed command of the 3d Infantry Division, Wuerzburg, Germany. Upon completion of his command tour he was appointed Deputy Assistant Secretary of Defense for Military Personnel Policy, the position he currently holds.

General Tice has a Master's Degree in Business Administration and a BS Degree in Military Science. His decorations include the Silver Star, Legion of Merit with two oak leaf clusters, Bronze Star Medal with "V" Device, Air Medal with "V" Device and 6 oak leaf clusters, Joint Service Commendation Medal, Army Commendation Medal, Vietnam Cross of Gallantry with Palm, Combat Infantry Badge, Parachutist Badge, and the Purple Heart.

He and his wife, Eunice, have two children, a son Bill and a daughter Mrs. Karen Claterbos.

Office of the Deputy Assistant Secretary of Defense (Military Personnel Policy)



November 1980

Personnel Administration and Services Directorate

ONGOING RESPONSIBILITIES

- Policy and oversight of the following Morale, Welfare, and Recreational (MWR) activities
  - -- Military exchanges
  - -- Cafeterias, package beverage stores, and other resale activities
  - -- Sports and athletics
  - -- Music, theater and motion pictures
  - -- Overseas professional entertainment program
  - -- Child care
  - -- Youth activities
  - -- Arts and crafts, and other skill development programs
  - -- Armed Forces recreation centers
  - -- Libraries
  - -- Open messes (i.e., officers, enlisted, NCO/CPO, and consolidated clubs)
  - -- Aero, scuba, parathute, sailing, rod and gun and other membership associations
- Nonappropriated fund procurement policy
- Financial management policies for DoD nonappropriated fund instrumentalities (NAFIs)
- DoD Blind Vending Program (implementation of Randolph-Sheppard Act)
- DoD member on State Department Commissary and Exchange Board
- Interface with Department of Agriculture on school/child care center food programs
- Interface with President's Council on Wage and Price Stability regarding military resale pricing
- Interface with Department of Energy regarding allocation and pricing of resale gasoline
- Absenteeism and desertion
- Enlisted administrative separations
- Personnel assignment policy pertaining to length of overseas tours, discharge or assignment of conscientious objectors and sole surviving sons, and unit rotation
- Liaison with the American Red Cross -- the Secretary of Defense and ASD(MRA&L) serve as Presidential appointees to the Red Cross Board of Governors
- Commissaries
- Awards and decorations
- Leave and liberty
- Liaison with the United Service Organizations (USO)
- Uniformed Services identification cards
- DoD Consumer Affairs Program
- Commercial solicitation control on DoD installations
- Dependents overseas
- Evacuation of dependents from overseas
- Legislative program
- Physical fitness

MAJOR ONGOING RESPONSIBILITIES

OF

DIRECTORATE OF COMPENSATION

- Military compensation policy concerning pay, allowances, retirement and survivor benefits, and travel and transportation entitlements.
- Analysis of military pay adequacy and preparation of the annual DoD compensation report for submission to the Congress.
- Review of all legislative proposals pertaining to compensation matters.
- Preparation of reports and information for OSD(MRA&L), the Secretary of Defense and members of Congress.
- Conduct of quadrennial in-depth studies of the principles and concepts underlying military compensation and the development of proposals for change.
- Participation in budget reviews of compensation related programs.
- Preparation of new pay and allowance rates resulting from annual adjustment of military pay.

MAJOR ON-GOING RESPONSIBILITIES
DIRECTORATE OF OFFICER PERSONNEL MANAGEMENT

The Directorate for Officer Personnel Management (OPM) is engaged in major, on-going responsibilities that include the accession, retention and sustainment of officer personnel. These responsibilities specifically include: (1) oversight of the implementation of the recently enacted Defense Officer Personnel Management Act (DOPMA), a comprehensive revision to laws governing the appointment, promotion, and tenure of military officers; (2) development of a legislative proposal governing the distribution of general/flag officers among the services, a requirement established in Senate and House Armed Services Committee reports; and (3) continuing analysis of accession and retention problems in certain officer communities, such as pilots, nuclear qualified officers, and engineers.

At least 60 percent of the effort of OPM will be expended over the next nine months on preparing for the implementation of DOPMA which has an effective date of 15 September 1981. The legislation consolidates practically all previous service secretarial authorities under the Secretary of Defense and outlines specific responsibilities for promulgating directives that would standardize policies and procedures governing all facets of officer personnel management. This greatly expanded role will ultimately require an expanded permanent staff about double the size of the current staff of seven.

The requirement to develop a legislative proposal governing the distribution of general/flag officers among the services is a follow-on to DOPMA. Current ceilings established in law for these grades are outmoded and the distribution is currently controlled administratively. About 20 percent of the effort of OPM will be devoted to this task. The Congress wants to consider a DoD proposal in 1981.

While the services are generally achieving desired officer retention and accession objectives, there is a need to develop a reliable model for estimating the effect of monetary and other incentives on retention and recruitment in certain problem skills. Such a model will improve our capability to evaluate various options on a more comprehensive cost/benefit basis. About 15 percent of the effort of OPM will be devoted toward this task.

The remaining effort in OPM will be applied to maintaining on-going activities, such as the processing of general/flag officer promotion and appointment actions, responding to White House and Congressional inquiries, and fulfilling responsibilities under the DoD Planning, Programming and Budgeting System.

MAJOR ONGOING RESPONSIBILITIES

OF

ENLISTED PERSONNEL MANAGEMENT (EPM)

- Evaluation and analysis of enlisted manning in each of the Services.
- Collection, analysis and publication of enlisted attrition and reenlistment statistics.
- Evaluation and approval of the enlisted force structures the Services would like to achieve in the next 5 to 10 years. Approval of enlisted grade authorizations.
- Direct management of the enlistment and reenlistment bonus programs.
- Direct management of the enlisted proficiency pay programs.
- Establishment and oversight of enlisted promotion policies and programs for all Services.
- Conduct research as to the causes of increases and decreases in retention rates. This is done by assigned EPM personnel and through our management of contracts with Rand and the Center for Naval Analyses.
- Development of new computer techniques for managing the bonus programs, simulating composition of the enlisted force in the future, evaluating the effectiveness of Service personnel management plans, and for computer generation of graphic depictions of personnel data and programs.
- OSD focal point for women in the military.

24 November 1980

Accession Policy Directorate
Major Responsibilities

- Develop policy, review and analyze Service plans, programs and budgets of all programs related to accession of Active and Reserve Force military personnel (under various conditions--voluntary manning, conscription, mobilization).

- Analysis of quantitative and qualitative military manpower supply for the Active and Reserve Forces and the implications of changes in supply and requirements upon personnel procurement policy.

- Evaluation of recruiting policy and capability forecasts.

- Program and budget review and analysis of Service recruiting, advertising and examining resource programs.

- Enlistment standards policy analysis with emphasis on supply implications (aptitude, moral, physical, educational).

- Design and evaluation of multi-Service in-market testing of enlistment incentives, options and recruiting/advertising programs.

- Oversight of joint recruiting advertising and management of the DoD joint market research program.

- Establish policies for managing both volunteers and inductees at mobilization

MAJOR ONGOING RESPONSIBILITIES

PLANNING AND ANALYSIS DIRECTORATE

1. Responsible for the conduct of studies and analysis relating to the accession and retention of military manpower and to the effects of compensation changes on recruitment, retention, and force composition. Responsible for the development and maintenance of computer simulations to assist in such studies and analysis.

2. Supervises and participates in broad scientific approaches undertaken by the OASD(MRA&L) in relating the use of manpower resources to achievement of national security objectives. These techniques involve the use of operations research and systems analysis in developing and reviewing manpower programs and in determining the most effective correlation with other Defense programs.

3. Manages the research and studies program for the DASD(MPP).

4. Maintains coordination with Congressional committee staffs, OMB, CBO, OASD(C), OASD(PA&E), the Military Departments, and other OASD(MRA&L) offices.

5. Manages for the DASD(MPP) the conduct of the annual reviews of the Service programs and budgets. Supervises the conduct of independant analyses and cost estimates of the military manpower programs of the Military Services and the Defense agencies. Supervises the development and evaluation of innovative alternatives and new solutions to military manpower problems. Supervises the preparation of issue papers and decision documents for the use of the Secretary of Defense.

6. Manages for the DASD(MPP) the preparation of the consolidated guidance and the program objective memorandum instructions.

7. Supervises and monitors research performed by private vendors.

Major On-Going Responsibilities of L&SPM

- Supervise the administration and execution of the Joint Service Review Activity, a multi-Service function established by ASD(MRA&L) to monitor the quality of, and act on complaints against, decisional documents prepared by the Discharge Review Boards (DRBs) of the Military Departments.

- Engage in discussions with plaintiffs in Urban Law Institute of Antioch College v. Secretary of Defense (Civ. No. 76-0530, Jan. 31, 1977) with a goal of issuing a revised DoD directive on discharge review incorporating procedures for preparing decisional documents and for correcting defective ones that would meet the Court's concerns, consistent with the administrative needs of the DRBs.

- Revise DoD directives on administrative discharge (an area of intense interest to Congress, GAO, courts, and public interest groups), treatment and rehabilitation of military prisoners, and guidelines for handling dissent and protest in the military.

- Serve as MRA&L representative on the DoD Task Force on homosexual litigation.

- Prepare a report to Congress on legal assistance for military personnel and their dependents.

ROBERT A. STONE

Mr. Stone is Deputy Assistant Secretary of Defense, Program Management, in the Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics. He is responsible for managing:

- planning, programming, and budgeting for manpower and logistics
- the Defense manpower program
- standards for entry into military service
- military training and education
- mobilization and deployment planning
- education of dependents overseas
- Congressional affairs related to manpower and logistics.

He joined the Defense Department in 1969 as an operations research analyst in the Office of the Assistant Secretary of Defense (Systems Analysis). There he led several major Defense studies: requirements for U.S. land forces for NATO, national net assessment of U.S. and Soviet ground forces, and the Guard and Reserve in the Total Force. He joined OASD (Manpower and Reserve Affairs) in 1974.

Prior to joining the Department of Defense, Mr. Stone worked for seven years for Garrett-AiResearch, Los Angeles, as a senior preliminary design engineer. Before that he worked as a research engineer for Atomics International and Cities Service Research and Development Company.

His education includes Bachelor's and Master's degrees in chemical engineering from the Massachusetts Institute of Technology. He was one of nine OSD recipients of the Presidential rank of Meritorious Executive in 1980.

15 November 1980

ORGANIZATIONAL CHART FOR PROGRAM MANAGEMENT

Deputy Assistant Secretary

Robert A. Stone
75371

Staff Director

Douglas Farbrother
79106

Intergovernmental Affairs	Manpower Management	Mob. and Dep. Planning	Training and Education	Dependent Schools
Jeanne B. Fites, Dir. 70617	Douglas Farbrother, Act. Dir., 79106	Paul Donovan, Dir. 50711	Al Tucker, Director 51760	Anthony Cardinale, Dir., 325-0188

MAJOR ONGOING RESPONSIBILITIES

MANPOWER MANAGEMENT

Budget Review

Manages all MRA&L participation in the OSD/OMB budget review.

- receive all Comptroller budget decision papers involving manpower, logistics, base operations, construction, energy conservation, etc. (anything involving MRA&L business; about 250 separate papers).

- quickly get the papers to the right person in MRA&L.

- get them to work faster and harder than they like, to figure out and write down MRA&L's position on whatever the Comptroller proposes to do.

- on important issues, make sure the ASD understands the options and has a clearly written memo to send to the Comptroller, who then informs the Secretary.

- deliver the MRA&L position to the Comptroller (sometimes this all has to be done in less than a day).

- prepare the ASD for Defense Resources Board meetings to decide what should go in the defense budget.

Program Review

Like the budget review, manage all MRA&L participation. Organize all the diverse offices to prepare one clear and sensible Manpower and Logistics Issue Paper for the Secretary.

Both this and the budget review involve a lot of mundane administrative work. But, both can be also influential, substantive jobs, controlling what issues and alternatives are raised for the Secretary.

Manpower Authorization

Civilian manpower is limited by various Defense-wide ceilings set by OMB and by Congress. This office allocates the ceilings among the Services and Agencies, makes sure they comply with the ceilings, and helps them figure out how to get all their work done within the ceilings.

(Military manpower is authorized each year by Congress, specifically to each Service.)

Review Service and Agency requests for manpower (in their programs and budgets) and recommend sensible changes.

Prepare the annual Defense Manpower Requirements Report which goes with the budget to Congress. This is the main document that supports the authorization request.

Help write testimony on the manpower request and, in general, explain and defend it to Congress.

MAJOR ON-GOING RESPONSIBILITIES
MOBILIZATION AND DEPLOYMENT PLANNING DIRECTORATE
(PROGRAM MANAGEMENT)

PLANNING

The Mobilization and Deployment Planning Directorate carries out the on-going responsibilities of the ASD (MRA&L) for both DOD and Federal level planning. Within DOD the ASD (MRA&L) is charged with providing oversight to the mobilization planning and execution process and developing a DOD Master Mobilization Plan. The ASD (MRA&L) is also charged with coordinating and jointly preparing mobilization plans with the Federal Emergency Management Agency and other civil agencies. Both internal and external planning functions have been very active in the past year and are expected to increase following our recent mobilization exercises.

MOBILIZATION EXERCISE FOLLOW-UP

Exercises PETITE SPIRIT, PROUD SPIRIT and REX 80-B, held in October and November 1980, were conducted to test plans, procedures, and organizational relationships during full mobilization and deployment of forces to Europe. Some PETITE SPIRIT follow-up work has already been identified and assigned to agencies for development of action plans. This directorate will be responsible for managing the follow-up activity for all exercises within the OSD staff.

MOBILIZATION MANPOWER

The directorate, with the assistance of other staff elements, prepared material for presentation to the Congress concerning mobilization manpower. Included in these presentations are manpower requirements, current and program outyear projections of manpower supply, and Selective Service System and mobilization training base capabilities. Three documents are or will shortly be in preparation.

- The Joint Conference Report on the Defense Authorization Bill requires the Secretary of Defense in conjunction with the Director of Selective Service to submit reports on manpower mobilization. The subjects concerned include Selective Service System screening and classification, the impact of registration on recruiting, DOD manpower requirements for FY 81-85, military personnel skill requirements at mobilization and proposals for obtaining additional skilled personnel during an emergency. The report is due April 2, 1981.

- This year's Annual Report of the Secretary of Defense to the Congress will contain a mobilization chapter. The chapter, now in draft form, includes, in addition to the current status and program estimates of mobilization manpower, a report on Defense mobilization planning, the Reserve Components, mobilization exercises, the Selective Service System and the mobilization training base.

- The testimony of the ASD (MRA&L) is likely, as in past years, to include a major section on the adequacy of supply of manpower in time of war.

The Directorate for Mobilization and Deployment Planning has overall staff responsibility for issues dealing with the Selective Service System. These issues relate primarily to mobilization planning and the on-going peacetime registration.

MAJOR RESPONSIBILITIES
TRAINING AND EDUCATION DIRECTORATE (T&E)
OFFICE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (PROGRAM MANAGEMENT)

Scope: T&E advises the ASD(MRA&L) on all aspects of training and education for military personnel, including:

1. Training of individuals -- basic training, specialized training in military skills, and flight training.

2. Education of individuals -- Service Academies, ROTC, war colleges, graduate education, etc.

3. Training of military units.

4. Voluntary, off-duty education conducted by civilian colleges on or near military bases.

In FY 1981, an average of 235,000 US military personnel will be in student status during the year. These students will be taught and supported by 125,000 military and 59,000 civilian personnel. The annual cost, including student pay and allowances, is $8.8 billion. Some 400,000 military personnel will also participate in voluntary education programs during the year. It will cost $28 billion in FY 1981 to man, operate and maintain the operational units whose primary activity in peacetime is training.

Responsibilities: Putting T&E responsibilities into organizational context, each Service operates its own training activities, determines how many people should be trained in what skills for how long, and determines the appropriate level of training activity in operational units. T&E is responsible, on behalf of the Secretary of Defense, for reviewing training policies and Service resource requests for training and education and, as appropriate, recommending revisions. Within this framework, the T&E objective is to press for training of the required level of effectiveness at acceptable cost.

T&E advises the ASD(MRA&L) on training research, exploitation of training technology, procurement of training equipment, methodologies for course development, levels of training manpower, funding and facilities, cooperative training projects among the Services and with allied nations, and all other matters that bear on effective and efficient training programs.

Methods: Much of T&E's work is tied to the Planning, Programming and Budgeting System (PPBS) cycle. T&E develops program guidance, analyzes the appropriate sections of Service programs and budgets, and recommends alternatives. T&E then leads the DoD justification of the approved training program to the Congress and prepares two major annual reports -- the Military Manpower Training Report, which supports the request to the Congress for authorization of the required amount of training, and the DoD Report on Flight Simulation. It also prepares testimony for the DASD (Program Management), coordinates Service testimony on training needs, and provides additional information to complete the record.

In addition to PPBS-related activities, T&E undertakes studies and analyses, with recommendations, on a variety of training issues. Last year T&E did major studies and reports on the ROTC program, on the quality of off-campus education on military bases, on the methodology used by the Services to estimate training requirements, and on the relationships between test scores and on-the-job performance of Army enlistees. In FY 1981 T&E plans to study on-the-job training (OJT), graduate education requirements for officers, and ways to improve retention in ROTC units.

Directorate of Intergovernmental Affairs

The Directorate of Intergovernmental Affairs serves the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) in three major areas:

- Congressional activities. The Directorate is responsible for presentation of the Defense manpower and logistics programs before the Congress, to include scheduling of the Assistant Secretary and other witnesses before appropriate subcommittees of the Senate and House Armed Services and Appropriations Committees, preparation of witness statements, editing of transcripts, and responses to questions for the record. The office publishes the calendar of hearings of MRA&L interest, and maintains a computerized topical index of information furnished to the Congress. Following action on Defense authorization or appropriations bills by one house of the Congress, the Director recommends to the Assistant Secretary items to be appealed to the other house and manages the appeal preparation. The Directorate reviews Congressional committee reports to determine actions directed and reports requested which fall within the MRA&L purview, and insures timely responses. The office serves as single point of contact within MRA&L for the Office of the Assistant to the Secretary of Defense (Legislative Affairs), and with the Special Assistant to the Comptroller, the principal OSD liaison with the Appropriations Committees, in responding to Congressional requests for information.

- Interdepartmental liaison. The Directorate serves as DoD point of contact for various federal agencies and programs. The office represents DoD on youth employment and training programs in dealings with the Departments of Health and Human Services, Labor, and Education. The office is responsible for reviewing all requests from other agencies for the use of DoD resources for narcotics interdiction efforts, and provides policy guidance for the Military Customs Inspection Program. All requests for assignment of DoD personnel outside the Department are reviewed by the Directorate. The office serves as point of contact to the Office of Management and Budget (OMB) for DoD input to the Catalog of Federal Domestic Assistance and the Federal Assistance Award Data System (FAADS). In addition to the above, the Directorate is involved in on-going programs with the Departments of Justice, Treasury, and Interior; Federal Emergency Management Agency; and National Security Council.

- Enlistment Standards. The Directorate is responsible for management of standards for entrance into the military services and review of proposed changes to service standards. In this connection, the office is responsible for development of a methodology for relating entrance standards to job performance that is consistent throughout all Services. The overall effort has four phases: a study of the relationship between historical Armed Services Vocational Aptitude Battery (ASVAB) scores and the proficiency of military personnel, using several performance surrogates such as promotion rates; an OSD pilot project to demonstrate the feasibility of setting standards based on one or more performance indicators; a long-term program by the Services to establish and validate standards; and a long-term program to improve DoD's measures of potential ability and job performance.

JOHN R. BRINKERHOFF

John R. Brinkerhoff is the Special Assistant to the Deputy Assistant Secretary of Defense for Reserve Affairs. Mr. Brinkerhoff was appointed to this position in April 1978.

John R. Brinkerhoff was born January 31, 1928. He graduated from the United States Military Academy, West Point New York in 1950 with a BS degree. He has earned three graduate degrees: an MS from the California Institute of Technology in Civil Engineering in 1956; an MA from Columbia University in Geography in 1964; and an MSA from George Washington University in Operations Research and Management Science in 1976. He is a graduate of the Army Command and Staff College and the Army War College (Non-Resident Course).

Mr. Brinkerhoff served for 24 years on active duty as an Army officer. During the period 1950 to 1959, he was a platoon leader, company commander, and operations officer in Engineer troop units in Okinawa, Korea, the United States and Germany. From 1959 to 1963 he was an instructor in astronomy, astronautics, and geography at the United States Military Academy. In 1963 he served as Deputy Chief of the United States Military Mission to the Republic of Mali, West Africa.

In 1965 Mr. Brinkerhoff began the first of a series of assignments relating to strategic planning, force structuring, and resource programming. In 1965 and 1966 he served as a staff officer in the War Plans Division of the Army Staff. From 1966 to 1969 he was an operations research analyst in the Office of the Assistant Secretary of Defense for Systems Analysis. He served as Commander, 4th Engineer Battalion, 4th Infantry Division, in Vietnam in 1969-1970. Subsequent, from 1970 to 1974 he was Chief of the Army's Manpower programming division and Director of the Force Concepts and Design Directorate of the Army's Concept Analysis Agency. In June 1974 he retired from active duty in the rank of colonel.

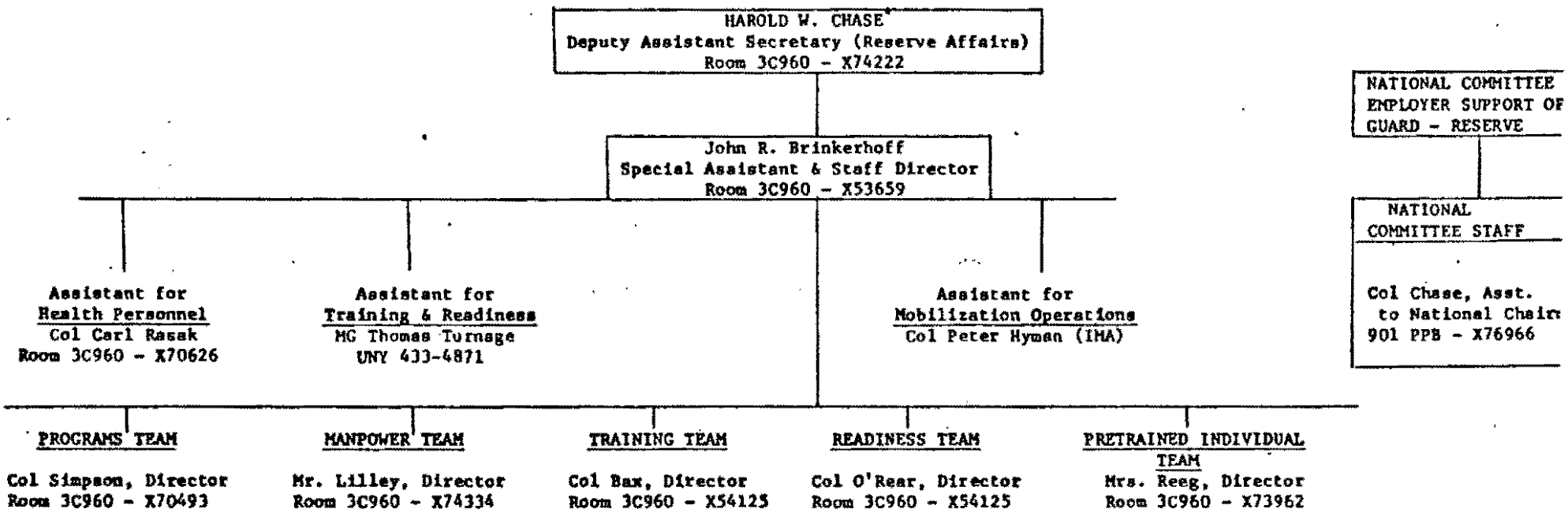
His military decorations include the Legion of Merit (2), Bronze Star Medal (2), Meritorious Service Medal, Air Medal (5), Joint Service Commendation Medal (2), and Army Commandation Medal (2).

Mr. Brinkerhoff was employed by the General Research Corporation as a systems analyst upon his retirement; while at GRC he worked on the DoD Total Force Study.

In 1975 Mr. Brinkerhoff was appointed Chief of the Manpower Programs Team, Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs. In 1976 he was named Director of Manpower Programs and was responsible for managing DoD's Active military, reserve, and civilian personnel authorizations. During the first half of 1977 he participated in the overall review of national military strategy for Presidential Review Memorandum 10 as Chief of the DoD PRM-10 Working Group. In September 1977 he was named Director of Intergovernmental Affairs, responsible for Congressional Relations and inter-agency actions for OASD/MRA&L.

September 1978

ODASD(RA) ORGANIZATION AND FUNCTIONS



*Resigned 1 December 1980

ODASD(RESERVE AFFAIRS) -- ASSIGNED FUNCTIONS:

Programs Team:

- provide analysis and evaluation of budgets and programs:
  - Appropriation hearings and statements;
  - Decision Package Sets (DPS).
- provide policy, planning and programming guidance:
  - coordinate RA activities in DoD Planning, Programming and Budget System (PPBS).
- monitor RA Research Program;
- monitor Congressional actions for RA;
- monitor personnel actions;
- monitor Legal Advisory Program;
- operate the Reserve Management Information System (MIS), to include:
  - policy;
  - personnel profiles, data and strengths, trends to include all categories;
  - manpower utilization;
  - development of improved data base.

Manpower Team:

- analyze, evaluate and monitor:
  - personnel profiles, data and strength;
  - enlistment options;
  - incentives;
  - compensation;
  - retention;
  - recruiting;
  - advertising.

ODASD(RA)
19 Feb 1980

Manpower Team (Continued):

- provide analysis and evaluation of manpower legislation;
- monitor Officer Programs;
- monitor Reserve Component Critical Skills.

Pretrained Individual Manpower Team:

- analyze, evaluate and monitor Wartime Manpower Requirements;
- provide analysis and evaluation of manpower legislation;
- supervise Individual Ready Reserve (IRR) management:
  - IRR strength.
- provide management initiatives:
  - retired personnel;
  - Standby Reserve.

Readiness Team:

- research, evaluate and monitor:
  - force structure and missions;
  - priorities for equipping;
  - mobilization policies;
  - facilities, including training sites;
  - priorities for deployment;
  - logistical support.
- provide readiness policy:
  - force readiness;
  - unit readiness training;
  - priorities for manning;
  - reporting.
- monitor CIOR;
- supervise Guard and Reserve audit and survey reports.

Training Team:

- research, evaluate and monitor:
  - training management;
  - unit training, includes inactive duty training;
  - utilization of full-time support personnel;
  - training support.
- provide policy, authorization, budget and use of Guard and Reserve technicians and TARs.

BIOGRAPHY

MR. CHARLES W. GROOVER
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(REQUIREMENTS, RESOURCES AND ANALYSIS)

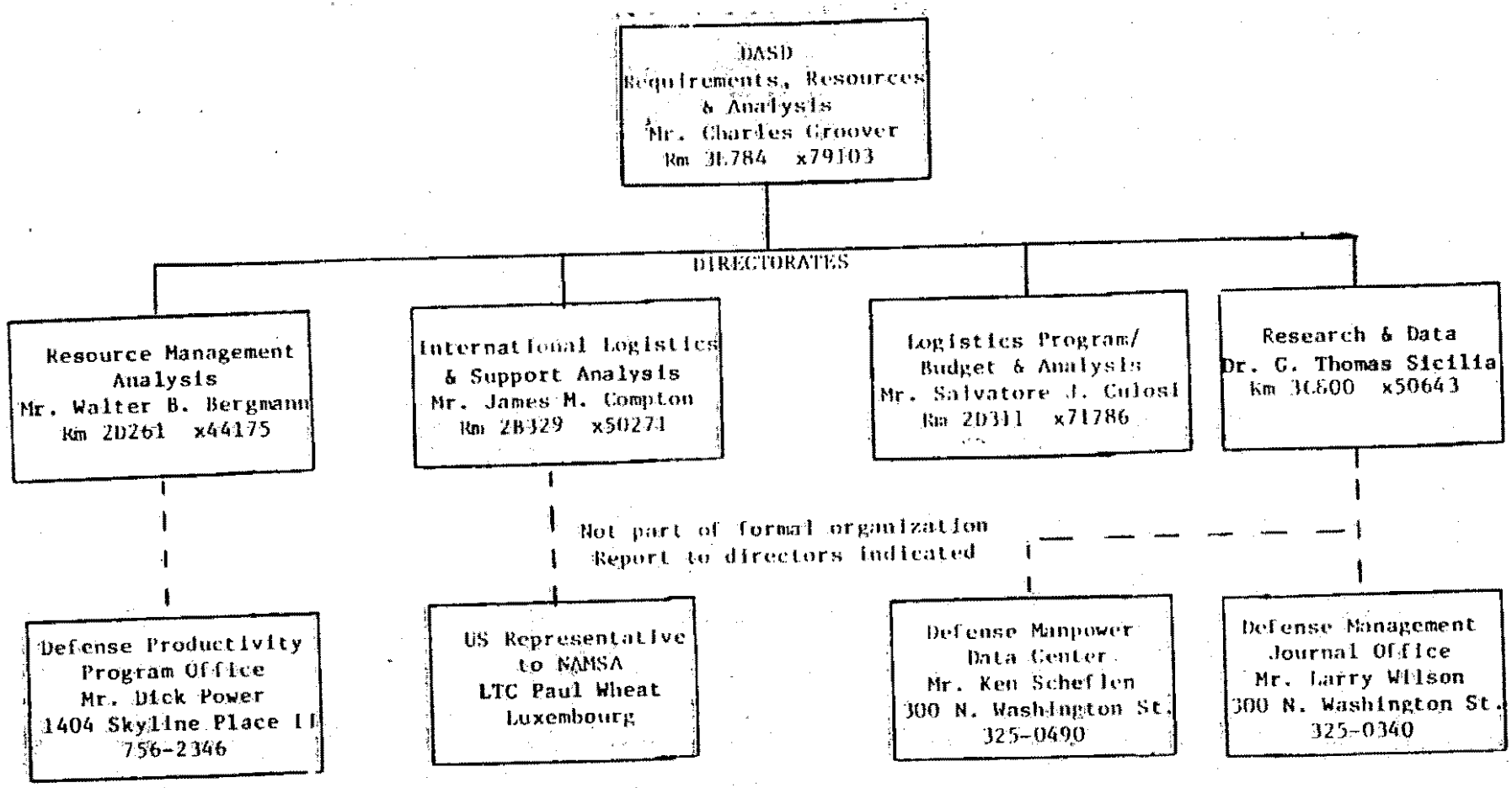
Mr. Charles W. Groover was appointed Deputy Assistant Secretary of Defense (Requirements, Resources and Analysis) effective October 28, 1979. He had served as the Acting DASD(RR&A) since August 1, 1979. He was formerly the Staff Director for the office of the DASD(RR&A) from April 1979, and prior to that the Director, Logistics Program/Budget and Analysis, within the office of the DASD(RR&A).

Mr. Groover was born in LaGrange, Georgia in 1933. He graduated from the Georgia Institute of Technology (1954) with a Bachelors of Industrial Engineering degree; he earned a Masters of Science in Business Administration from George Washington University in 1965, and did additional graduate work in economics in 1967-68 under the Defense Systems Analysis Education Program (DSAEP) operated cooperatively by the Institute for Defense Analyses and the University of Maryland.

Mr. Groover was a career officer in the United States Air Force from 1954 until his retirement as a Colonel in 1974. He served on Strategic Air Command (SAC) aircrews from 1956 through 1964, and as a systems analyst with the Command/Control Directorate of Headquarters SAC from 1965 through 1967. He was a distinguished graduate of the Squadron Officers School (1961) and the Air Command and Staff College (1965). Upon completion of the DSAEP in the summer of 1967, Mr. Groover was assigned to the Office of the Assistant Secretary of Defense (Systems Analysis) and has progressed through increasingly more responsible positions in OSD logistics policy and program analysis from 1968 until his retirement from active duty in 1974, and during his subsequent career as a civil servant.

Mr. Groover, his wife Kathryn, and Rebecca -- the youngest of four children -- live in Alexandria, Virginia. One son, Michael, is an Air Force lieutenant stationed at Norton AFB, California; a daughter Andrea is residing temporarily with the family in Alexandria; another son, David, is a student at Georgia Tech.

October 1979


DASD
Requirements, Resources & Analysis
Mr. Charles Groover
Rm 3E784 x79103
DIRECTORATES
Resource Management Analysis
Mr. Walter B. Bergmann
Rm 2D261 x44175
International Logistics & Support Analysis
Mr. James M. Compton
Rm 2B329 x50271
Logistics Program/ Budget & Analysis
Mr. Salvatore J. Culosi
Rm 2D311 x71786
Research & Data
Dr. G. Thomas Sicilia
Rm 3E600 x50643
Not part of formal organization
Report to directors indicated
Defense Productivity Program Office
Mr. Dick Power
1404 Skyline Place II
756-2346
US Representative to NAMSA
LTC Paul Wheat
Luxembourg
Defense Manpower Data Center
Mr. Ken Scheflen
300 N. Washington St.
325-0490
Defense Management Journal Office
Mr. Larry Wilson
300 N. Washington St.
325-0340

LOGISTICS PROGRAM/BUDGET AND ANALYSIS DIRECTORATE:

- draft all logistics guidance for DPG, CG, PPI (coordinated with ODASD(PM);

- review all Service logistics programs relating to materiel readiness or materiel sustainability, and take the lead in defining and developing program issues in these areas;

- prepare logistics program issues relating to materiel readiness or materiel sustainability, interacting as necessary with PM and DS, and provide those completed program issue papers to PM for integration into the Manpower and Logistics Issue Paper;

- draft PDM/APDM language on all logistics program issues relating to materiel readiness or materiel sustainability and provide substantive staff support to the ASD/PDASD on this subset of issues throughout the program and budget reviews;

- analysis of materiel readiness, development of improved analytical tools to relate resources to readiness;

- MRA&L focal point for readiness management within the DoD, including staff support to the Readiness Management Steering Group;

- analysis of materiel sustainability, trade-offs between war reserves and production base, and the drafting of related policy;

- development of improved war reserve munitions requirements methodologies, and review of the inventory objectives and procurement programs for such items;

- provide (develop, implement, and maintain) logistics resource program/budget management information systems (e.g., the LRA);

- define, explore, and evaluate the cost and readiness implications of possible revisions to existing Defense support (e.g., maintenance, supply) concepts, policies, and practices -- in liaison with ODASD(SM&T) and the Special Assistant for Weapons Support;

- prepare the Logistics chapter of the annual Defense Report; and

- prepare the annual Materiel Readiness Report to the Congress.

RESOURCE MANAGEMENT ANALYSIS DIRECTORATE

-- Major Ongoing Responsibilities --

- Improving DoD's ability to estimate and portray the time-phased wartime manpower demand for military and civilian personnel.
- Improving DoD's ability to model expected wartime ammunition consumption, major equipment losses, and personnel casualties.
- Reviewing Service programs, or conducting ad hoc studies, to ascertain the sustainability implications of manpower/materiel resources; and developing alternative courses of action.
- Assisting OASD (Health Affairs) by assessing the adequacy of the programmed medical support structure vis-a-vis projected casualties and deployment/logistic constraints.
- Improving the credibility of Service/Agency manpower requirements determination procedures.
- Improving DoD's ability during the development and acquisition process to plan for and analyze manpower (numbers and skill levels) and training requirements for new weapons systems.
- Assisting the Special Assistant for Weapons Support by reviewing (when requested) Service analyses of manpower requirements for new weapons systems to insure that the sensitivity of the requirements to hardware design characteristics, support policies, and readiness objectives has been adequately addressed.
- Assisting the Special Assistant for Weapons Support by conducting MRA&L's DSARC-related assessments for strategic and C^3 systems.
- Providing policy guidance and oversight of the DoD Productivity Program.
- Maintaining the capability to provide information on DoD's Cost of Manpower.

INTERNATIONAL LOGISTICS AND SUPPORT ANALYSIS DIRECTORATE:

- develop policy guidance, DoD directives and instructions for DoD international logistics programs and functions;

- review Service implementation of the Cooperative Logistics Supply Support Arrangement (CLSSA) System and other arrangements for support of security assistance materiel provided to other nations under foreign military sales or MAP grant aid;

- manage, direct and administer the DoD NATO Logistics Program to include:

-- NATO Logistics Master Plan (LOGMAP),

-- ASD(MRA&L) participation in the Senior NATO Logisticians Conference (SNLC),

-- DoD focal point for International Civil Emergency Planning, and

-- implementation of the U.S. logistics portion of the NATO Long Term Defense Program (LTDP);

- provide DoD representation in the NATO Maintenance and Supply Organization (NAMSO) and exercise policy and program management over all U.S. activities related thereto;

- act as OSD focal point for international logistics training, including provision of the Executive Secretary for the Policy Guidance Council of the Defense Institute for Security Assistance Management (DISAM) (NOTE: ASD(MRA&L) is head of DISAM Policy Guidance Council);

- prepare and recommend for Secretary of Defense approval bilateral and/or multilateral logistics support arrangements with other nations for both peacetime and wartime logistics support;

- establish and monitor a system for allocation of materiel between the U.S. and international security assistance requirements;

- represent the OASD(MRA&L) on the DoD Middle East Task Group and coordinate all manpower and logistics actions generated by that group;

- represent the ASD(MRA&L) in the Security Consultative Meetings (SCM) between the Secretary of Defense and the Minister of Defense of Korea and co-chair the Logistics Committee under the SCM;

- prepare implementing logistics annexes for Memoranda of Understanding (MOU) and Agreements (MOA) signed between the U.S. and other nations for cooperation in research, development, procurement and logistics support; negotiate with other nations and provide guidance to U.S. Services for implementation

- develop SecDef policy and procedures to ensure that the peacetime and wartime capabilities of host nations to support U.S. forces are fully taken account of in DoD program and budget formulation and execution;

- determine planning objectives for achieving maximum reliable and feasible host nation support; establish and direct a program to meet them (NOTE: The Host Nation Support Advisory Group acts as a managerial umbrella for HNS activities);

- conduct and participate in studies and analyses of gross U.S. support structure requirements, capabilities, and suitability for support by host nations;

- participate in all phases of the DoD PPB process to ensure that maximum advantage is taken of host nation support capabilities;

- review and evaluate Service and Defense Agency compliance with policy and guidance for use of host nation support;

- assist ASD(ISA) as required to ensure timely negotiation of potential HNS agreements;

- in coordination with ASD(PA&E), ensure that the Defense program is adjusted to take account of existing and programmed HNS agreements;

- in coordination with OJCS, maintain an inventory of existing and programmed agreements for host nation support from current year through last year of the five-year program; ensure that approved agreements are reviewed and updated periodically; and

- act as DASD(MRA&L) focal point for all host nation support actions, maintaining the necessary liaison with other DoD and federal agencies.

RESEARCH AND DATA DIRECTORATE:

- develop broad manpower and logistics research objectives that reflect the key issues and problems confronting the ASD(MRA&L);

- manage, administer, and defend the MRA&L research program toward the above objectives:

  -- prepare and defend the research program and budget within OSD and, as necessary, before the Congress,

  -- review specific MRA&L research proposals and recommend priorities for funding to the PDASD(MRA&L), through the DASD(RR&A),

  -- administer and monitor the execution of the research program;

- serve as the MRA&L focal point for information and data -- provide policy guidance to, task, supervise, and monitor the Defense Manpower Data Center (DMDC), Defense Management Journal staff, Defense Logistics System Information Exchange (DLSIE), and the Manpower Research Digest; and

- establish and maintain a current, quality-controlled, and responsive AVF data base readily accessible to all those MRA&L offices that require its use.

- serve as MRA&L Point-of-Contact with OUSDR&E for manpower and logistics research; review the Services' manpower research program ($200M) to ensure policy relevance.

BIOGRAPHY
United States Air Force
SECRETARY OF THE AIR FORCE OFFICE OF INFORMATION WASHINGTON, D.C. 20330

MAJOR GENERAL JOSEPH D. ZINK

Major General Joseph D. Zink is military executive, Reserve Forces Policy Board. The board is a statutory body which serves as principal policy adviser to the secretary of defense on matters relating to the reserve components. It is located in the Office of the Secretary of Defense, Washington, D.C.

General Zink was born April 8, 1922, in Newark, N.J. He graduated from Belleville High School, Belleville, N.J., in 1940 and entered Princeton University, Princeton, N.J. He entered the aviation cadet program in 1942. At the end of World War II he returned to Princeton University and in 1946 received his bachelor of arts degree in political science. He received his bachelor of laws degree in 1948 from the Rutgers University School of Law, New Brunswick, N.J. He graduated from the Air War College at Maxwell Air Force Base, Ala., in 1958.

General Zink entered the service through the aviation cadet program, completed flight training and was commissioned a second lieutenant in the Army Air Forces in March 1944. He was assigned to Eighth Air Force as a B-17 bomber pilot in Europe from March 1944 through May 1945. In November 1945 he was released from active duty as a captain. General Zink joined the New Jersey Air National Guard in January 1947 and held positions as wing executive officer; and flight, squadron, group and wing commander. He twice commanded the 108th Tactical Fighter Wing, McGuire Air Force Base, N.J. He served as the wing executive officer from February 1951 to February 1953. In October 1961, during the Berlin airlift, he was again recalled to active duty, commanding the 7108th Fighter Wing, Chaumont Air Base, France, until July 1962. The 7108th Fighter Wing is the overseas element of the 108th Tactical Fighter Wing. He served as base detachment commander at the Air National Guard base, Atlantic City, N.J., from 1958 to 1967, and at McGuire Air Force Base, N.J., from 1967 to 1971. He commanded the 177th Tactical Fighter Group until 1968, and then commanded the 108th Tactical Fighter Wing. During his command of these units, F-100s were assigned to the 177th Tactical Fighter Group and F-105s were assigned to the 108th Tactical Fighter Wing. In April 1971 he was assigned to Headquarters New Jersey Air National Guard and designated assistant chief of staff, air. General Zink returned to active military service in February 1979 to assume his current position.

He is a command pilot with more than 5,500 flying hours. His military decorations and awards include the Legion of Merit, Distinguished Flying Cross and Air Medal with four oak leaf clusters.

General Zink assumed the grade of major general June 16, 1972, with date of rank Dec. 23, 1973.

He is married to the former Marie Rudolph of New York City. They have three children: daughter, Jamie and sons, Jeffrey and Gary. General Zink's hometown is Linwood, N.J.

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(Current as of October 1979)

RESERVE FORCES POLICY BOARD--MISSION AND ASSIGNED FUNCTIONS

By statute, the Reserve Forces Policy Board, acting through the Assistant Secretary of Defense (MRA&L), is the principal policy adviser to the Secretary of Defense on matters relating to the Reserve Components.

Understanding that the Board is by definition and statute "advisory only," then the following functions can be better understood:

Policy Formulation

- by pre-testing the strength and defensibility of conflicting service or other agency views
- by synthesizing divergent views and otherwise resolving differences in as far as possible
- by reflecting the nature and degree of reactions which may be expected from non-government sources
- by providing policy recommendations pertaining to the Reserve Components and the ROTC

Policy Development

- by examining and evaluating significant trends, both long and short range
- to anticipate, study and develop concepts of and practical approaches to new and changing missions which could make the Reserve Components more dynamic and responsive to defense needs
- through recommendations evolved on its own initiative
- through collaboration with other agencies both in and out of the Defense Department while matters are in the formative stage

Policy Support and Understanding

- by attending and participating in meetings of principal departmental reserve policy groups and related activities
- by maintaining active contact with and thereby knowledgeable cognizance of the positions and activities pertaining to reserve matters of principal military, veterans, civic and other outside organizations
- by visits to Reserve Components in the field to obtain first-hand information and views
- by endorsing and justifying policies under inquiry by Congress or other government agencies
- by explaining policy content and purpose to key non-government persons and groups

Reporting

- as required by statute (10 U.S.C., Section 133(c)(3)) the Board will provide for submission by the Secretary of Defense to the President and the Congress a report on the Reserve programs of the DoD including a review of the effectiveness of the Reserve Officer Personnel Act of 1954, as amended

NEIL M. SINGER

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PERSONAL: Born November 21, 1939
U.S. Citizen
Married, two children

EDUCATION: A.B. magna cum laude Harvard, 1960 (Economics)
M.A. Stanford, 1961 (Economics)
Ph.D. Stanford, 1965 (Economics)

EXPERIENCE:

1979-present - Director, Special Projects Group, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics): developed positions and made and implemented policy recommendations on major institutional issues relating to all aspects of the activities of OASD(MRA&L); directed, planned and supervised the work of the Special Projects Group.

1978-1979 - Special Assistant for Economic Planning, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics): developed positions and made policy recommendations on major issues relating to DoD economic programs; advised ASD(MRA&L) and DASDs on military compensation, civilian personnel and wages; pursued special projects for DASD; participated in policy development with other DoD and other federal agencies.

1966-1978 - Assistant/Associate Professor of Economics, University of Maryland: taught public sector economics and economic theory; published over 30 articles, books and monographs.

1975 - Visiting Associate Professor of Economics, Stanford University: taught microeconomics, public sector program evaluation, and state and local public finance.

1969-1971 - Economist/Systems Analyst, National Bureau of Standards: participated in evaluation of consumer product standards, benefit-cost analysis of building standards, evaluation of technological change, systems analysis of Northeast Corridor transportation, etc.

1969 - Economist, Office of the Secretary, U.S. Department of Commerce: developed proposal for regional investment/employment tax incentives in coordination with U.S. Regional Commissions, Congressional staff offices, other governmental and private-sector personnel.

1967 - Economist, U.S. Bureau of the Budget: analyzed federal agency budgetary submissions and program budgeting systems.

1966 - Consultant, Office of the Secretary of Defense (Systems Analysis): analyzed defense issues such as balance of military payments, defense land use and transfer pricing.

1964-1966 - Systems Analyst, Center for Naval Analyses: analyzed Navy weapons and logistical systems, in particular rapid deployment alternatives including aircraft, naval vessels, etc.

Special Projects Group Assigned Functions

- Policy analysis and evaluation as requested by ASD/PDASD(MRA&L) on issues that are not the assigned responsibilities of other deputates (e.g., Reserve Compensation, MRA&L posture on Chemical Warfare programs).

- Policy analysis and evaluation as requested by ASD/PDASD(MRA&L) to coordinate issues that are the overlapping responsibilities of multiple deputates (e.g., Base Operating Support accounts and programs).

- Analysis and program development in coordination with other deputates, as requested by ASD/PDASD(MRA&L) (e.g., Military Compensation issues, FWS pay caps/reform).

- Preparation and update of MRA&L Planning Issues memoranda.

- Staff assistance to ASD/PDASD(MRA&L) as requested, including preparation of Congressional testimony, position papers, Congressional inquiries, and legislative liaison, on all manpower, Reserve affairs, and logistics issues.

- Provide MRA&L analysis for assigned issues in CG, PDM/APDM, and budget preparation, including base operating support, military/civilian pay raise, and Reserve compensation issues.

- Develop and manage research program to support other assigned functions.

- Provide MRA&L liaison and focal point with ASD(HA).

- Develop, implement, monitor, and report to Congress on educational assistance programs for accession and retention; develop DoD positions on all educational assistance issues, coordinating with other MRA&L deputates, Service staffs, and DSD offices as appropriate.

BIOGRAPHY

RUSSELL R. SHOREY

Russell R. Shorey is the Special Assistant for Weapons Support in the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). He is additionally Weapon Support Advisor to the Defense Systems Acquisition Review Council. He also serves as an alternate MRA&L DSARC principal when the Assistant Secretary is unable to attend. His responsibilities include review of all DSARC programs for adequacy of their planning for support; negotiation of specific DCP goals and thresholds related to support; development of acquisition policies related to logistics and manpower, including test and evaluation requirements. He previously was responsible in the Office of the Director of Defense Research and Engineering for program direction of strategic and tactical command and control systems. He had project responsibility for airborne command posts, command and control ADP systems, strategic communication systems developments and for concept development including selective response.

He came to ODDR&E in 1973 after a year of serving as a Consultant in Strategic command and control systems to Alain Enthoven, then in the Office of the Secretary of Defense System Analysis. At that time he was Associate Department Head for Intelligence Data Systems at MITRE Corporation and head of the Advance Defense Concepts Planning Group. Before that he was responsible at Lincoln Laboratory for subsystem design projects, including ECM display processing and Mark XII radar integration, and for initial SAGE air defense system program installation and checkout at the first operating site.

Functional Statement
Special Assistant for Weapons Support

- Review all DSARC weapon programs for adequacy of goals, plans, resources related to support.
- Represent the ASD as an alternate DSARC principal.
- Supervise the activities of the Integrated Logistic Support Analysis Division of PESO.
- Develop analysis methodology to be used for independent tradeoffs and assessments between logistics, manpower and weapon system hardware.
- Negotiate specific DCP goals and thresholds related to support on each weapon program.
- Review all Test and Evaluation plans to evaluate support for adequacy of time, resources, technical approach.
- Review Test and Evaluation data and supporting analyses.
- Develop policies needed to improve acquisition phase planning, analysis, design, test and evaluation related to weapon support.
- Develop a DoD R&D program to improve weapon support.
- Present to the DSARC principals an independent assessment of the support planning and problems on each weapon system.
- Identify weapon support problems resulting from current policies, procedures, and organizations and proposed solutions.
- Assess adequacy of current data for logistic planning and analysis purposes and propose improvements.

Personal and Professional Data

Patricia L. Hanen
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Office Phone: 694-3715

Employment History

August 1979 to present: Executive Assistant, OASD(MRA&L).
Directs a staff of three persons who provide administrative services to the OASD (MRA&L), including: military and civilian personnel management; processing of GAO reports and FOI requests; disbursement and monitoring of operations and maintenance funds throughout the OASD; oversight responsibility for EEO and Information Security Programs; acquisition and distribution of office space and equipment. Provides advice and guidance to MRA&L managers on executive development, personnel recruitment, and Civil Service Reform Act implementation policies and procedures. Develops and recommends personnel program policy alternatives for consideration by senior managers in OSD and the military departments. Drafts, revises, and edits memoranda, speeches, testimony, and directives that reflect the policies and objectives of the ASD(MRA&L), his Principal Deputy, and the Secretary of Defense.

1979 - 1980: Adjunct Professor, George Washington University (Writing and Editing in Technical Fields)
1975 - 1980: Coordinator, Business Communications, Environmental Services Management Program, Hannah Harrison Career School of the YWCA
1978 - 1979: Expert/Consultant, Special Projects Group, ODASD (Program Development)
1978: Consultant, Logistics Management Institute
1972 - 1978: Assistant Professor of English, Georgetown University
1969 - 1972: Coordinator, Short-Term Projects, Cornell United Religious Work, Cornell University
1968 - 1969: Instructor in English and Severance Hall Head Resident, University of Dubuque

Education:
Reed College, Portland, Oregon; B.A., 1967
Cornell University, Ithaca, New York; M.A., 1968; Ph.D., 1974

Administration Office Functional Statements

Our ongoing responsibilities are as follows:

1. Military and civilian personnel management, including Civil Service Reform Act implementation within OASD(MRA&L);

2. Processing of General Accounting Office reports and Freedom of Information Act requests;

3. Preparation, defense, and disbursement of OASD(MRA&L) operations and maintenance budget;

4. Oversight responsibility for Equal Employment Opportunity and Information Security programs; and

5. Acquisition and distribution of office space, furniture, and equipment.

TO BE SUPPLIED LATER

RESEARCH STUDIES AND DATA PROGRAMS

The MRA&L R&S program is funded at a level (from several sources) of about $7-10M per year. Historically, this program has been used by the ASD/PDASD(MRA&L) as the prime tool for bringing in outside expertise on key MRA&L policy issues and problems. Through an annual research requirements review process, proposals from the MRA&L Deputies and offices are evaluated and developed into a recommended program.

The MRA&L program, since it was created in 1977, has had three parts -- a manpower research center at the Rand Corporation, a logistics center at the Logistics Management Institute, and a third unspecified part which funds projects via the competitive process or sole source to whatever contractor is best suited to solve the issue at hand. In general, the program is equally funded between these three parts (Rand, LMI, and other contract efforts).

There are a large number of critical MRA&L-related manpower, logistics and support issues that are not receiving adequate emphasis in the DoD research and studies communities. While there are Service research efforts under way that address some of these issues, many of the key problems are Defense-wide in nature and not Service specific. Thus the Services' efforts generally fall short of addressing the total problem and, understandably, the results do not have DoD-wide applicability. Furthermore, funding for OSD studies which generally do address DoD-wide questions has been decreasing in recent years.

In FY 1980, MRA&L, with OUSDR&E, initiated a joint program to address DoD-wide manpower problems and issues. This $5M program will also have the active involvement of the Services research and policy communities. The research will be performed by Service research personnel and contractors and will focus on those problems and issues that are Defense-wide in nature.

Because of the very broad range of policy issues for which it has ultimate responsibility, MRA&L requires a large amount of data support, including obtaining, maintaining, processing and manipulating data. The Defense Manpower Data Center (DMDC) is the primary manpower data support activity in OASD(MRA&L).

DMDC currently operates as a Management Support Activity of the Defense Logistics Agency (DLA) with major offices in Alexandria, Virginia and Monterey, California. DMDC computer support is obtained largely through the facilities of the Naval Postgraduate School in Monterey. Automated records individually identifiable are maintained on active, reserve, and retired military and DoD civilian employees. Each of these data files is available at periodic intervals dating back to the early 1970's. Associated with the specific files noted above are gain and loss transactions, rejected applicants for enlistment, and other kinds of transaction information. These files, as well as numerous others not listed, are used to support the entire Defense community in conducting research, completing studies and analyses, and formulating or assessing policy alternatives.

MRA&L FY 80

RESEARCH PROJECTS

Analysis of Civilian Sick Leave and Overtime

Analysis of Civilian Personnel Policy Issues

The Increased Cost of Military Construction

Military Construction and Related Programs Management Data System

Depot Maintenance Programming System

Navy Air Intermediate Maintenance

Examination of Policy on Engineering and Technical Services

CITA and Contract Support Services Inventory Improvement

Support of DoD Stockage Policy Analysis

Economic Retention/Disposal Analysis

Study of DoD Organization for Transportation and Traffic Management

Computer Vulnerability Studies

Upward Mobility in DoD

Functional Assessment of Military Equal Opportunity Staffs

Acquisition and Logistics Implications of a Synthetic Fuel Industry

Long-Range Energy Goals, Objectives and Strategies

Energy Conservation in the Weapon System Acquisition Process

Career Force Management-Requirements and Retention

Military Benefits Valuation Study

AVF Supply: Qualified -- Not Enlisted Applicants

Educational Benefits Study

New Approaches to Predict AVF NPS Accession Levels

AVF Prior Service Supply

Supply of NPS Female Accessions

Compensation Policy Under the AVF

Joint Selective Service/DoD Induction Test Plans

Training Base Utilization Upon Mobilization

Civilian Mobilization Policies

Mobilization and Deployment Planning and Procedures

Manpower Projection Methodology

Marginal Pipeline Cost of Enlisted Personnel, Phase III, Resource Analysis of Specialized Skill Training Costs

Sociology of Reserve Community

Evaluation of Ready Reserve Initiatives

Reserve Unit Personnel Survey

Reserve Manpower Supply

Full-Time Support

Pretrained Manpower Management

Wartime Manpower Program System (WARMAPS)

Reserve Forces Management

Modeling the Logistics Alternatives of New Weapon Systems Acquisition

Helicopter Reliability and Maintainability Characteristics

Survey Research

Enhancement of Actuarial Models

Army Electronic Equipment Options

Combat Consumption Modeling Improvement

Post-Fielding Manning of New Systems

Management Information and Automated System Support Requirements for Host Nation Support Maintenance

Quantifying the Effect of Resource Levels on the Readiness of Ground Forces

Quantifying the Effect of Resources on Sortie Generation Capability

A Concept for the Management of DoD Materiel Readiness

Mobilization Requirements for A/C Depot Maintenance

Manpower and Logistics Management Information Systems

First-Term Enlisted Attrition Data Analysis

Modification of PERCS Inventory Model

Time Series Supply Projections of Male NPS Accessions

Structuring Support for Wartime Operations

Cooperative Logistic Supply Support Arrangement Management Data System

Implementation Alternatives for Wage Board Reform

DoD Wage Board Issue Analysis

Incentive Systems in the Military Services

PARTIAL LISTING OF MRA&L CONGRESSIONAL APPEARANCES
1980

Hearing Date	Topic	Witness	Comm.
22 Jan	Proposed Changes in Military Compensation	Pirie	SASC (M&P)
5 Feb	H.R. 5995	Tice	H-PO&CS
8 Feb	Family Housing Program	Fliakas	HASC
19 Feb	Defense Manpower Overview	Pirie	HASC (M&P)
19 Feb	FY 81 MilCon	Fliakas	HASC
20 Feb	Family Housing Program	Fliakas	
22 Feb	Nunn-Warner Amendment	Pirie	HASC (MilComp)
26 Feb	Selective Service Reform	Pirie	HAC (HUD & Ind. Agencies)
26 Feb	FY 81 Guard and Reserve MilCon	Lanoue	HASC
26 Feb	Civil Service Disability Retirements	Clewlow	H-PO&CS
27 Feb	FY 81 Guard and Reserve Programs	Chase	HASC (MilPers)
27 Feb	FY 81 MilCon Program	Fliakas	
28 Feb	Prior Year MilCon	Fliakas	
29 Feb	Defense Civilian Workforce	Stone	HASC (MilPers)
3 Mar	Family Housing Program	Fliakas	SASC/SAC
3 Mar	FY 81 MilCon Program	Fliakas	SASC/SAC
5 Mar	FY 81 DoD Auth: Productivity and Readiness	Groover	SASC
5 Mar	Registration of Women	Pirie/ Rostker	HASC (MilPers)
5 Mar	MilCon Energy, Environment, Safety & Health Programs	Marienthal	HAC
6 Mar	FY 81 DoD Auth: Manpower Overview Force Structure	Komer/Pirie	SASC (M&P)
10 Mar	Defense Manpower Overview	Pirie	SASC (M&P)
11 Mar	Selective Service System	Pirie/White/ Rostker/Meyer	SAC (HUD & Ind. Agencies)

Hearing Date	Topic	Witness	Comm.
12 Mar	Manpower Overview	Pirie	SBC
13 Mar	Ready Reserve	Pirie/Chase/ Reserve Witnesses	HASC
18 Mar	Real Property Maintenance	Fliakas	HAC/SAC
19 Mar	Registration of Women	Danzig/ Wellford/ Rostker	SASC (M&P)
24 Mar	DoD Energy Program	Marienthal	SASC (MilCon)
24 Mar	FY 81 Defense Agencies MilCon	Rollence	HAC
26 Mar	Economic Adjustment Program in Nevada and Utah	Sheehan	HAC
1 Apr	Manpower Overview	Pirie	HAC
2 Apr	Manpower Overview	Pirie	SAC
2 Apr	Guard and Reserve Programs	Danzig/Chase	SASC (M&P)
2 Apr	Registration	Danzig/White/ Rostker	SASC (M&P)
2 Apr	Implementation of Congressional Actions in OM and MP	Riley/Shycoff Sherrick	HAC
17 Apr	Military Retirement	Tice	HASC (Mil Comp)
17 Apr	FY 80/81 MilCon	Rollence	SAC/SASC
22 Apr	Veterans Benefits	Tice	H-Veterans
29 Apr	Defense Officer Personnel Management Act (DOPMA)	Pirie/Tice	HASC (MilComp)
29 Apr	Civil Service Reform Act of 1978	Green	H-PO&CS
1 May	Converting Civilian Technicians to Military Status	Chase	H-PO&CS
7 May	DoD Transportation Activities	Hyman	HAC (Defense)
15 May	FY 81 Defense Agencies Request	Defense Agencies	SAC
20 May	Service Group Life Insurance	Tice	H-Veterans

MAJOR UPCOMING ASD ACTIONS

- Congressional testimony on manpower and logistics overview - begin in February
- FY 81 Supplemental Budget Amendment
- FY 82 Budget Amendment
- Consolidated Guidance and MRA&L guidance for FY 83-87
- Report of Annual Review of the Adequacy of Military Compensation - 31 March 1981
- Report to Congress on Military Pay Raise Mechanism - 1 April
- Decision on Aviator Bonus - reconcile Service positions and recommend funding level - 1 April
- SASC Hearings on Quality of Military Personnel - probably early Spring
- Report to SASC on SRB Regulations and Changes
- Decision on VHA measurement for FY 82 - by 1 June
- MX siting decision and OEA impact
- Raising civilian ceiling and preventing civilian freeze on DoD
- Manpower Report - February
  Training Report - February
  Materiel Readiness Report - February
  Combat Readiness Report - February
- NATO Senior Logisticians Conference - Brussels - April 1981
- Allocation of DoD SES Positions (by March)
- Continuation of Draft Registration
- Decision on VEAP Reauthorization - February
- Decision on FY 82 Blue Collar Pay Cap - by 1 May

Hearing Date	Topic	Witness	Comm.
28 May	Retirement Benefits for Spouses	Tice	HASC (Mil Comp)
28 May	Defense Agencies	Defense Agencies (DODDS)	SAC (Defense)
28 May	Naval Training Activities at Vieques Island	Stone	HASC
2 Jun	Fair Benefits	Pirie/Tice	SASC (M&P)
4 Jun	Fair Benefits	Pirie	HASC
10 Jun	Implementation of Civil Service Reform Act	Haughton	H-PO&CS
19 Jun	Educational Incentives	Tice/Singer	S-Veterans
25 Jun	Reserve Legislation	Chase	HASC (M&P)
26 Jun	Guam Legislation	Stone	HASC (M&P)
22 Jun	Survivors Benefits	Tice	HASC (MilComp)
24 Jul	Hostage Relief Act	Tice	H-Foreign Affairs
30 Jul	Defense Production Act	Marienthal	H-Banking & Finance
15 Sep	Recruiting and Advertising	Danzig	HASC
18 Sep	H.R. 7682/100,000 Call-Up	Chase/Komer/ CJCS	SASC (M&P)
22 Sep	Field Hearing at Lakehurst Naval Air Engineering Center	Farbrother	HASC (MilPers)
26 Sep	Fair Benefits	Danzig	SASC (M&P)
29 Sep	DOPMA	Pirie/Tice/ Services	HASC (MilComp)
30 Sep	Readiness	Pirie/Quetsch	HBC
14 Oct	Settlement from Getty Oil Co.	Chelburg/ Moelk	H-Interstate & Foreign Commerce
14 Oct	Nonappropriated Fund Employees	Valdes	H-PO&CS

MRA&L OVERVIEW

The intent of this paper is to provide an overview of the major manpower and logistics issues, focusing on underlying directions for defense policy. Within MRA&L, programs to use marginal resources must compete, not only against other manpower and logistics claimants, but against powerful demands for procurement and weapon system development. The difficulty in allocating resources is further complicated because many MRA&L programs do not have unambiguous performance standards or criteria. Moreover, interrelationships and overlaps that are both substantive and jurisdictional prevent individual issues from being organized neatly. This summary of MRA&L concerns is meant to group issues and perhaps to highlight tradeoffs among them.

MANPOWER MANAGEMENT

Manning the All-Volunteer Force

In the seven years since the end of conscription, the AVF has successfully met force manning objectives despite the failure to maintain compensation comparability with the private sector, compounded by a tendency to underemphasize manpower needs compared to modernization and procurement of weapons systems. Recruiting shortfalls in FY 79 and accession quality concerns in FY 80 represented the culmination of these trends. In the last year, we have made substantial progress toward improving the health of the AVF, as evidenced by:

- the enactment of substantial compensation improvements for FY 81;
- increased public attention to, and congressional action and interest in, matters of military manpower policy; and
- the introduction of manpower requirements into the weapons systems development and procurement process.

These accomplishments have been hard won and are not without risk. For example, additional funds for military compensation might reduce, rather than enhance, readiness, if they were to come at the expense of maintenance, spares and training. Most importantly, this year's improvements in compensation will have only transient impacts on force manning unless we are able to prevent future deterioration of compensation as happened from 1973 to 1980.

Accessions

Meeting the active force requirements has required a combination of actions and policies to limit the requirements for scarce male high school graduate recruits, including increasing retention of career personnel, increased recruiting of women and prior service personnel, and reduced first term attrition. Reducing requirements will allow us to keep our share of the male 18-year-old population at about 15%, but we have been able to achieve this level only with the aid of generally poor economic conditions. Maintaining this market share will require improved competitiveness with private sector youth employment alternatives through a mix of adequate first term pay, greater enlistment bonuses, educational incentives, and effective recruiting.

Recruit Quality

After confirming in 1979 the existence of a calibration error in the Armed Services Vocational Aptitude Battery, in 1980 we introduced new tests on October 1. The norming error on the previous ASVAB led to the enlistment of larger-than-intended numbers of low-scoring youth, and in turn has raised a new question about the quality of AVF recruits. The Services have reacted to this issue by raising enlistment standards, and Congress has imposed recruit quality constraints. We anticipate that in the short run, higher Service standards and Congressional restrictions will make recruiting more difficult. But the limited data available suggest that on a range of performance measures - skill training, attrition, reenlistment, promotion - Army recruits who would have been ineligible under a correctly normed ASVAB have performed adequately. The issue that must be faced is the accession quality requirements of the Services, in view of the tradeoff among performance, training, and recruiting costs.

Several current efforts promise better management of these problems:

- Together with the Department of Labor, we are administering ASVAB to a representative sample of American youth to give us a reference point for judging the caliber of our recruits compared to today's youth rather than WWII veterans;

- We are continuing our efforts to develop both better measures and better predictors of individual performance; and

- We are increasing staff attention to the whole area of standards and quality, to ensure that requirements are set at an appropriate level and that the Services make efficient and productive use of their recruits.

Educational Incentives

During FY 81 we will be testing a Congressionally mandated educational incentives program that is more generous than the current Veterans Educational Assistance Program. Like previous tests, this one will focus on attracting high-quality accessions into hard-to-fill jobs. The chances of success in improving recruit quality are probably quite limited: given the multitude of sources of college financing available to needy (and middle class) students (much of it from other federal agencies), even generous educational assistance provides only a minor incentive for military service. In view of the strong Service and Congressional support that exists for a return to the G.I. Bill, we have to evaluate carefully the relative advantages of broad entitlements modeled after the G.I. Bill, in comparison with narrower targeted education incentive programs.

Compensation

Congressional action this session has given us a cornucopia of enhanced compensation -- a substantial 11.7% pay raise, BAS improvements, Variable Housing Allowances, expanded bonus program, physician pay improvements, increased flight pay. Substantial submarine and sea pay increases are pending. In addition, we have won improvements in compensation-related items which are frequently cited as a cause of discontent -- for example, PCS and TDY reimbursement and CHAMPUS benefits. This impressive package of compensation gives the Services the tools to improve force manning, if only we can maintain comparability between military and private sector pay.

There are still some compensation areas in which we need to work, however, in order to improve our ability to achieve the required force structure. At the top of this list is reform of the military pension system. After a brief flurry of interest in July 1979, the legislative initiative has simply been lost. Recent Congressional action to institute "high three" as the basis for retired pay annuity calculations may have reduced long term savings to the point that structural reform has lost its budgetary appeal. But pension reform can be a major factor in improving mid-career retention. Structural change of the military retirement system can help us meet career manpower objectives at reasonable cost. It will be opposed by the Services.

Enlisted Personnel Retention and Career Manning

The compensation improvements enacted this year, plus the enhanced sea pay and sub pay now being considered by Congress, will create positive economic incentives that will serve to improve enlisted retention in all the Services and allow the Navy to manage its sea-shore rotation more effectively. Our analysis suggests that in the near term overall career manning will be satisfactory in the Army, Air Force and Marine Corps. The present undermanning of key supervisory and technical personnel in the Navy should also be alleviated but that will require time. The present high tempo of naval operations necessary to meet a three-ocean requirement, coupled with the nature of the Navy's experience shortfall, creates especially difficult manpower problems and may require further improvements in compensation or other personnel policy initiatives.

Officer Personnel Retention and Management

Losses of pilots, submariners, engineers and nuclear qualified officers to higher-paying and less personally disruptive civilian careers continue to be a very serious problem. Enacted and pending compensation programs will help, but in the long term private sector shortages of pilots and nuclear engineers in particular will continue to create competition which we will have difficulty matching. Our ability to project officer manpower inventories is not precise, and is often very sensitive to elasticities whose behavior we cannot predict well. Present projections of future manning shortfalls among pilots, engineers, submariners and nuclear officers require close attention and continued adjustment of pay and personnel management programs.

Force Representation

"Representativeness" is a criterion which is used by both supporters and critics of the AVF. On the one hand, increasing the numbers of women and blacks in the military is hailed as a positive step toward equal opportunity. On the other, large numbers of non-whites and women are seen as evidence of declining quality. Much of this debate is based upon half-truths and misinformation. Our equal opportunity record is admirable, yet many people believe that we are on the way to creating segregated services. Minorities and women are performing their jobs well in the present force, yet many believe they are not capable of high quality performance.

The facts are that minorities are overrepresented DoD-wide in the Services' combat specialties, but not in Army combat arms; that minorities have higher first term reenlistment and lower attrition rates; but that minority average ASVAB scores

tend to be lower than those of whites. The Congressional constraints on accession test scores will affect minority males more than other groups, as will the increased Service enlistment standards. The Congressional floor on the percentage of recruits who must be high school graduates, however, is likely to favor minority accessions.

It is imperative to realize that the Armed Forces have never been, and probably can never be, a perfect mirror for society's demographics. In a volunteer environment, the force will probably have larger percentages of blacks and low income members than society at large because of the employment and training opportunities we offer. Even a return to the draft, unless volunteers were prohibited, would do little to change these overall representational patterns.

Reserve Manpower

More aggressive management of the Ready Reserve has resulted in an increase of 79,000 in end strength in the 18 months ending June 30, 1980. Full-time professional recruiters, new enlistment options and incentives, and a broader choice of training programs, assisted no doubt by economic conditions, are responsible for the brighter Reserve manning picture.

The major Reserve manning problem is not recruitment but attrition during the first term of Service. The requirements of Reserve participation often clash with the lifestyle of many of our NPS recruits, especially the demands of family and employer. Our studies indicate that compensation has much less retention leverage than for the active forces. We are pursuing an aggressive program to improve training quality and opportunity, revising management policy and philosophy to make it easier to join and harder to leave, and making participation requirements more flexible. Nonetheless, our projections point to continued manning shortfalls, especially in Army Reserve and Army National Guard units.

Better management of departing active duty members has resulted in continued growth in the ING/IRR. New initiatives, especially reenlistment bonuses and direct enlistment programs, will help fill these ranks. But since the ING/IRR and the Selected Reserves rely on prior service members leaving active duty for large parts of their manpower, the incentives to increase active duty retention will have negative impacts on Reserve manning. We probably face several more years of lean Reserve manning levels.

Civilian Manpower

The most pressing civilian manpower issue will continue to be the ceilings on civilian employment. The present ceiling limits military readiness, with tens of thousands of military people stripped from the force structure to do support jobs which could be done by civilians. More civilian workers selectively added to shipyards, aircraft depots and warehouses could substantially improve the condition of our ships, planes and tanks. DoD should be exempt from any new civilian hiring freeze, and strong efforts must be made to allow the civilian workforce to be expanded.

Congressional limits on SES bonuses, OPM regulations, continued pay caps which have made SES essentially a single pay-rate system, and a torrent of paper have demoralized DoD SES members. DoD has held the line on appointment of SES members above SES-IV, and we have applied high standards on performance appraisal and

bonuses. Our toughness, however, has not been matched by other agencies, with a resulting disadvantage to us in hiring and retaining qualified executives.

On the legislative front, enactment of pay reform, especially blue collar reform, is the highest priority. While pay caps in 1979, 1980 and 1981 have reaped some of the potential savings from pay reform and have made it even more difficult to find Congressional supporters, the basic need to broaden and improve the comparability process for federal pay setting continues. Achievement of pay reform through both leguslation and the administrative changes in blue collar pay setting which are underway is especially important if we are to afford the expanded civilian workforce we need.

Improvements in civilian manpower management require not only revision of the compensation system, but reshaping of the job classification system to make it more manageable, and revision of the performance appraisal process to make appraisals more meaningful and accurate.

Hardware-Manpower Planning Issues

The linkages and trade-offs between hardware characteristics, support concepts, spares provisioning and manpower requirements form the nexus of a set of issues that will become more critical in the future. The Services currently face increasing difficulty in recruiting and retaining sufficient numbers of experienced personnel with the technically sophisticated skills needed to operate and maintain the defense hardware arsenal. Concurrently, the Services are fielding systems which are even more complex to operate and maintain. In the 1980's, for instance, we expect our requirements for electronics maintenance personnel to double. A recently completed study of Army air defense maintenance capability indicates that we may face critical manning problems as new weapons systems with more complex maintenance requirements are introduced in the next five years.

To develop a better understanding of the implications of this evolving hardware mix on quantitative and qualitative manpower demands, joint OSD-Service task forces are being established to undertake the following analyses:

- characterize the gap between weapon system maintenance demands and the supply of maintainer personnel;
- improve weapons maintenance in the near term, with priority on new logistics concepts to offset manpower deficiencies;
- develop new training doctrine, particularly in military occupations characterized by high skill and complexity;
- derive innovative measures to insure an adequate supply of experienced maintainers for selected critical skills.

Weapons Acquisition Process

Although this effort addresses only the near-term problem, we must incorporate early and continuing concentration in the weapons acquisition process on manpower and logistics linkages throughout the life cycle of developing weapons systems. Newly issued acquisition directives require much more explicit attention to

training, manpower requirements, support concepts, facility requirements, and readiness objectives from the beginning of the acquisition program. Following up these new policies is a major undertaking, involving development of improved analysis techniques, logistic planning, service organizational changes, test and evaluation, and very importantly -- a good deal of interaction with industry.

In our reviews of DSARC programs we have insured that each has clearly defined reliability and maintenance thresholds, a test program to verify these, and an overall readiness or sortie rate objective against which to evaluate the interrelation between R&M, spares, and support manpower requirements. In several cases over the past year, the DSARC has required that improvements be made and that a retest be carried out to affirm supportability prior to deployment. More attention needs to be given to facility requirements associated with weapon deployment before commitments are made regarding IOC dates.

LOGISTICS MANAGEMENT

Enhancing Maintenance Efficiency

Maintaining the immense stock of DoD equipment consumes a major portion of our resources, both personnel and financial. Peacetime maintenance is key to our ability to perform wartime missions. Ongoing maintenance deficiencies contribute to a less than desirable readiness posture and continue to require sustained program and budgetary support by the Services and the Congress.

Improvements in the maintenance process will come as the result of increasing the resources (both human and materiel) devoted to maintenance and improving our ability to manage these complex systems. Faced with increasing maintenance requirements and constrained by limited resources, our efforts to date have been focused on ways to improve the efficiency of maintenance personnel and processes, with particular emphasis on:

- -- identifying near-term improvements in maintenance practices and concepts offering a high potential to alleviate maintenance backlogs;
- -- working with the Services to identify specific problems and improvements to OJT for maintenance technicians and to recommend alternative training strategies and associated resources;
- -- continuing evaluation and Service implementation of alternative maintenance organization concepts;
- -- continuing efforts to identify and implement methods of increasing maintenance productivity.

Beginning with the FY 82 budget the Congress is requiring us to submit detailed justification for O&M appropriations. This change provides us with an opportunity to make the scarcity of maintenance resources more visible, and to clarify the relationship between maintenance capability and readiness.

The DoD Supply System

The size of the effort involved in maintaining our supply and distribution systems suggests that there must be additional economies of scale which we have not yet

exploited. Duplication of functions, lack of uniform and effective supply management policies, obsolete data processing systems and changing relationships between DoD and the General Services Administration are providing challenges to our ability to capture these economies of scale. Differences in Service policies and procedures complicate matters further, often reaching the point of open resistance to our efforts to standardize and consolidate.

But we are making some progress, notably:

- We have proposed the transfer of 1 million Service-managed consumable items to DLA. Audited cost benefit statements identify potential savings of 4,000 personnel and $100 million annually.

- A recently completed study of stockage policies should allow us soon to achieve substantial efficiencies.

- In the next eight years each of the major DoD logistics systems will replace present data processing systems. In planning for the introduction of these new systems, we must ensure that they are as responsive and standardized as possible to enhance our management capabilities.

As an unfortunate side-effect of recent GSA improprieties, GSA managers have hounded other agencies -- particularly DoD, their largest customer -- to improve and police their own supply management effforts. MRA&L and component personnel thus have spent inordinate efforts recently reacting to GSA initiatives about rather mundane commodities: furniture, typewriters, paper products, carpets, etc. The major impact of this problem is that it diverts staff from much more critical supply management functions.

Economies and Efficiencies in Base Operating Support Programs

Recent management changes have created the potential for future economies and efficiencies in CONUS installation management. We have instituted or expanded several BOS cost saving programs, including interservicing, intraservicing, Commercial and Industrial Type Activities (CITA) contracting under the provision of OMB Circular A-76 and productivity enhancing capital investments. The A-76 program, in particular, offers the prospects of substantial economies but the program has been chronically mired down because of its political and labor sensitivity. On the issue of which bases to maintain and which to close, our efforts to develop more rational and defensible policies and procedures for base closure actions have been hindered by their political sensitivity. There are significant potential savings to be reaped from consolidations of our physical facilities, but the political costs involved in achieving these savings are considerable.

Enhancing Fuel Availability

We now have in place implementing regulations for the allocation of petroleum to satisfy defense requirements, and we are now working with DoE to place defense contractors under similar allocation coverage. These regulations, which implement the Defense Production Act, were tested during the fall Exercise Proud Spirit and will be part of Exercise Fuelex 81 in early CY 1981.

To expand fuel availability to DoD, the Secretary of Defense and the Secretary of Interior have agreed to direct a significant volume of Outer Continental Shelf royalty crude oil to DoD for conversion, through exchange agreements, to various usable military petroleum products. The 1980 Energy Security Act specifically permits DoD use of Naval Petroleum Reserve oil at the discretion of the President. The Act also recognizes national defense applications of synthetic fuel and directs fuel production under the Act to the Department of Defense as the guaranteed purchaser of petroleum products from synthetic sources, with DoE and the Synthetic Fuel Corporation paying the difference between the cost of natural and synthetic fuel products.

PLANNING AND OPERATIONS

Mobilization Planning

We have made substantive progress in developing a mobilization planning system, including publication of the first portions of our DoD master mobilization plan. Based on the responsibilities set out in that master plan the OSD staff and Defense Agencies are preparing supporting plans for mobilization decision-making and management.

Reserve Component mobilization procedures are being systematically improved in conjunction with this work. Special emphasis is being placed on development of (1) appropriate linkages between the military alert system (DEFCONS) by which active units are brought to higher readiness stages and readiness of Reserve forces which support those units; (2) mechanisms by which the readiness and deployability posture of Reserve forces can be improved during periods of rising international tension prior to mobilization, including voluntary active duty by Reserve personnel. This fall's JCS mobilization exercises, PETITE SPIRIT and PROUD SPIRIT, and the complementary civil agency exercise, REX-80B, addressed several key mobilization decisions, and tested plans, procedures and organizational relationships. They will lead to further improvement in mobilization plans and procedures.

We also are deeply involved in the Presidentially mandated Mobilization Planning Study. Directed by an NSC staff-led Steering Group, a Working Group of 20 agencies has developed common guidance for mobilization planning by all Federal agencies. The Mobilization Planning Study also is completing a comparative assessment of mobilization capabilities. Over the next year major efforts will be expanded with the Federal Emergency Management Agency coordinating the involvement of some 20 departments and agencies in the development and evaluation of a Federal Master Mobilization Plan.

Four issues related to draft registration still remain and will require attention over the next several months. First, of course, is the basic issue of whether to continue registration of all males as they reach their 18th birthday. Based on the mobilization requirements SSS will face, there does not appear to be any way to deliver the 100,000 inductees DoD expects to need by M+30 without continuing registration. Second, the Supreme Court may uphold a lower court ruling that it is unconstitutional to register and induct only males. In that case, changes in the Military Selective Service Act will need to be addressed by the Congress. Potential utilization of women by the Services will be a key issue. Third, the Congress has required DoD and Selective Service to submit by April 1981, a

comprehensive report on plans, studies and recommendations concerning mobilization manpower. The topics we must address range from review of exemptions and deferments to the value of inventories of civilians in skills critical to defense wartime missions. Fourth, we must complete the adjustment to our own plans to accommodate the earlier availability of inductees from the already registered pool. We are in the process of doing this and have already tested many elements of the revised system during PROUD SPIRIT.

Transportation and Strategic Mobility

Our central concern here is to achieve an optimum balance between airlift, sealift and prepositioned equipment in the overseas theater. We must be able to transport those reinforcements and supplies required to sustain a major conflict in NATO or move the Rapid Deployment Force to meet a contingency in the Pacific or Indian Ocean areas.

To achieve this balanced deployment capability, a number of enhancements to our transportation capabilities have been proposed. To meet the initial threat in NATO and reduce the burden on the airlift system, we have planned increases in the amount of equipment prepositioned. To improve the productivity of existing airlift, on-going programs for stretching the C-141 airlifter and re-winging the C-5 should continue. In addition, we need to expand the use of Civil Reserve Air Fleet (CRAF) wide-bodied, commercial aircraft to carry oversize military equipment and develop a new outsize cargo aircraft. In the sealift area, we requested funds for additional prepositioned ships and commercial roll-on, roll-off ships for prepositioning equipment for the Rapid Deployment Force (RDF); Congress also wants procurement of 8 additional containerships for standby. To improve the usefulness of existing sealift assets, we are assessing and upgrading the readiness of the National Defense Reserve Fleet, and expanding the National Defense Features Program for merchant ships.

Readiness

Introduction of the readiness reporting system has highlighted readiness deficiencies which were previously hidden. Low manning levels, unacceptable weapon system mission capable rates, shortages of war reserve spares, maintenance backlogs, and high cannibalization rates are all cited as evidence of our lack of readiness. While none of these problems is new, improved information about them has enabled us to better our performance. Readiness improvements in the FY 82-86 program will be evident from increases in NCO manning levels, reduction in maintenance backlogs, increases in war reserves, and continued improvements in flying hours, steaming hours, and training support.

Two particular areas related to readiness involve real property. The backlog of real property maintenance -- especially in the Army which has generally older facilities, and especially in Europe -- continues to grow as funds are lost between program managers' assessments of need and final Congressional appropriations. Construction funds suffer the same fate. Continuing neglect of physical plant impairs readiness both directly, by reducing the performance and capabilities of units, and indirectly, by lowering morale and retention of troops who live and work in these facilities. Reducing real property maintenance and construction backlogs needs to become a central focus if we are to sustain the readiness of our forces.

Our assessment of readiness for the contingencies of the chemical warfare (CW) battlefield has pointed up deficiencies in three critical areas: strategic deployment, because of its overwhelming dependence on fixed sea and air facilities and unprotected host nation civilians; theater supply, transportation and maintenance support, again because of the large dependence on unprotected civilian resources and fixed facilities; and the almost complete lack of transportable collective protection which negates our ability to sustain combat in a toxic environment.

Our Host Nation Support (HNS) negotiations are just starting to address the first two deficiencies by persuading our Allies to program procurement of protection equipment for supporting civilians, despite their extreme sensitivity on CW issues. Solving the third shortfall will entail DSARC emphasis on all developing systems to ensure appropriate CW protection, rapid development of the Collective Protection Shelter System for the rest and relief of troops in a toxic environment, and review of all fielded systems to determine what retrofit possibilities may be necessary and possible. The reorganization of the OSD CW effort will help to keep these issues at a high level of attention.

Host Nation Support

Notable progress to date has been made with the Federal Republic of Germany for providing wartime support of noncombat services. Discussions and negotiations will continue for further refining of U.S. requirements and determination of cost-sharing arrangements. We are also engaged in HNS negotiations with the UK, Belgium, Luxembourg, and the Netherlands which will build on present efforts to insure the availability of support at mobilization. We are continuing to work closely with the Services to articulate their support requirements and to identify those which are suitable for HNS.

Summary: This brief overview paper can only touch on the major issues, directions, and agenda items for MRA&L. The individual issue papers which follow provide more detailed discussions of the individual components of these broader concerns.

LIST OF MAJOR ISSUES

1. Active Force Recruiting Capability Forecast FY 81 and FY 82
2. Aptitude Testing and Enlistment Standards
3. Educational Incentives
4. Pay and Retention in the Active Force
5. Training Quality and Resources
6. Undergraduate Helicopter Pilot Training (UHPT) Consolidation
7. Dependents Overseas
8. Transfer of DoD Dependents Schools System to Department of Education
9. Equal Opportunity and Force Representativeness
10. Mobilization Manning
11. National Service
12. Full-Time Support Program/Military Status of Technicians
13. DoD Civilian Employment Ceilings
14. Civilian Management and Compensation Issues
15. Issues and Directions in Weapon Support Planning and Management
16. Maintenance Efficiency
17. Depot Maintenance System
18. Commercial and Industrial-Type Activities Program
19. Supply Management
20. Airlift and Sealift Capability
21. Facilities Deficiencies
22. NATO MilCon Issues
23. Base Structure and Support
24. DoD Community Impacts

25. Energy Supply and Demand

26. Hazardous Material and Munitions Management

27. DoD Safety Programs

28. Mobilization Exercises and Capability

29. Rapid Deployment Force Support Requirements

30. Materiel Readiness and Sustainability

31. Host Nation Support

Active Force
Recruiting Capability Forecast
FY 81 and FY 82

Issue: Can the Services achieve their accession goals in FY 81 and FY 82?

Background:

In FY 79 none of the Services achieved their active force recruiting objectives. The Army missed its non-prior service (NPS) male recruiting objective by over 17,000 enlistments (7 percent) while experiencing an 8,500 decline in the number and 10 percentage point decline (from 74 to 64 percent) in the proportion of NPS accessions who are high school graduates.

In FY 80, recruiting improved for the Active Force. All the Services met or exceeded their FY 80 recruiting objectives. Total accessions increased by 51,700 or 15% DoD-wide. The Army experienced the largest increase of the four Services, recruiting 31,100 or 22 percent more enlistees in FY 80 than in FY 79. Each Service recruited more male and more female high school diploma graduates (HSDG) in FY 80 than in FY 79. The number accessed in FY 80 exceeded the non-prior service HSDG total in FY 79 by 13,600 or 6 percent. The Army, however, had the smallest percentage increase in HSDG accessions. As a result its proportion of NPS accessions which were HSDG dropped from 64 to 54 percent. In addition to meeting their overall FY 80 recruiting objectives, the Services increased the numbers of men and women who had signed contracts to enter active duty in the next fiscal year by 35,000 or 50 percent above the number at the end of FY 79. The FY 80 increases can be attributed to the recession, an increase in recruiting resources and the Army's willingness to accept a significant proportion of non-high school graduates.

Army's FY 81 and FY 82 accession needs are significantly below its FY 80 production. The Navy and Marine Corps requirements are about the same as in 1980, while the Air Force plans to increase its accessions by about one-sixth. Overall, the FY 81 DoD total is about 20,000 (4%) below FY 80 actual production. The FY 82 total requirement increases about 12,000 from FY 81 but still remains below the overall 1980 production.

It will be more difficult for the Services to achieve their recruiting objectives in FY 81 and FY 82 than in FY 80 because: (1) new forms of the test used to determine enlistment eligibility were introduced to correct a scoring problem and the Services are attempting to maintain about the same operational enlistment standards as were used in FY 80; (2) Congress imposed quality constraints upon the Services; and (3) improvement in the economy will increase alternative job opportunities.

Problems:

The introduction of the new test forms together with Service decisions to maintain operational entrance qualification criteria means significant numbers of applicants who would have qualified for enlistment in FY 80 will be denied enlistment in FY 81, as shown in Table 1.

Table 1
FY 1980 NPS Enlisted Accessions (000)

	Actual	Qualified Under FY 1981 Operational Criteria
DoD	360	266
Army	158	104
Navy	88	84
Marine Corps	42	31
Air Force	72	47

The Congressional quality constraints (Table 2) are not likely to pose a significant problem in FY 81. However, in FY 82, the more severe Congressional quality constraint, in combination with the lost supply resulting from the defacto increased operating standards, may have serious impact on the Army.

Table 2

Fiscal Year	Maximum Percent Category IVs	Minimum Percent High School Graduates
1981	25% DoD Average	Army -- 65%
1982	25% Each Service	No Restriction
1983+	20% Each Service	No Restriction

Through FY 81 we will monitor the Services' FY 81 recruiting programs to assure compliance with Congressional quality constraints, and to insure that Service entrance standards are not unduly restrictive. In conjunction with the Services, we will develop new recruiting initiatives to improve the Services' competitive position vis a vis civilian alternatives as necessary.

For FY 82, OSD budget initiatives--increased recruiters, new enlistment bonus initiatives -- will improve Army's capability to increase quality accessions.

Programs to increase Air Force's career force will permit reduction in planned Air Force NPS accession increases.

APTITUDE TESTING AND ENLISTMENT STANDARDS

Issue: What should be the mental standards for enlistment into the Armed Forces?

Background:

In January 1976, all Services began using the Armed Services Vocational Aptitude Battery (ASVAB) as the single test for selection to service and for job assignment. An Armed Forces Qualification Test (AFQT) score derived from the ASVAB, supplemented by scores on the aptitude composites used for job placement, determines enlistment eligibility.

Scores on the AFQT are summarized by broad categories and are used solely to report accession statistics, both over time and across Services.

AFQT Category	AFQT Percentile Score
I	93-99
II	65-92
III	31-64
IV	10-30
V	1-9

Statute prohibits drafting persons who score below the 10th percentile on the AFQT in wartime. In addition, DoD policy makes the 10th percentile the minimum score for enlistment eligibility at any time. Historically, the Services have minimized AFQT Category IV enlistments as much as possible within supply constraints.

ASVAB-6/7 Miscalibration:

ASVAB-6/7, in use from January 1976 through September 1980, was miscalibrated and inflated the test scores of some enlistees who entered service during that period. New test conversion tables (converts test raw scores to percentile scores) which corrected the calibration problem were developed in July 1980. Application of those tables has a substantial impact on the AFQT score distributions. The significant changes are the decrease of the percentages in Category III and the increase in Category IV. DoD-wide, the percentage of Category III recruits was overstated by approximately 25 percentage points (67 vs. 42), and the percentage of Category IV accessions was similarly understated (6 vs. 33). Individual Services showed similar patterns.

A new ASVAB (forms 8, 9, 10) implemented on 1 October 1980 is correctly normed, and provides improved measures of literacy and ability, particularly at the lower end of the range of test scores. The discovery of the error in ASVAB-6/7 calibration has raised questions about the ability of those people whose test scores were inflated to complete training and to perform successfully on the job. A special analysis is underway to attempt to answer those questions. Preliminary results suggest that most of the low-scoring people have performed adequately.

ASVAB and Enlistment Standards:

There is no correct mental standard for entry into military service. Entrance standards have varied over time. To take advantage of a favorable recruiting market, the Services currently are attempting to recruit higher quality young people and have set operational enlistment criteria above their minimum standards. The Services want to recruit as many high aptitude people as they can and OSD has supported this desire.

The Services are hotly opposed to any OSD involvement in setting enlistment standards or review/approval of Service-set standards. Unless the Services are able to expand the recruiting market to attract higher scoring applicants, continuing to use the higher enlistment criteria may result in recruiting shortfalls. We are carefully monitoring accession statistics on a monthly basis. Should recruiting difficulties become apparent, it may become necessary to encourage the Services to adjust their operational enlistment criteria.

Meanwhile, at the direction of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), an extensive, long-term research effort has been initiated in each of the Services to relate more accurately entrance test scores to actual performance on the job. This information, together with data on recruiting and training costs, will provide an improved basis for setting enlistment and job entry standards. OSD will review the Services' research plans to assure comparability across Services and to guarantee that the firmest possible conclusions concerning the relationship between test scores and performance can be drawn.

EDUCATIONAL INCENTIVES

Recently there has been a great deal of interest concerning the viability of the AVF, particularly the ability of the Armed Forces to meet high quality enlistment requirements. Foremost on the list of remedies to help the Services attract high quality enlistees is a program of educational incentives. Numerous bills were introduced during the 96th Congress on the subject of military education benefits: changes to the Vietnam-era GI Bill, changes in the Post Vietnam Veterans Educational Assistance Program (VEAP), and new post-Service programs. In the heat of the debate on military readiness and preparedness the Congress authorized the Department of Defense to test three educational incentives programs in FY 81: a non-contributory tuition assistance and subsistence program, a program of loan forgiveness, and a non-contributory VEAP program. The tests are to be offered in specific AFEES areas throughout the country to enlistees who have not been in the military before, are high school diploma graduates, score 50 or better on the AFQT and enter a particular military occupational specialty. Those eligible to receive the retention incentives will also be required to meet certain qualifications not yet specified.

In addition, on 1 October 1980, the Army began a test of shorter terms of enlistment (2 years) combined with the VEAP and high levels of DoD contributions or "kickers", $8-12K. This is a continuation of an earlier Army experiment that tested shorter terms of enlistment with lower levels of DoD kickers, $2-6K. Results show that the educational kicker contribution somewhat increased enlistments among higher quality youth, but the shorter enlistment term was not an attractive enlistment incentive.

This test program is an offshoot of Congressional interest in returning to a GI Bill type of educational assistance for the military. Several related areas of interest will also be addressed during the experiment:

1. Analyze the ability of the military to attract college bound youth in an atmosphere where very extensive educational assistance is already available from the government in the form of non-service-obligated loans and grants totalling billions of dollars. Without a military service obligation for educational benefits, a new GI Bill is likely to be ineffective in increasing enlistment among college-bound youth.

2. Estimate the effects of educational assistance programs upon total personnel man-years during the first and subsequent terms of service.

3. Obtain information about the value enlistees place on specific educational assistance elements such as transferability, cost-of-living escalation, cash-out provisions, and non-contributory benefits.

The Congressional Defense Committees, with the Department's support, have requested that the Veterans Committees refrain from passing any new military education program until the test has been completed and the results analyzed. Results from the test are expected in time for the Congressional hearings on the Defense Authorization Bill in February/March 1982. By then the Department will be able to submit to Congress its proposal on a viable program of educational assistance for the military.

PAY AND RETENTION IN THE ACTIVE FORCE

Discussion:

With the exception of pilots, nuclear qualified officers, and engineers, the military services are achieving their officer manning objectives. Problems in these areas are caused mainly by competition from the public sector for these high cost, high skill resources. Our response to this competition has been to initiate programs such as increases in aviation career incentive pay, discretionary authority for payment of aviation bonuses in exchange for extended tours, extension of nuclear officer bonus authority, a proposal to increase nuclear bonus payments, voluntary recall programs, and other actions aimed at improving the attractiveness of careers in these fields. While results from these initiatives are encouraging thus far, follow-on actions may be required to restore manning in these specialties to a more acceptable level. On the enlisted side, success is mixed. Navy enlisted retention, the most publicized and most severe problem, has been with us for some time. A petty officer shortage of 8-10 percent has existed for a number of years. But the requirement against which that shortage is measured is soft; at least one-fourth of that requirement (shore rather than sea billets) remains unvalidated. The "hemorrhage" of Navy careerists has resulted from at least five factors: (1) an exodus of large cohorts of senior personnel who all reached retirement eligibility at the same time, (2) small cohorts of Vietnam-era enlistees whose first-term reenlistment rates were extraordinarily low, (3) our failure to understand that first termers lured into the career force by first-term reenlistment bonuses require further bonuses at the second and even third reenlistment points, until the pull of 20 year retirement takes over, (4) military pay erosion relative to civilian pay, (5) the spiraling effect of manpower shortages on morale, in that those who remain are subject to even longer sea tours and longer working hours.

The Air Force has also experienced a drop in overall career manning caused primarily by unusually large cohorts reaching retirement eligibility and secondarily by a decline in second term reenlistment rates. Its current career manning problems are limited to selected skills. The Marine Corps experienced a sharp drop in first term reenlistment ratio in FY 79 and currently suffers a shortfall in experienced careerists.

In contrast, the Army career force (those with over four years of service) has grown by 45,000, or 22 percent, since 1974. The current Army career content, 40 percent, is the highest in recent Army history; the Army has expanded its NCO ranks by 27,000 since 1974. The Army's problem lies in recruiting enough high school graduates with high aptitudes (discussed in a separate paper).

Recent Initiatives:

The FY 1981 Authorization Act, which gave all military personnel an 11.7 percent pay raise in October of 1980, combined with enactment of the Warner/Nunn Amendment in September, will provide a substantial boost to our retention efforts. At a FY 81 cost of $4.4 billion, these two initiatives not only raised the basic pay and a number of allowances and reimbursements but also raised flight pay by 25 percent and sea pay by 15 percent, and established a variable housing allowance.

Further, the House has passed and the Senate is considering about $200 million worth of other pay increases, including a dental benefit and minor increases in allowances and special pay.

Finally, in November, in recognition of serious Navy manning problems, the current Administration sent to the Congress a $150 million proposal to raise substantially the rates of sea and submarine duty pay for enlisted personnel. (The maximum enlisted submarine pay would be raised from $105 to $265 a month; the maximum for sea duty from $115 to $310 a month.) That legislation, now in the Senate, is likely to be enacted during the lame duck session.

The Outlook:

The career manning deficiencies in the active force did not occur overnight and they cannot be corrected quickly. The prognosis is good, however. The upturn in career reenlistment in FY 80 is encouraging. The FY 80 force profile shows relatively strong cohorts in 5-8 YOS. The recent improvements in military compensation coupled with the substantial increase in the reenlistment bonus program and the new sea pay/sub pay proposal should insure that these cohorts remain large, although additional increases in compensation may be warranted. It will, however, require 5-6 years before there is an opportunity to reduce the shortage of personnel with 15-20 years of experience. In the meantime we will have to substitute people with less experience. In this regard we must explore the possibilities of increased prior service accessions and increased retention of early career cohorts. Additionally, aggressive retraining programs to alleviate the shortfalls in critical ratings must be evaluated as well as policy changes and incentives to increase the retention of retirement eligible personnel.

Because the remaining manning problems are likely to be concentrated in specific enlisted specialties and pay grade/length of service groups rather than manifested as general across-the-board shortages, future pay initiatives that go beyond comparability adjustments should be concentrated on specifically targeted bonuses and special pays.

While military pay and allowances have lost 13.5 percent of their purchasing power since January 1972, they have dropped only 4.3 percent relative to private sector earnings (as measured by the PATC survey), and somewhat less if the new Variable Housing Allowance and other FY 81 improvements are included in the comparison. A 13.5 percent catch-up raise, for example, would cost $4.1 billion if granted for FY 82. Judicious application of a much smaller sum in selected payline adjustments and bonuses might well solve any remaining manning difficulties and at the same time free considerable resources for other defense needs (including manpower programs), rather than spending the funds on across-the-board raises.

TRAINING QUALITY AND RESOURCES

A recurring criticism which DoD faces is that some personnel can't do their jobs. Training military personnel is a process which combines classroom and on-the-job (OJT) individual and unit training in a system designed to match training content and method to the requirements of individual jobs and unit missions. In FY 81 the training load (average daily number of active and reserve personnel in formal training) will be 235,000, totalling 328,300 trainee and trainer manyears and $8.8 billion dollars.

Over the past few years the Services have evaluated and restructured much of the skill training offered, and produced a balance between classroom and OJT more closely related to job requirements. However, improving training is an ongoing process, and while we are now confident that classroom content is relevant and well taught, we are less confident about the adequacy of OJT. We do not know whether we have provided enough resources and materials to allow effective OJT. To address this problem, we are currently working with the Services to define weaknesses, reforms and resources required in the OJT area. We are also investigating OJT techniques and approaches in relevant private industry.

Performance capability is also a function of unit training. We have identified three major problems which limit the effectiveness of unit training, and major efforts are underway to deal with them.

- The high cost of unit training, especially for fuel and ammunition, has limited the amount of training we can afford. We are actively pursuing simulation and laser technology as ways to increase effectiveness of training dollars.

- High unit turbulence makes unit training and coherence difficult to achieve, especially in the Army. Recent Army initiatives to reduce unit turbulence with buddy systems and unit rotation will undoubtedly lead to improvement in unit efficiency and capability.

- Lack of space for ground forces training will be ameliorated with the opening of the National Training Center, which will provide a high technology infantry training ground which we have been badly lacking.

Training quality and cost is a matter of high Congressional interest and one of the major AVF issues for the 80's.

UNDERGRADUATE HELICOPTER PILOT TRAINING (UHPT) CONSOLIDATION

The Army now trains its own student pilots and Air Force's at Fort Rucker, AL; the Navy trains its own and the Marine Corps' at Whiting Field, near Pensacola, FL. Repeated studies by OSD, GAO and the Defense Audit Service have shown that a single consolidated UHPT program under the Army would give better training for all Services at substantial savings (now estimated at some $200 million cumulative from FY 1982-86). Consolidation was recommended to the Congress four times (FY 1977-80) but, despite strong support from Secretaries Schlesinger, Rumsfeld and Brown, GAO and, in 3 of 4 years, the House, Congress has always refused to accept it. The reason for refusal has been the all-out opposition of the Florida delegation, reinforced by a general fear that loss of a function at one base is a precedent for losses in other members' states. Secretary Brown has proposed consolidation again in the FY 1982 budget.

The situation is further complicated by two developments:

- Congress has appropriated funds (for FY 81) to buy replacement aircraft for a separate Navy UHPT program. DoD will now be required to buy aircraft (at a cost of $34 million) which it will not need if UHPT training is consolidated.

- Increase in approved Army UHPT training load may require additional construction at Fort Rucker if all UHPT is consolidated. The cost of this construction would further reduce the savings, and has substantially dampened Army support for consolidation.

In light of substantial long-standing Congressional opposition, and possible loss of Army support, the new Administration should recognize that a continued attempt to consolidate UHPT will demand a great deal of time of Senior Defense officials (e.g., Secretary, ASD), and is unlikely to be enacted over Navy opposition.

DEPENDENTS OVERSEAS

Issue: The Services are having problems remaining within the Congressionally Imposed ceiling of 325,000 dependents overseas. Consequently, they are developing a legislative proposal to be submitted to the 97th Congress to eliminate this restriction.

Background:

This issue arose during the consideration of the FY 79 DoD Appropriation Bill. The Department had requested funds for junior enlisted travel entitlement (JET) which were approved subject to a FY 79 ceiling of 350,000 on the number of military dependents overseas. Although this figure was initially thought to be above the then-current population count, a subsequent error in the counting process was discovered which resulted in a total dependent population figure in excess of the statutory ceiling. The Department subsequently advised the Chairmen of the Appropriations Committees that it was our intention to interpret the 350,000 ceiling as being applicable only to command sponsored dependents since we had no control over the travel or residence overseas of non-command sponsored (individual-sponsored) dependents.

During the consideration of the FY 80 DoD authorization, appropriation, and military construction bills the Congress repeatedly scrutinized the dependents overseas issue. This ultimately resulted in an amendment which established a ceiling effective September 30, 1980, of 325,000 on the number of command sponsored military dependents abroad, to be allocated by the Secretary of Defense among the three Military Departments. In the course of the development of this limitation, DoD advised Congress that we regard the establishment of arbitrary ceilings as ill-advised and likely to result in real impairment of both the morale and readiness of our overseas forces.

In conjunction with establishing the 325,000 ceiling the FY 80 Authorization Conference Committee requested that the Secretary submit and certify as to its effectiveness an evacuation plan for military dependents in Europe. The Joint Staff prepared a report on this subject which was forwarded on April 9, 1980, by Deputy Secretary Claytor to the Committees on Armed Services of the Senate and House of Representatives.

The 325,000 ceiling was allocated among the Military Departments on April 11, 1980, as follows: Army - 168,000; Air Force - 123,000; and Navy/Marine Corps - 34,000. Each of these ceilings was below projected requirements for FY 81.

Problem:

The Army was the first Service to encounter ceiling problems and this summer requested relief so as not to exceed its ceiling on 1 October. An accounting change in the Air Force and lack of an expected increase in Navy dependent strength allowed a temporary reallocation giving the Army 2,000 additional ceiling points until 31 December 1980. With this adjustment DoD should be able to remain under the ceiling during the period October 1980 through January 1981 without imposing any restrictions on dependent travel. After January, all Services are projecting increases in dependent strength and will be required to restrict dependent travel in order to remain under their ceilings.

TRANSFER OF DoD DEPENDENTS SCHOOLS SYSTEM TO DEPARTMENT OF EDUCATION

BACKGROUND - The Department of Defense operates 265 schools on U.S. military bases in 23 countries. Approximately 11,000 teachers and other employees are involved in educating 140,000 school children, nearly all of them dependents of U.S. military personnel stationed overseas.

The law establishing a Department of Education provided that this school system be transferred to the new Department by May 4, 1983. Current plans call for the schools to be transferred on October 1, 1981.

PROS AND CONS OF THE TRANSFER - President Carter decided, against the recommendations of the Director of OMB and the Secretary of Defense, to include transfer of the schools in the legislative request for the new Education Department. The reason advanced in favor of the transfer was that the experience and expertise centered in the new department would serve well the students in the overseas schools and their families. Another reason may have been that the schools would account for about two-thirds of the employment of the new Education Department. (They will account for a much smaller fraction of the budget -- $400 million out of a total of about $8 billion -- because most of the Education budget goes for grants).

The principal arguments against the transfer were that the schools were functioning well under the existing arrangement, and that maintaining them in Defense would maximize the responsiveness of the schools to the needs of the parents because of the ease of communication between the military community and the Office of the Secretary of Defense.

There was no audible opposition to the proposed transfer. The military did not campaign against it.

IMMEDIATE ISSUE - Secretary Hufstedler recently approved a charter for the statutory advisory council on dependents education, and has asked for Secretary Brown's co-signature on the charter. The Education Department would like to schedule an advisory council meeting in January.

CONCLUSION - If there is uncertainty about the transfer, any decision or actions that can be delayed without cost should be left to the new Administration. The criteria for deciding on the transfer should be (1) what is best for the school children, and (2) what is most efficient. Both criteria appear to cut in favor of leaving the schools where they are.

The Defense Department figures to be more responsive and more sympathetic to parents, especially military parents, than the Department of Education. This would probably be the case under any Administration, Democrat or Republican. Since the schools and supporting facilities are on military reservations and will continue to be supported by the military in any case, there appears to be no reason to expect greater efficiency if the transfer takes place. Finally, if there is uncertainty about the survival of an independent Department of Education, leaving the schools in Defense would protect them from the possibility of double disruption: being transferred to Education, then being transferred back to Defense.

EQUAL OPPORTUNITY AND FORCE REPRESENTATIVENESS

Equal opportunity for minorities and women in the Department of Defense is characterized by problems of composition, distribution and treatment.

Since the beginning of the AVF in 1973, the percentage of blacks in the Services has risen. In the Army, black enlistees have increased from 17.5 percent to 32.5 percent in 1980. Blacks made up 26 percent of all recruits in FY 79 and 22 percent in FY 80 (30 percent for Army) but they currently comprise only 4.8 percent of personnel in the officer force. This situation is likely to continue due to high black reenlistment rates and demographic and accession profiles. Coordinated equal opportunity and recruiting programs are needed to address this issue.

Related to the problems of representativeness is the issue of distribution of minorities and women in the occupational skills. Minorities by and large continue to be employed in occupations that require little or no technical training, such as transportation, supply and administration. Further, 39 percent of the minorities in uniform are in combat and combat-related skills, while they represent only about 30 percent of the overall active forces. This situation frustrates opportunities of minorities to obtain transferable occupational skills as well as increases the possibility that minorities would bear a disproportionate casualty burden in the event of hostilities.

The distribution issue for women is different. While the enlisted force of women continues to grow, there are statutory, policy and practice restrictions that bar women from participation in nontraditional skills. Full participation cannot occur without substantial change or repeal of the combat exclusion policies and through continued efforts by the Services to achieve a more balanced distribution of women in occupational skills.

Besides the recent attention to the racial and sexual composition of the Services, Congress and the media have focused on problems of sexual harassment in the military. As a result of this publicized attention, the Army is currently conducting an extensive Inspector General's investigation into the existence of sexual harassment at Army installations. EO is developing a DoD policy statement on sexual harassment that will be completed in the near term.

Because these problems are currently in the public eye, they require sensitive and coordinated responses and actions by OSD and the Services.

MOBILIZATION MANNING

Planning for military contingencies assumes reliance on personnel to augment present active duty strength drawn from three sources: the Selected Reserve components, which are trained units ready to move to active duty; pretrained manpower -- members of the Individual Ready Reserve (IRR) and the Individual National Guard (ING), the Standby Reserve, as well as some retirees who would return to active duty as individuals to fill the force structure; and conscripts who would be trained and added to units.

The Selected Reserve components are planned to contribute 890,000 personnel by FY 86. At present all except the Army Reserve and the Army National Guard are at programmed strength; these Army units are now approximately 100,000 below desired levels. The end of conscription in 1973 resulted in an end to the incentive to join reserve units to avoid the draft. In addition, during the initial AVF years DoD management was preoccupied with manning the active force and failed to anticipate the developing reserve personnel shortfalls. As a result, Selected Reserve manning fell from 919,000 in FY 73 to 788,000 in FY 78, but management initiatives since then have resulted in steady growth of 19,000 in FY 79 and 43,000 in FY 80. These gains can be attributed to an increased cohort of stable career personnel plus a series of initiatives designed to increase accession and retention in the Selected Reserve:

- Enlistment and reenlistment bonuses, which have grown from $13 million in FY 79 to $52 million in FY 81.

- Educational incentives for reserve enlistment.

- A broader, more flexible set of NPS enlistment options.

- Improved management and increased resources for recruiting, especially in the Army, where full-time recruiters have been assigned and reserve recruiting has been consolidated into the U.S. Army Recruiting Command.

- A substantial commitment to reduce first-term attrition among NPS enlistees, which is the most serious manpower problem faced by the reserve components.

Pretrained enlisted manpower strength in the IRR and ING was below the FY 80 requirement level for all Services except the Marine Corps. Army was 224,000 short, Air Force 10,000 short, and the Navy fell short by 11,000 and also relied very heavily on retirees. All Services have substantial skill shortages and mismatches. It should be noted that the requirement numbers are unconstrained by the likely ability of the Services to absorb and equip pretrained manpower.

Pretrained individual manpower presents three sets of problems:

- Increasing the strength of the IRR and ING. Administrative changes have already improved management of personnel who leave active duty. The addition in FY 81 of an IRR reenlistment bonus at $18 million annually is expected to add 100,000 to reserve strength by FY 86. In FY 82 the Army will be allowed 4,000 enlistments into the IRR, with possible expansion in later years.

- Improving IRR management of its manpower assets, especially the ability to locate and track members with outstanding commitments.

- Developing preassignment plans for all pretrained personnel including retirees in order to improve our ability to meet mobilization plans. All Services except the Air Force have begun the process of preassigning all IRR members, so they know where to report at mobilization.

We expect that the accession and retention initiatives now underway, plus improvement of the management of these resources, will allow the Army subsequently to reduce its pretrained manpower shortfall and the other Services to eliminate their shortfalls entirely by FY 86.

The third source of mobilization manpower is conscripts provided by the Selective Service System and new volunteers. But, given the short warning time assumed in mobilization plans, neither of these sources can be used to offset pretrained manpower shortfalls.

As a result of Presidential decision in January 1980, during July and August of 1980 the Selective Service System in conjunction with the US Postal Service registered young men born in 1960 and 1961. As of mid-November, over 3.6 million young men had registered. This represented about 95 percent of those eligible to register. Court challenges to this registration, some based upon Congress' decision not to register women, are pending. Selective Service will register all young men born in 1962 during the week of 5-10 January, and thereafter will continuously register young men as they reach their 18th birthday barring a Presidential decision to the contrary.

In November 1980, based primarily on Army mobilization manpower requirements and training base expansion capability, DoD provided the Selective Service System with a new mobilization schedule for inductees. This schedule requests 100,000 inductees by M+30 days instead of M+60. Based on tests conducted in November 1980 during PROUD SPIRIT, the Selective Service System anticipates that it could meet this requirement with ongoing registration; it could not meet the schedule without registration.

National Service

"National service" is an umbrella term encompassing a number of distinct ideas. The 96th Congress considered, but did not enact, several national service proposals, including a bill to establish a commission to study the subject. Similar proposals may be expected in the 97th Congress. While DoD favored a comprehensive study, we opposed the specific versions of national service that were introduced. These stipulated universal registration of youth at age 17 or 18, allocation by preference or lottery of registrants to military or civilian service, and a term of service of one or two years. Critics of these proposals have contended, rightly in our view, that they would violate the Thirteenth Amendment, shift young people from productive to unproductive jobs, and be a bureaucratic nightmare to administer. Moreover, they would hurt rather than help force manning, by imposing shorter tours, reductions in first term pay and elimination of reserve obligations.

While national service has been the subject of two major government studies in the last three years, there is still remarkably little attention paid to details. Few national service advocates have been specific about what national service would entail or cost. In the few instances in which the particulars have been blueprinted, they have animated more questions than answers. Moreover, the term itself is riddled with conceptual confusions. Voluntary and compulsory programs, targeted and universal applications, all bear the same "national service" label, with the result that evaluation is often impeded and some sensible proposals are regularly confused with some truly bad ideas.

The need in the next few years will be for an intellectual precision and commitment to specifics that have been conspicuously lacking in the Congress' recent efforts to come to grips with national service. While DoD should probably not assume the lead in future debates, we can assure that military manpower needs are not neglected in any such discussions.

FULL-TIME SUPPORT PROGRAM/MILITARY STATUS OF TECHNICIANS

Background:

Full-time support (FTS) to the Reserve Components is provided by five categories of personnel. FTS for the Army National Guard, Army Reserve, Air National Guard, and Air Force Reserve is largely provided by dual-status military technicians who are civilian employees of the Federal Government and also military members of the Reserve unit by which they are employed. Other FTS is provided by Active Component personnel, active duty Guard and Reserve personnel (AGR), civil service personnel, and status quo technicians. The latter are civilian employees who occupy military technician positions but who are not military members of the unit they support. FTS for the Navy is provided primarily by active component personnel. The Marines have instructor/inspectors (I/I) who are active component personnel.

The military technician program has been the subject of controversy since 1976, when the Defense Manpower Commission concluded that the same tasks and responsibilities of civilian technicians could be performed by active duty personnel at considerably less cost with no sacrifice in effectiveness or readiness. Based on the DMC report and other concerns such as union activities, the House Appropriations Committee proposed a test program in FY 79 for the Army and Air Reserve Components to determine the desirability and feasibility of replacing military technicians with Reserve Component personnel on active duty military status. The test was concluded on 30 June 1980.

Complete conversion of Guard and Reserve General Schedule positions does not appear feasible without a loss of quality in the highly technical skilled area. Wage Grade personnel appear more difficult to replace with equal quality personnel in an AGR status. Wage Grade personnel generally consist of technically trained individuals who can obtain higher wages in private industry than are available through military pay and allowances. Thus, it does not appear feasible to convert these positions to AGR if we continue to expect the current readiness and safety standards to be maintained.

There are generally no significant differences in cost between the current dual status force and one converted to full-time military. Based on limited numbers and the short duration of the test, no measurable change in unit readiness occured. The union issues appear not to be a significant factor in determining if military technicians should be replaced by AGR personnel. However, many hours are spent on labor relations problems which could be better used to improve overall effectiveness of units.

A further issue affecting FTS is the impact of overall civilian hiring ceilings and/or freezes. Hiring constraints in conjunction with the conversion program will cause turbulence and reduce flexibility and balance in the FTS programs. Moreover, by the end of FY 82, there will be significant differences between programmed strength and projected on-board strength under current civilian hiring constraints. Because losses in individual positions cannot be programmed, the overall shortage of civilians will be distributed unevenly across units, with disparate effect on unit readiness. Since technicians are not readily reassignable among units, the effect of civilian hiring limitations cannot be spread evenly among units.

Tentative Recommendations:

That conversion of technician positions to AGR be limited to currently programmed levels. That DoD be authorized the flexibility to program/budget technician and AGR positions in the type and mix which it believes will achieve the optimum combination of full-time support resources. Also, that achieving the optimum mix of civilian and military technicians not be restricted by civilian hiring constraints.

The Office, Deputy Assistant Secretary of Defense (Reserve Affairs) will propose a variety of legislation initiatives to enhance FTS and will develop long-range policies and procedures for the development and management of an effective FTS force.

DoD CIVILIAN EMPLOYMENT CEILINGS

A ceiling for DoD civilian employment is established each year by OMB, and since 1974 that ceiling has declined by 10 percent, from 1.1 million to 991 thousand. DoD civilians are essential resources in maintaining military capability. They repair ships, planes and tanks; supply food, clothing and equipment to troops; operate military bases, hospitals; and communications systems; recruit and train new troops; gather intelligence; develop new weapons systems; and provide essential technical support for the Reserve Components. Fewer than 0.6 percent of DoD civilians are in OSD or Service headquarters jobs.

Since the mission performed by civilians does not disappear with the reduction in the number of spaces, civilian employment ceilings have forced the Services to provide mission support by diverting military manpower. The result is to exacerbate mismatches between MOS and assignment. More significant is that with increasing requirements for uniformed personnel in the force structure -- especially as additional ships, squadrons and battalions are added -- and increasing difficulty in recruiting to the uniformed forces, DoD can no longer afford to divert 300,000 military people to base operations and logistics jobs, many of which could be done by civilians. Lifting the civilian ceiling would allow military personnel to return to combat units and enhance military readiness.

We should begin a gradual increase in DoD civilian strength by adding 11,000 civilians as substitutes for military personnel. Further substitutes will be proposed for future years, with a goal of converting as many military as possible and desirable to civilian or contract status. In addition, we are examining increases in civilian manning of readiness support activities such as shipyards and maintenance facilities, and additional civilian positions should be added for these improvements.

Related employment ceilingsare those on high-grade (GS-13 and above) civilians and general and flag officers. Senate action in FY 78 led to the requirement that DoD reduce the number of general and flag officers by 46 by the end of FY 81, and also limited the number of high-grade civilians to 55,000 DoD-wide. More recently, Congressional enactment this year of DOPMA was accompanied by a directive that DoD should review its civilian SES requirements in conjunction with review and validation of general and flag officer requirements. The civilian ceiling of 55,000 already has caused problems in the retention of skilled civilian personnel such as engineers. All of these Congressionally-imposed employment limitations conflict with efficient personnel and program management within DoD, and all should be repealed.

This program will have to be reviewed by the incoming Administration. In the event of an affirmative review and favorable Congressional action, MRA&L will be involved in the allocation of new billets to the Services and in monitoring the subsequent increase in force structure.

CIVILIAN MANAGEMENT AND COMPENSATION ISSUES

DoD's annual civilian payroll now exceeds 23.5 billion dollars. The 991,000 DoD civilians represent almost half of all federal civilians; the 325,000 DoD blue collar workers comprise 75% of all federal blue collar employees. This predominance gives DoD special influence in the determination of government-wide compensation and employment policies, and a special stake in the effect of these policies.

The following civilian management issues are of particular importance:

Civil Service Reform Act (CSRA) Implementation - This omnibus bill continues to generate major activity in labor force management. In the next year we need to deal with:

- submission of a Senior Executive Service (SES) authorization request to OPM for FY 82-83. Currently 16% (233) of DoD's 1463 SES positions are vacant.

- Pay compression and bonus levels for SES employees, all of whom are now capped at $50,112. This cap, and the Congressional limits on SES bonuses, are beginning to cause difficulty in recruiting and retaining senior technical and professional staff.

- Merit pay systems for GS 13-15 managers and supervisors are now being implemented, with the first distributions due in October 1981. There is widespread concern among employees about the operation and equity of merit pay and careful attention will be required.

- Development of new Performance Appraisal systems for all employees which meet the new standards in the CSRA. The task will be difficult not only because of its size but because the Federal Labor Relations Authority has issued a decision supporting the right of unions to negotiate most aspects of performance appraisal systems.

Compensation Reform - Pay for most federal civilians is established with reference to salary and wages paid comparable employees in the private sector. The current policies and procedures for setting pay are flawed in a number of ways, and these flaws result in paying federal workers about $2 billion more per year than we would pay if certain provisions of the law were changed. In particular, employee benefits such as pensions, insurance and leave should be included in measuring the total compensation received by both federal and other employees. State and local government employees should be included in wage surveys. Present statutory requirements which impose higher than necessary blue collar wage costs should be repealed.

Labor-Management Relations - Approximately 60% of DoD civilians are presently unionized, organized into 1900 bargaining units that negotiate on local personnel policies and working conditions. The Federal Labor Relations Authority, created by the CSRA, has been active and expanded the scope of mandatory bargaining, with attendant increases in the adversary level of labor-management relations. Balancing this new thrust in labor management dealings with the increased management accountability and flexibility in the CSRA, will be a critical issue in the future.

ISSUES AND DIRECTIONS IN WEAPON SUPPORT PLANNING AND MANAGEMENT

The problem is one of improving weapon support by focusing on hardware characteristics on the one hand and support planning and management processes on the other. Weapon developers attempt primarily to compress schedules, improve performance, and hold down costs, and hence give inadequate weight to improving hardware characteristics which affect support and to planning adequate initial support. The logistic, facilities and manpower establishments must incorporate more realistic hardware expectations in their support planning, examine some different concepts to overcome manpower and other resource limitations, and address tradeoffs among manpower, logistic levels, and support concepts in both the fiscal and technical planning processes.

In the course of making substantial progress toward agreement on identifying and measuring attainment of specific weapon support goals and objectives, a number of major issues have become sharpened that are well worth the attention of a new Administration.

o Technical Logistic Planning Guidelines for New Weapons. A number of the established policies and detailed guidelines for planning initial support of new weapons fail to consider the complexity and problems of the current generations, and are more concerned with limiting risks and exposure than achieving readiness. These groundrules result in constant underfunding of initial support.

o Avoiding the Potential Negative Effects of Acquisition Policies. The major initiative of USDR&E has been to shorten the acquisition cycle. However, they have not addressed how to achieve this objective without increasing already difficult support problems. A number of multibillion dollar programs which received production approval in the past four years have achieved a shorter acquisition phase by simply lopping off the last two or three years of testing and maturation that was to have occurred prior to initiation of production. This dramatically affects R&M and support equipment development. In other cases programs have been approved for initial low rate production with the promise that R&M would grow prior to high rate production. Results are not yet in, but the R&D resources to improve the designs are not being provided.

There is no advocacy for R&M or support improvements on the acquisition side of OSD, which is responsible for their funding, nor is the support side of OSD organized to raise these issues in the budget process. An intensive one time review is needed to identify and correct funding deficiencies both for design improvement and initial logistics for the major systems which reached DSARC III in past four years. In parallel, a fundamental look is needed at how to shorten the acquisition cycle without neglecting support. Additionally, clear responsibilities need to be assigned for OSD management of the R&M programs and their funding.

o DSARC-PPBS Linkage. The linkage between the DSARC process and the budget process is not yet developed on the support side. As a result, there is no formal feedback on how well the newly developed systems meet their promises when fielded nor is there any guarantee of attention to high leverage fixes. There is additionally a major behavioral problem in that during late development and early

production, logistics, facilities, and other support funds are habitually reprogrammed within the weapon programs to make up for acquisition cost growth. Restoral of the support funds in the context of the budget process requires allocation of logistics, facilities, and other resources which come at the expense of support to existing weapons. Procedures to improve this situation include a post-fielding review of the support problems of each new weapon to determine the fixes needed in both hardware and support.

o Outyear Projections. We need better data on outyear manpower support requirements and availability for two purposes: to influence the weapon design and development process, and to evaluate support concepts that offer tradeoffs between skilled manpower requirements and deployment flexibility. We know there are serious shortfalls in attracting and retaining adequately trained Service personnel to maintain even our present systems. We do not have quantitative projections on how bad the mid-1980 situation is likely to get with even more complex equipment fielded -- particularly for the Army. Efforts have been initiated by MRA&L to develop with the Services a comprehensive estimate of manpower and skill level demands for the mid-1980's, but thus far the Army and Air Force have provided little support. The result is that current manpower and personnel policies that affect outyear weapons support are being administered without a firm sense of the seriousness of the outyear problems. The achievement of outyear manpower demand forecasts should be a major objective.

o Weapon Support R&D - There has been no DoD R&D focus for Weapon Support or Logistic R&D. As a result there has been no OSD advocate for technology programs, design efforts, or demonstrations of means to reduce support problems. Because of schedule pressures and funding problems, DSARC weapons are reaching production with the same unanswered questions involving automatic test versus maintenance performance, and training versus job performance aids. Designs for new systems inevitably emphasize application of technology for performance but not support.

Only recently USDR&E and MRA&L jointly requested the Services to establish focal points and to pull together their ideas on the content of a weapon support R&D program. This is an initiative well worth pursuing.

MAINTENANCE EFFICIENCY

Since about 1970 divergent trends have occurred between military equipment maintenance requirements and the capability of maintenance personnel, with serious repercussions on our capability to adequately support weapon systems and equipments. While equipment has become increasingly complex, the availability of skilled technicians to repair this complex equipment has been declining for a variety of reasons such as lower retention rates, reduced formal training, or lack of aptitude. A current joint OSD/Service review to identify major problems in maintenance has pinpointed the key areas where action can be taken to improve performance. Some of these areas are described below.

To improve maintenance efficiency, the DoD adopted a strategy developed by commercial airlines termed Reliability Centered Maintenance. RCM provides a disciplined logic for the development of scheduled maintenance programs based on engineering analysis to determine failure modes, effects of failure, and the effectiveness and costs of proposed preventive maintenance actions. The RCM program has had the continuing interest of the Congress and the GAO because of its potential for savings. Implementation of RCM across the board requires a front-end investment in manpower and dollars for the engineering analysis to develop a scheduled maintenance program, as well as a continuing sustaining engineering capability to monitor the program and make adjustments as required. We will continue to assist and encourage Services' integration of the RCM approach into their maintenance strategies, with special emphasis on the Army.

In the personnel area, as the skill level of our military technicians has decreased our reliance on contractors has increased. First the Logistics Management Institute and then the Defense Audit Service have been tasked to assess the extent and scope of DoD's reliance on contractors for engineering and technical services. Further, because of the manpower implications of this issue, we are focusing on options to ensure that key U.S. and foreign national civilians will continue to carry out their important role of supporting DoD weapon systems in time of hostilities.

DEPOT MAINTENANCE SYSTEM

There have been continuing questions over the past 15 years as to the cost/effectiveness of each Military Service operating its own depot maintenance facilities. DoD depot maintenance activities, which consume over $9 billion in resources each year, are industrial operations that primarily perform overhaul and major repair or modification of DoD weapon systems and equipments. These depots are also the principal source of serviceable components and provide support to field units by acting as a backup capability to absorb unit level maintenance overloads and by providing contact teams for special problems.

Our concern is the efficient utilization and cost of these facilities. In gross terms, these facilities are underutilized in peacetime, and the Services have been unable to articulate their planned depot maintenance wartime requirements which might justify their excess capacity. A depot maintenance cost system has been developed in order to provide cost and production data useful to improve the efficiency of depot maintenance activities and although efforts to implement uniform cost accounting criteria have been going on for several years, progress has been slow. OSD has issued a further instruction that provides guidance and uniform procedures to be used by the Services in depot workload programming. While there is currently no formal requirement for the Services to submit depot maintenance programming data to OSD from this system, the program should provide the basis for the depot maintenance portion of the Services' POM submissions and the Logistics Resource Annex.

As an effective way to accomplish integration and achieve potential cost savings in the depot maintenance system the GAO in 1973 and again in 1978 recommended that a single manager or a single agency be established for aeronautical depot maintenance, a major segment of the DoD depot system. A Joint Logistics Commanders Study initiated in March 1978 has been ineffective to date in addressing this problem.

COMMERCIAL AND INDUSTRIAL-TYPE ACTIVITIES PROGRAM

Additional contracting of DoD Commercial and Industrial-Type Activities (the CITA Program) offers the prospect of substantial budgetary and manpower savings. Administration policy specifies retaining CITA functions in-house to support National Defense requirements or if no satisfactory commercial source is available. In addition, changing from in-house to contract performance requires a detailed comparative cost analysis to demonstrate the availability of budgetary savings.

Despite these restrictions, Congress has repeatedly threatened to impose a moratorium on CITA contracting. Congress must be notified of Service cost comparison studies, and the Administration has delayed even notifying Congress that we would initiate studies. These delays have caused a one-year slippage in the potential manpower and dollar savings that would have resulted through CITA expansion. The Services, having been geared up to proceed with the studies, are understandably reluctant to proceed, anticipating more delays. In addition, our credibility with industry has been damaged.

The CITA program offers the prospect of substantial budgetary and manpower savings. For example, during FY 1979 and FY 1980, a total of 304 cost comparison studies were completed. In 190 (63%) studies, involving 7,700 personnel, the cost comparison showed (over 3 years) contract performance to be less costly by $130 million. These CITAs were subsequently converted to contract. It is noteworthy that in 11 studies conducted by the Air Force which resulted in retaining the CITA in-house, the function will now be performed by 560 (34%) fewer employees yielding a projected annual savings of $8 million or $24 million over the same three-year period. These results testify to the potential for savings in manpower and funds.

To rejuvenate the CITA Program, an early statement of strong support for aggressive implementation of CITA contracting is needed. Since we only convert to contract when it will result in savings that are greater than 10 percent of the in-house personnel related costs, contracting will let DoD save considerable sums of money. More efficient manning of in-house operations, as well as conversions to contract, will free up military billets needed to make up current shortfalls in tactical force manning. Therefore, force readiness will be enhanced.

Government employee unions can be expected to create adverse publicity and roadblocks against any expansion of the CITA program.

The principal benefit of contracting is that it exposes the Defense establishment to the discipline of competition. Unfortunately, the potential beneficiaries of the competition (taxpayers and contractors) are not lobbying as effectively as the Government employees.

SUPPLY MANAGEMENT

DoD maintains an inventory of over 3.9 million supply items, and operates storage and transportation systems to provide life cycle management of these items throughout the world. The central issues of supply management focus on determination of supply requirements and efficient management of supply systems.

Estimations of requirements for supply items, both consumable and non-consumable, for both peacetime operations and wartime scenarios, have historically been based upon service-unique criteria. The requirements so generated have been both inconsistent across the Services and subject to challenge by OSD, OMB and Congress, resulting in loss of budgeted funds. The Services are now moving to standardization of requirements determination for many types of supply items, and have made considerable progress. Two particular areas in which substantial amounts of work still remain are improved methodologies for determining supply requirements for initial support periods of new weapons systems, and for spares and repair parts.

- Requirements determinations during the initial support periods of a new weapons system have been historically imprecise since design modifications to the system are frequent and unpredictable and of course demand histories are nonexistent. Current methods for determining initial spares requirements have tended to provide less than adequate quantities of spare parts, and have contributed to reduced levels of operational availability during initial operations. We plan to use the F-18 introduction over the next two years to evaluate alternative policies and approaches for simultaneously achieving higher operational availability rates for new systems and economically efficient quantities of spares during the early support period.

- For many years, policies, models and systems for the management of spares and repair parts have been independently implemented by each Service and vary widely in their effectiveness. An overall DoD policy is required to provide uniform guidance for the management of reparable items, which have an inventory value of approximately $20 billion. A contractor study to begin development of this policy is being proposed for FY 81. It is estimated that considerable in-house analysis resources, both from OSD and from the Services, will be required to resolve the current deficiencies in reparable item management policy.

- The long-range requirement for Secondary Item War Reserves currently approximates $21 billion. Of this total, the procurement objective is $9.3 billion and the programmed deficiency to the procurement objective is $4.5 billion. Given these discrepancies and the magnitude of this program, an effort was initiated in July 1979 to standardize the methodology used for requirements computation. The Services have developed plans which call for implementation of the new standard policy by the end of calendar year 1982. The Air Force is in the process of converting its automated support systems and will likely be delayed. MRA&L is chairing a technical coordination group to monitor the implementation process.

Efforts to consolidate the supply execution system have resulted in significant savings, but have been resisted by the Services. Here, the point of issue is achieving an appropriate balance between the opportunities for economies of scale available via centralization/consolidation on the one hand and the flexibility and responsiveness of local, special or Service-unique systems on the other; or said in another way, between peacetime dollar savings and Service perceived mission readiness.

DoD and federal supply consolidations have been implemented to varying degrees for numerous groupings of items via the Defense Logistics Agency, General Supply Agency, and the Integrated Materiel Management concept. Studies and initiatives now underway, which will necessitate decisions by the ASD(MRA&L) over the next several years, concern themselves with expanding either the scope of responsibility for consolidations already existing or creating new consolidations. Since GAO has been critical of our failure to expand the Single Manager concept, among others, we anticipate Congressional hearings on this subject in mid-1981.

- DLA manages items at less cost and with greater effectiveness than the Services. A proposal has been made to transfer management responsibility for Service-managed consumables to DLA, with a projected saving of 4000 personnel and $100 million annually after implementation costs have been amortized. The Services believe that such a consolidation would not be cost-effective and that it would adversely affect military readiness. Although we believe that the transfer of all consumables would achieve the greatest degree of supply effectiveness and savings, because of the reluctance of the Services, we recommend at this time a transfer to DLA of all consumables except for the following categories: field level reparable, design unstable; classified; Service manufactured items.

- In 1974 a major project to design and implement single manager assignments for groupings of the more than 400,000 non-consumable stock numbered items in the DoD supply system was initiated. There has been only minor progress in this area primarily because the Services are reluctant to become dependent on joint or out-of-service support for these generally high cost and mission essential items. The Defense Audit Service is now reviewing this program. We plan to use the audit to support an in-house assessment of the program so that goals and guidance can be redefined as necessary.

- To integrate and consolidate conventional ammunition logistics functions of the Services to the maximum extent practicable and to eliminate unwarranted duplication, the Army was assigned Single Management responsibility for conventional ammunition in 1975. This consolidation was to occur in two phases. Phase I, now in effect, is not efficient in itself and cannot be without significant change or continued consolidation via Phase II. Phase II implementation, however, is currently being resisted by the Navy and Air Force because they see it as removing from their control responsibility for configuration, development, requirements determination, etc. It is necessary to review and decide the question of whether DoD should proceed further with the Single Manager concept, modify it, or eliminate it, as prolonged continuation of the current condition is not acceptable.

AIRLIFT AND SEALIFT CAPABILITY

A central concern of the ASD(MRA&L) is assuring the availability of sufficient air and sealift for either a major NATO contingency or a smaller Rapid Deployment Force contingency, including the assessment of requirements and the management of existing transportation assets to maximize their use and efficiency. While not directly involved in design and procurement of vehicles or in the daily operation of planes and ships, the ASD(MRA&L) is ultimately responsible for being able to provide, from active military, reserve units, and mobilizable civilian resources, enough lift capability to meet documented requirements.

We are proposing the establishment of a Unified Traffic Management Command to facilitate the movement of personnel and cargo in peacetime, wartime and emergencies. This will provide the most responsive and efficient organizational alignment for management of DoD sea and land transportation and ocean terminals. An independent study has recommended that the Defense Transportation System could best be managed by a unified command with centralized control and coordinated systems to move personnel and cargo during times of peace and emergency. This recommendation is currently under review.

In addition, we should review the Joint Deployment Agency and Joint Deployment System to make sure they are able to accomplish force deployment coordination and planning. Recent military readiness exercises raise doubts about the ability of JDA and JDS to meet deployment needs of the Department.

Airlift Programs:

We are proposing to expand the Civil Reserve Air Fleet (CRAF) enhancement program to include both new and in-service civil wide-body passenger aircraft and provide additional financial incentives to the airlines to gain participation in the program. This program provides for increased strategic airlift capability for contingency operations without the high peacetime costs of crewing, training, operations, and maintenance associated with an organic airlift force.

We are developing a system of military and civil air passenger terminals which will provide efficient, high-quality service to all DoD travelers while still fulfilling mobilization and wartime requirements. The Air Force has been tasked to determine the optimum mix of civil and military terminals to this end.

Operations Support Airlift (OSA) includes all airlift transportation of passengers or cargo using DoD-owned or -controlled aircraft in support of command, installation or management functions. A Department-wide directive is being developed that would base OSA resources on wartime readiness requirements and assign and manage OSA aircraft in peacetime to insure readiness to satisfy such requirements. This directive will provide for the coordinated planning and development of these highly visible aircraft.

Increased wartime support to all Services is at the heart of the Department's efforts to consolidate airlift under a single manager (MAC). Navy, however, maintains that it needs its own airlift system to respond to specific naval requirements. Although MAC has demonstrated good support of Navy's requirements, we will continue to review this support and Navy's request for an increased independent capability.

Sealift Programs:

As a result of congressional action, the Navy has been authorized to acquire and convert eight SL-7 containerships to enhance high speed contingency sealift capability and 12 specially configured roll-on, roll-off ships to provide for prepositioning of equipment of the Rapid Deployment Force. In addition to these procurements, several additional programs are being developed to increase the readiness of existing sealift assets.

The Secretary of Commerce has recently been authorized to procure and install national defense features on any suitable U. S. flag merchant ship. In light of this change, we want to proceed with a program to expand the National Defense Features Program to enhance the capability of merchant marine ships to provide logistics support during wartime. Other sealift forces available to accommodate national defense requirements include those of the Military Sealift Command, the National Defense Reserve Fleet, NATO Fleet and the Effective U. S. Control Fleet. These must continue to be monitored to insure that the right numbers and types of ships can be activated and deployed in times of emergency.

FACILITIES DEFICIENCIES

The accelerating state of decline of the DoD physical plant is a matter of great concern. Many facilities still in use are of World War II vintage, and have far exceeded their planned economic life. A majority of our facilities and family housing units are over 25 years old. The various components of the physical plant are becoming obsolete faster than they are being replaced. This condition, coupled with inconsistent funding support during and since the Southeast Asia conflict, has produced large deficiencies in both construction and maintenance of facilities, with serious implications for training, morale and reenlistment. Inadequate operational and maintenance facilities reduce worker interest, initiative and productivity and thus compromise equipment readiness and mission accomplishment.

1.a. Military Construction: Despite a concerted recent effort to reduce the DoD facility deficiency to a manageable level, anticipated gains have been offset by several factors: continuing inflation of construction costs, increases in construction cost associated with energy conservation and pollution abatement programs, impact of new weapons system acquisition on budgetary resources, funding constraints imposed by the Office of Management and Budget, and the increasing need to replace or modernize again, obsolete facilities. While the projected MilCon budget is increasing, 38% ($15.4 billion) of FY 82-86 funds are for two projects -- MX and Trident.

As of January 1980, the total estimated facility deficiency for the Military Departments, Guard and Reserve Components, and the Defense Agencies amounted to $34.7 billion. This included $14.0 billion for replacement and modernization of existing obsolete facilities. The family housing new construction deficiency amounted to $1.1 billion.

b. Overseas Construction: In FY 1979, 21 percent of the construction program was located overseas. This grew to 25 percent in FY 1980 and to 31 percent in FY 1981. The commitment to our increasing construction programs outside the United States might be at the expense of our construction needs in the United States. With our current commitments to the Indian Ocean/Persian Gulf and Europe, overseas construction is expected to remain a major segment of the Military Construction Program for FY 1982 and the outyears. An amendment to the FY 1981 Military Construction Program included $315 million in facilities to support rapid deployment forces and expanded operations in the Indian Ocean/Persian Gulf areas. Congress approved a portion of the requests but did not approve the balance because of: the lack of country-to-country agreements; the lack of justification for individual construction requirements; the absence of an overall regional strategy for responding to the threat in this part of the world; and the questionable unilateral actions taken in this area by the United States. A contingency fund of $105 million was provided with unusual Congressional oversight requirements. To date, the Congressionally mandated multi-year plan and program has not yet been completed. Without this multi-year plan, rational logistical plans are not possible and ongoing construction planning may not be effective. We recommend to the Under Secretary of Defense (Policy) that such multi-year regional plans be developed as soon as possible by the Joint Chiefs of Staff, so that follow-on logistics decisions can be adequately phased and justified to the already skeptical Congress.

It should be noted that we have established a policy giving preference to US firms for construction of facilities in the Indian Ocean/Persian Gulf region. Adequate provision of overseas facilities will require the commitment of an additional $600 million annually during FY 82-86.

2. Backlog of Maintenance and Repair/Family Housing Operations and Maintenance: Real Property and Maintenance Activities (RPMA) are a major portion of the base operations support function. Maintenance and repair work remaining unaccomplished at the end of the fiscal year and still required can qualify as backlog of maintenance and repair (BMAR), a statistic used to monitor program progress in the upkeep of DoD's real property investment.

Only about $1.9 billion was spent in FY 80 on maintenance and repair, and the BMAR increased $500 million over the previous year. BMAR now exceeds $3.0 billion, of which one third is for US Army Europe. Accelerated deterioration of the unaccomplished work and continuing price escalation are estimated to increase the cost for repair by a minimum of 10 percent each year. Systematic reduction of the BMAR toward a manageable level would provide a signficant cost avoidance and preclude untimely deterioration of the physical plant.

To reduce or deter growth in the backlogs, increased funding has been programmed in each of the past three years. However, general funding reductions in meeting the approved President's budget levels have precluded reduction of the BMAR. Without proper maintenance, many facilities and systems will continue to deteriorate and inhibit optimum mission readiness. To provide adequate maintenance of existing real property maintenance facilities and to eliminate the excess maintenance backlog, additional funding over the service program of about $500 million in FY 1982 is necessary for a "no growth" BMAR from 1981 with some $450 million needed per year for the period FY 1983 to FY 1986 or a total of $2.3 billion.

3. Planning and Design: DoD does advance planning and begins design prior to a project's inclusion in an annual military construction program. For a number of reasons, however, DoD is currently in an underfunded position in its planning and design account. The funds available to the Navy appear to be insufficient through 1981 and an additional $20 million is required. Further, the Air Force is short approximately $80 million, the Army needs $35 million, and the Defense Agencies require $8 million, for a total of $143 million. If these funds are not provided, design of ongoing projects in the FY 1982 program cannot proceed and FY 1983 and FY 1984 projects will be severely delayed.

NATO MILCON ISSUES

POMCUS Storage:

In May 1978, the Administration made a commitment to NATO to preposition three additional division sets (DS 4, 5, 6) of equipment (POMCUS: Prepositioned Organizational Materiel Configured to Unit Sets) by the end of FY 1982. NATO funds have been authorized and construction is nearing completion in Germany for DS-4. Construction sites for the major part of DS-5 have been identified in Belgium, NATO funds programmed and planning underway. Real estate acquisition problems in the Netherlands have delayed construction for the remaining DS-5 facilities and all storage for DS-6. An essential element in U.S. planning for the rapid reinforcement of Europe is the prepositioning of equipment and war reserve materiel which has also been accorded a high priority by NATO military commanders. However, current Congressional Committee constraints have prevented the Army from making available the equipment (for DS-5 and 6) required to provide two reinforcing divisions with its basic combat equipment. Most recently, efforts have focused on the formation and equipping of the Rapid Deployment Force (RDF). This redirection of emphasis from the NATO theater could command all available resources and thus jeopardize U.S. ability to meet previously stated commitments with respect to long-range planning for facility construction in support of U.S. forces. Explicit decisions are required in the near future to establish the extent and depth of the U.S. commitment to the reinforcement of NATO.

Burden Sharing:

A forthcoming GAO report will call for a more systematic approach in seeking increased cost sharing for U.S. forces in Europe. Recent Congressional actions have consistently stressed their insistence on European allies doing more via infrastructure and national funding to provide support for deployed and reinforcing U.S. forces. There is a built-in assumption that the Allies are not doing their fair share, should do more, and will do so upon U.S. insistence. Consciously or otherwise, perceptions exist that U.S. forces are in Europe primarily to defend our Allies rather than equally to defend U.S. interests. Accordingly, proper facilities support of our forces in Europe is inadequate because the Congress will not approve the necessary funding levels to provide the needed construction. Measures to evaluate and compare Allied efforts with our own are generally flawed and incomplete (examples: contribution to local economies by NATO and U.S. national construction programs may be overlooked or understated; loss of commercial revenues and taxes due to U.S. use of real estate and facilities have not been measured; continued Allied conscription for national forces, at lower pay and benefits than U.S. enables lower defense budgets and also takes personnel out of the civilian force, thereby reducing production more than in U.S.

NATO is currently considering the possibility of an add-on to the current five-year (1980-1984) cost-sharing agreement for the NATO infrastructure program. The $4.7 billion agreed by Ministers in May 1979 (U.S. share 27.42 percent) was a bit more than half the amount requested by Major NATO Commanders (MNC) to meet urgent needs anticipated for the period. The United States leads a group, including the United Kingdom, Norway, and Turkey which supports the increase of

some $3 billion requested by the MNC. Germany, Belgium, The Netherlands and Italy are foremost among those nationals resisting the add-on. Germany, by far the most visible and vocal, was also the leader of the low-rollers in the basic 1980-1984 negotiation and heavily influenced the Ministerial decision. The strength of her current position could lead to speculation that she is approaching (if not leading) a shift in her role from total integration with the NATO infrastructure (i.e., military) effort to a more independent stance.

The U.S. has only limited control over the long-term evolution of the NATO Alliance. We are also currently perceived as shifting our orientation -- and significant resources -- southeastward to the Persian Gulf/Indian Ocean area. We should continue, nevertheless, to show solidarity with NATO, exercise leadership and specifically support continued growth of the key NATO Infrastructure effort. Concurrently we should make contingency plans (a) for alternatives to the present joint funding of military operational facilities and/or (b) for gradual drawdown of U.S. forces in Europe if facilities requirements continue to be underfunded.

Long-Range Security Program:

The LRSP enhances the security of nuclear weapon storage sites and provides additional protection for U.S. weapons against terrorist groups. While the program is well under way at 48 U.S. prefinanced sites in Europe, work has not yet started at the other 59 NATO funded Army sites. The NATO host nations' failures to get construction under way at the NATO sites is a continuing irritant to Congress and a source of concern to OSD.

Several problems contributing to the delay of the NATO LRSP sites have been identified by the Commander, U.S. Army, Europe, and the U.S. Army European Division Engineer. Corrective action has been taken. U.S. design of 31 of the NATO funded sites is now essentially complete using standard site security control centers, towers, and vehicle shelters. Standards and site designs have been turned over to host countries for site adaptation.

The development of criteria by the NATO nations has been one of the longest delay factors in the implementation of the program. Changes to criteria require the concurrence of NATO nations who do not always view the threat with the same priority as the U.S. sees it. The history of the program has involved considerable shifting of these criteria and it must be realized that any modification of DoD criteria is likely to trigger a concomitant shift on the part of NATO with further resultant delay.

Ammunition Storage in Europe

OMB disagreement with projected DoD ammunition firing rates has led to a hold on construction of additional European ammunition storage facilities. The OMB objection will make it impossible to achieve the objective of 60 days' stockage, which is the basis for NATO programming of U.S. facilities and for U.S. sustainability planning.

DoD military and civilian specialists believe that the OMB firing rates are disastrously low, but we have been unable to resolve the issue in the course of the budget review. ASD-level discussions on this issue are continuing between DoD and OMB.

BASE STRUCTURE AND SUPPORT

Since 1969 when the DoD population in the United States was approximately 3.1 million military and civilian personnel, we have taken over 3500 actions to realign installations and activities. These actions resulted in annual cost reductions exceeding $5 billion and the reduction of DoD properties by 24%. However, the domestic base structure is still considered too large for the current 2.1 million DoD population in the United States (reduced over 30% from 1969).

On March 29, 1979, the Deputy Secretary of Defense announced a number of base realignment actions which when fully implemented will reduce annual Defense costs by more than $264 million and free 9,700 military and 5,600 civilian personnel positions. Also included in this announcement were new base realignment proposals to be studied which, if fully implemented upon completion of the necessary studies, could reduce annual Defense costs by another $47 million and eliminate 1,000 military and 1,000 civilian personnel positions.

Through October 1980, implementation action has been taken for approximately 50% of the base realignments announced in March 1979, which upon completion, will result in the elimination of about 4,700 military and 2,900 civilian positions and reduce annual costs by over $147 million.

A number of base realignment actions included in the announcement are still in the study state. These pending actions include the realignment of Hq, US Army Intelligence and Security Command; Fort Sheridan, IL; Fort Monroe, VA; Fort Hood, TX; Fort Indiantown Gap and New Cumberland Army Depot, PA; Fort Dix, NJ; Goodfellow AFB, TX and Air Force Activities at Duluth, MN and Hancock Field, NY.

While prior to the 1976 DoD base realignment program we could complete our studies internally and announce and implement the decisions, in late 1976 the Congress passed legislation requiring a very public structured process to be followed before a decision can be made. As a result, the time involved in reaching a decision to realign a base has been extended by a year or more. This defers the cost reductions involved which now cannot be realized during the planning horizons for a current budget year. Also, political pressure mounted by affected communities and such groups as the Northeast-Midwest Congressional Coalition, has resulted in powerful disincentives to the Services and the DoD to pursue these measures.

Congressional micro-management of DoD facilities programs has not been limited to scrutiny of base realignments. Growing Congressional staffs have sought an ever-increasing amount of data in minute detail, and exercise increased control over the Military Construction program. MRA&L responses to Congressional demands divert resources from other actions. For example, in FY 80 Congress required 122 reports from DASD(I&H) on facilities issues, in addition to those required of the military departments. If these ever-increasing reporting demands are not to hamstring DoD programs, either staff and travel resources will have to be increased to enable DoD to comply with Congressional requirements, or Congressional Committee chairmen will have to agree to curtail reporting requirements and restore the authority of the Secretary of Defense.

DoD COMMUNITY IMPACTS

The ASD(MRA&L) is responsible for predicting and alleviating the adverse impacts on communities of significant changes/realignments in military facilities. The Office of Economic Adjustment (OEA) manages the community economic adjustment program on his behalf.

Currently, OEA is assisting about 70 impacted communities and, working through the SecDef-chaired Economic Adjustment Committee (EAC), obtains assistance and resources from other Federal agencies and programs.

More recent activities have addressed growth-impact situations. Two major actions in this regard are the Community Impact Assistance Study and the MX Missile Program.

1. Congress has directed the President to conduct a "thorough study of the adverse impact of communities in areas in which major, new military facilities are constructed with a view to determining the most effective and practicable means of promptly mitigating such impacts," to be completed by March 1, 1981. A detailed scope of work has been approved by the Office of Management and Budget for EAC member agencies and made available informally to Utah-Nevada MX representatives.

The deliberations of the interagency task force on the study will highlight the strengths and weaknesses of alternative budgeting and organizational approaches between the domestic agencies and the Department of Defense in the area of community impact assistance. The initial report findings are scheduled to be forwarded to OMB on January 30, 1981, to meet the March 1 statutory requirement.

2. Rapid large scale community growth impacts are one of the most critical factors affecting DoD's ability to deploy the MX missile system. There is great concern and strong political pressure from local and state officials and their Congressional delegations for federal assistance to alleviate these impacts particularly from Nevada and Utah, which contain the preferred deployment areas, but now also New Mexico and Texas where alternative sites are under consideration.

In FY 1980, Congress provided $1 million of DoD MX community impact planning funds for Nevada and Utah, and directed that the funds be administered through the Four Corners Regional Commission (FCRC), a federal-state regional planning organization. Congress has provided $5 million for MX community impact planning assistance in FY 1981. These funds will be provided to potentially affected states and communities and administered by the Air Force. There is controversy regarding the administration of this funding. The states have begun a campaign to reinstate FCRC as administrator of the funds, but Congress has held fast to its position that the Air Force should administer them. Direct Air Force administration of grants to states and communities is of questionable legality and is contrary to longstanding DoD policy which seeks to avoid duplication of federal domestic agency statutory responsibility, experience and expertise. In response to this, OEA and the Air Force have assessed the capacity of several member agencies of the EAC to act as administering agent for this year's funds and have prepared a draft Memorandum of Agreement (MOA) for use when the selection occurs. Use of an EAC agency provides for the early involvement of an agency which is likely to have a direct role in the implementation phase of our efforts and allows us to provide assistance to potentially affected states through a single agency.

Congress has also authorized DoD to fund MX community impact assistance requirements (capital improvements and services) for FY 1982 and subsequent years with the support of other EAC agencies. Funding of MX community impact assistance must also be a shared state governmental responsibility since the MX program will generate local and state revenues as well as increased demands for services and facilities. State and local governments in Nevada and Utah, however, argue that the feeeral government must pay for all MX-related community needs. In April 1980, the White House asked OEA/EAC to assess alternative ways for local and state governments to capture more of the revenue which results from new and expanded defense activities. An EAC task force is currently addressing this issue with the help of the Urban Institute. The Community Impact Assistance Study is also relevant.

ENERGY SUPPLY AND DEMAND

DoD is the largest single user of energy in the U.S., accounting for the equivalent of 250 million barrels annually, at a cost of over $10 billion; 68% of this total is petroleum. Assuring fuel availability for readiness requires obtaining stable domestic sources of crude oil, including outer continental shelf and petroleum reserves, encouraging secure supplies of synthetic fuels and streamlining energy procurement processes. Assuring availability also requires improving petroleum logistics, transportation and storage. We are working with DoE to insure that DoD has ready access to the required quantities of petroleum and other liquid fuels, and with the Services to insure its efficient distribution.

Meeting energy needs is also being addressed on the demand side, where major initiatives include improving the fuel efficiency of both mobile and fixed energy users, substituting non-petroleum sources in fixed facilities, experimenting with renewable sources including solar technologies, and achieving more energy conservation. For mobile uses our goal is to achieve zero energy growth between 1975-1985 without constraining readiness. For fixed-plant users, we are mandated by Executive Order to reduce fuel use 20% per square foot in existing buildups and 45% per square foot in new buildings. Through 1980 we had achieved an 8% reduction in energy consumption, just below the required glide path.

Determining the feasibility of energy conservation and retrofit projects is a complex economic calculation which rests on uncertain assumptions of future energy costs. Using conservation estimates and a payback ceiling of 15 years, we estimate total DoD projects should reach approximately $20 billion by FY 90. With different assumptions, this amount could escalate to $80 billion. Some of these funds may be available from extra-DoD sources. Leading candidates for these funds include conversion of approximately 60 petroleum fired boilers to coal, installation of energy meters, and conventional building retrofitting.

HAZARDOUS MATERIAL AND MUNITIONS MANAGEMENT

DoD possesses large quantities of hazardous materials, both new items and waste products, that must be managed or disposed of in an environmentally acceptable manner. Our primary objective is to provide "cradle-to-grave" management of hazardous waste. The Resources Conservation and Recovery Act of 1976 (RCRA) establishes standards for generators and transporters of hazardous waste. Any installation that owns, operates, or proposes to own or operate a facility that treats, stores, or disposes of hazardous waste must apply for a permit from EPA or the state. We must ensure that permits are applied for and the proper funds are budgeted to manage this program.

The Defense Logistics Agency is the responsible agency within DoD for worldwide disposal of all hazardous materials, except for a few categories of materials, such as chemical munitions, specifically designated for DoD component disposal. Each of the military components has established a prioritized list of installations to be evaluated and a schedule for completion; our goal is to complete assessment of suspected installations by 1985. Significant funds must be budgeted to complete these assessments and abate contamination problems within each of the military components, e.g., the Army has spent $58M to date on this effort. These efforts are being coordinated with EPA and with state and local regulatory agencies.

One issue which may require the early attention of the new Administration is disposition of WETEYE chemical bombs at Rocky Mountain Arsenal (RMA) in Denver. Congress has mandated that all chemical munitions be removed from RMA within one year. Decisions must be reached by early January (subject to Congressional review) on whether to demilitarize the WETEYE at RMA, move to Tooele Army Depot, Utah, and demilitarize, or move them to Tooele for retention in the inventory. As the JCS recently recommended retention, that is currently the most likely option to be chosen.

Another issue pertains to demilitarization of the unserviceable chemical munitions stockpile. Either because of obsolescence, unserviceability or deterioration, a large percentage of the chemical stockpile qualifies now or will qualify over the next few years for demilitarization. The current demilitarization program is meager in nature, having long suffered from insufficient high level emphasis. High visibility of this program now exists and the resultant scrutiny has exposed numerous shortcomings. The total program is now estimated to take approximately 18 years and could cost from $1.5 to $4 billion.

It is imperative that OSD reevaluate the CW demilitarization problem as soon as possible, to generate realistic outyear budget profiles, to assure that all reasonable alternatives have been adequately addressed, and to select the best technological method. However, no funds are currently programmed for demilitarization research and development. R&D funds must be provided to the U.S. chemical industry to support research, development and validation of mass demilitarization techniques. Concurrent with these R&D evaluations leading to a technology selection, a comprehensive plan must be developed to support decisions on site selection and agent transportation, to include detailed schedules and cost estimates. Spending research and development funds now will not only support effective decision making, but should result in considerable time and dollar savings in the

long term. The immediate requirement is to obtain RDTE funding to support this program as follows: $3M FY 81 (via supplemental budget submission), $10M FY 82 (via immediate adjustment of FY 82 budget submission), $7M FY 83 (to be diverted for inclusion in the Army POM via Consolidated Guidance).

DoD SAFETY PROGRAMS

Each year, job related accidents at military bases and workplaces create substantial loss of life, equipment, productivity, and readiness. In FY 1979, we experienced 340 job-related fatalities and over 50 thousand disabling injuries or diseases, resulting in almost 450 thousand lost workdays and personnel costs (including workers' compensation) of over $350 million. Materiel damage amounted to almost one billion dollars, including 180 aircraft worth $800 million. There were an additional 1,131 fatalities and 15 thousand disabling injuries due to off-duty military accidents. Improving our job-safety performance will clearly pay off in lives saved, cost avoidance, productivity enhancements, and readiness increases.

Our efforts to reduce the incidence of accidents and eliminate hazards which reduce effectiveness are multifaceted, but concentrate on continuing to push the Services to be more cognizant of the costs of accidents and the benefits that can be achieved. We are revising investment strategy models to reflect more accurately the return on safety investment, standardizing occupational health standards, and identifying the accident and safety impacts of actions in other areas which have the effect of lowering experience levels or funding for high-risk activities.

The Occupational Safety and Health Administration (OSHA) is an active partner with us and the labor unions in identifying and addressing job safety problems. We have recently reached a decision in our continuing relationship with OSHA and the unions which will allow OSHA inspections of defense facilities, but will restrain labor union involvement. We expect that the unions will not be satisfied with our decision; on the other side, the Services believe we have gone too far. The next year promises to be contentious.

MOBILIZATION EXERCISES AND CAPABILITY

Current national security policy depends on our ability to augment and deploy active duty forces and support. To test our capability to mobilize, we periodically conduct exercises and carefully evaluate mobilization plans, procedures and organizational relationships. Exercise NIFTY NUGGET 78 and an accompanying civil exercise -- REX 78 -- revealed significant difficulties and shortfalls in our ability to execute mobilization plans. In particular, we learned in 1978 that:

- There was no common basis for Federal agency mobilization planning, and as a result, civil agencies were not prepared to respond to DoD requirements.
- Much of DoD planning was obsolete or incomplete.
- Decentralized management and inflexible schedules hampered deployment.
- Planning did not recognize numerous resource problems.

Responding to these problems, we have taken steps to improve mobilization planning, including:

- formation of a senior DoD policy guidance group, of which the ASD(MRA&L) is Vice-Chief.
- organization of an MRA&L directorate to manage mobilization planning for DoD.
- development of major portions of an overall DoD Master Mobilization Plan.

In November 1980, follow-up exercises PETITE SPIRIT and PROUD SPIRIT/REX-80 BRAVO were held to evaluate progress since 1978. Complete evaluations will be available early in CY 81, but it is already clear that we are much better prepared for mobilization than we were two years ago. Problems still remain, especially in the areas of availability of air and sealift, trained manpower, and health professionals. Overall, coordination and planning are much improved, especially with regard to the ability of Selective Service to deliver inductees as required.

RAPID DEPLOYMENT FORCE SUPPORT REQUIREMENTS

MRA&L and PA&E are currently conducting a study of Rapid Deployment Force (RDF) support requirements and the adequacy of DoD programs to meet them. The specific objectives of the study are:

- o to focus on RDF capabilities for the Persian Gulf/Indian Ocean beyond those stated in the Consolidated Guidance;
- o to refine the initial estimates of RDF support requirements for the predetermined force specified in the CG;
- o to resolve aspects of RDF support planning that should be addressed in the updoming CG; and
- o to assess any near-term problems that would limit our ability to deploy and support an RDF in the Persian Gulf/Indian Ocean area.

To meet these objectives, working groups have been organized to examine the following functional areas: casualty replacements and medical support (MRA&L lead); engineer and service support (PA&E lead); munitions spares and prepositioning options (MRA&L lead); C^3I support (C^3I lead); and special equipment (MRA&L lead). New guidance outlining assumptions to be used has altered the original purpose of the study. Instead of refined estimates for a single pre-defined force, PA&E now requests estimates for a wide range of forces, threats, and deployment schedules.

In the casualty prediction/medical support area, a tentative set of planning factors has been computed. These data are in the hands of the Services, OJCS, and OASD(HA) for review. Following coordination and adjustment as necessary, tentative estimates of the hospital structure implied by the medical workload will be developed for selected scenarios. These structures will be compared with the programmed structure to assess risks and shortfalls.

The Services have furnished data relating to projected demands for ammunition and spares for a near-term RDF and for two potential forces (baseline and expanded) in the 1986 time-frame. Current and projected 1986 inventories are being examined to assess the shortfalls between demand and supply. In determining the availability of munitions to support RDF demands, alternative levels of support for NATO and Korea are being examined.

Once a decision is made to narrow the range of threats and forces being considered to a small number of specific options, the following will be needed:

- o refine our tentative estimates of the medical structure;
- o compute personnel replacement requirements;
- o compute the logistical support structure needed to sustain our estimated hospital structure;

- compute the aircraft, kits and crews needed to evacuate projected casualties;
- refine estimates of demand for and availability of munitions and spares;
- develop procurement profiles required for full support of RDF contingencies with ammunition and spares.

This information will be used to evaluate the adequacy of the program to support the RDF, with special emphasis on the risks implied by drawing down NATO assets to support RDF requirements.

MATERIEL READINESS AND SUSTAINABILITY

Combat capability is a combination of four elements -- force levels, modernization, readiness, and sustainability -- and the balancing of resources among these four is a common theme in much of MRA&L's activity. As we have learned that strategic warning times were shorter than the lead time required to improve materiel readiness, it has become necessary to shift resources to readiness to provide an adequate immediate capability. Improved materiel readiness is achieved by increasing procurement of spares, war reserve munitions, POL and consumables, and by increasing depot and unit maintenance levels. In the last few years, we have begun a substantial shift of emphasis in these readiness areas.

The allocation problem is complicated because of uneven quality and lack of consistency in the Services' abilities to project combat sustainability requirements for equipment replacements, munitions and casualty replacements. OSD, and MRA&L in particular, have been heavily involved in working with the Services to improve the quality of their combat requirements analysis and reporting.

The risks involved in this effort are substantial. Under-estimation and under-resourcing of requirements could lead to too few combat and replacement forces, with too little ammunition, too few weapons and vehicles, and insufficient medical support. Over-estimation of requirements could conceivably divert resources into larger-than-necessary stockpiles and storage facilities. Accurate measurement of readiness allows us to identify manning, training, maintenance, and equipment shortfalls, and direct resources where they will produce the best results.

MRA&L has taken the lead in the development of a Logistics Resource Annex (LRA) which we hope to have implemented for the FY 84-88 POM. The LRA will assist in improving our visibility of the resources applied to improve materiel readiness, by displaying logistics resources, by function and by selected weapon system, at all relevant organizational levels.

Host Nation Support

We have initiatives underway that will permit us to deliver more reinforcing U.S. combat units to NATO Europe more rapidly. This more rapid buildup in U.S. combat force structure in NATO Europe translates into an increased early requirement for various types of support capability (e.g., transportation, maintenance, munitions handling, engineers).

In order to limit wartime requirements for U.S. support personnel and facilities, and to concentrate our investment resources in combat structure, modernization and readiness, we are aggressively pursuing agreements with our allies which will place as much as possible of the support burden on these governments. We expect that as many as 200,000 U.S. support space equivalents in a NATO contingency can be provided from Host Nation resources. Of this potential about half has been arranged; the remainder is the subject of ongoing negotiations with Germany, the Benelux countries and the UK. Future negotiations will also include Northern and Southern flank allies.

It is important to realize that most of this Host Nation Support will cover a projected support deficiency -- that is, an early wartime support requirement we could not now satisfy. Thus, the benefits will not be in the form of reduced U.S. support structure, but rather in terms of our actually being able to provide adequate logistics support to the U.S. combat units we plan to deploy to reinforce NATO Europe.

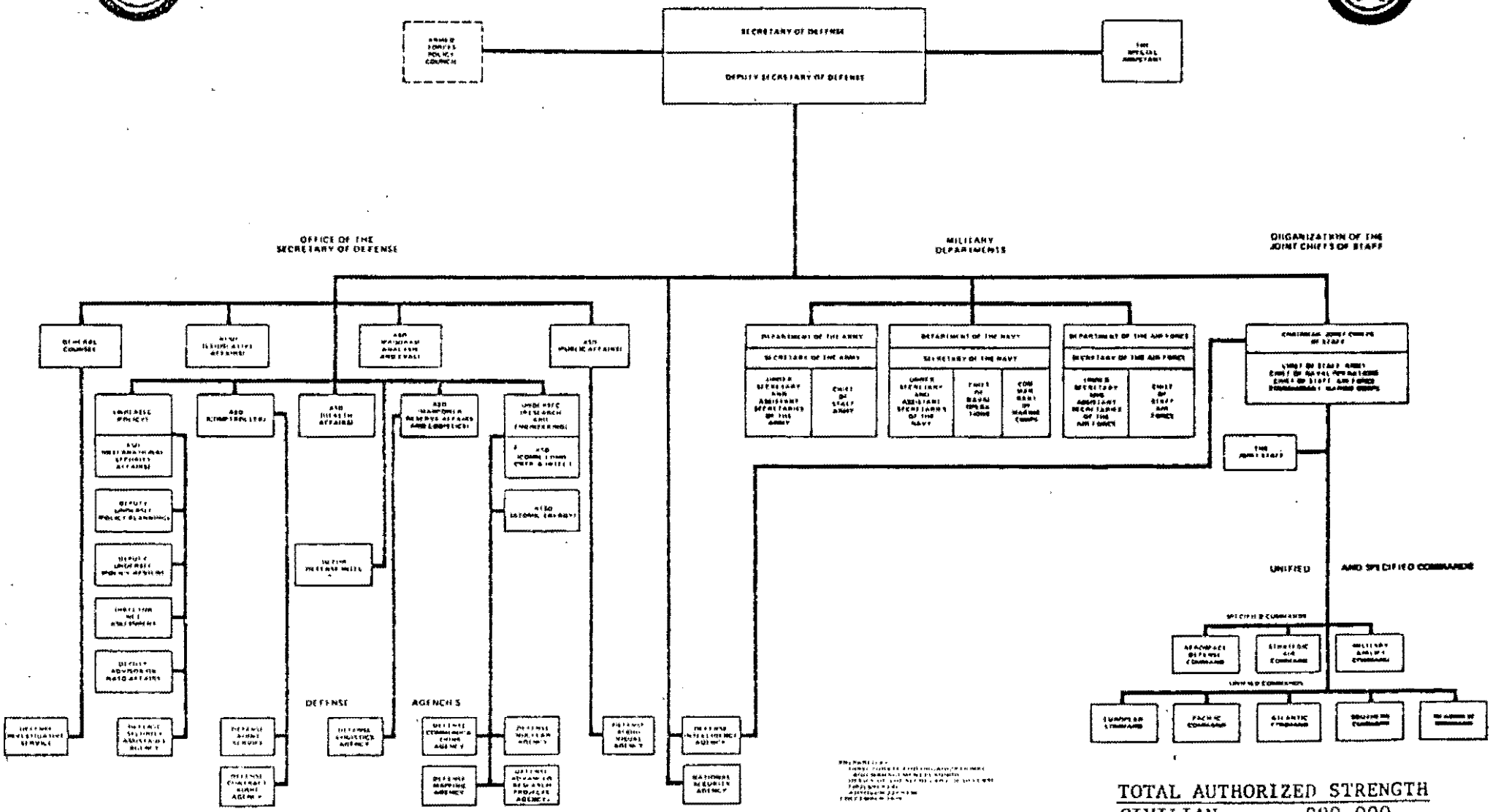
HNS agreements are also in place with Japan and Korea, and we have begun to identify requirements in the Rapid Deployment Force in the Middle East. While HNS agreements do not save funds, they do allow us to concentrate our resources on direct combat assets and allow our allies to assume a greater burden of the support of these forces, thus allowing a substantially better military force balance to deter conflict.

THE SPECIAL ASSISTANT'S OFFICE

The attached documents were provided to the Carter-Reagan Transition Team. The documents have been reviewed and any information which would constitute a clearly unwarranted invasion of personal privacy of the individual members of the Special Assistant's Office has been deleted under the provisions of 5 U.S.C. 552(b)(6).

The Initial Denial Authority is Colonel Carl N. Beer, Executive Assistant to the Special Assistant.

DEPARTMENT OF DEFENSE



TOTAL AUTHORIZED STRENGTH	
CIVILIAN	990,000
MILITARY	2,059,000
TOTAL	3,049,000

IMMEDIATE OFFICE OF THE SECRETARY OF DEFENSE

THE SECRETARY OF DEFENSE SERVES AS THE PRINCIPAL ASSISTANT TO THE PRESIDENT ON ALL MATTERS RELATING TO THE DEPARTMENT OF DEFENSE. UNDER THE DIRECTION OF THE PRESIDENT AND SUBJECT TO THE PROVISIONS OF THE NATIONAL SECURITY ACT OF 1947, AS AMENDED, THE SECRETARY EXERCISES DIRECTION, AUTHORITY, AND CONTROL OVER THE DEPARTMENT OF DEFENSE.

THE DEPUTY SECRETARY OF DEFENSE ASSISTS IN THE ADMINISTRATION OF THE DEPARTMENT. THE DEPUTY IS DELEGATED FULL POWER AND AUTHORITY TO ACT FOR THE SECRETARY OF DEFENSE AND TO EXERCISE ALL POWERS OF THE SECRETARY AUTHORIZED BY LAW.

THE ARMED FORCES POLICY COUNCIL ADVISES THE SECRETARY OF DEFENSE ON MATTERS OF BROAD POLICY RELATING TO THE ARMED FORCES AS WELL AS SUCH OTHER MATTERS AS THE SECRETARY MAY DIRECT. THE MEMBERS REPORT REGULARLY TO THE COUNCIL ON MATTERS OF INTEREST TO THE DEPARTMENT OF DEFENSE.

THE SPECIAL ASSISTANT TO THE SECRETARY AND DEPUTY SECRETARY OF DEFENSE SERVES AS THE POINT OF CONTACT BETWEEN THE WHITE HOUSE STAFF AND ALL ELEMENTS OF THE DOD, SERVES AS EXECUTIVE SECRETARY TO THE ARMED FORCES POLICY COUNCIL, AND PROVIDES COUNSEL AND ASSISTANCE TO THE SECRETARY AND DEPUTY SECRETARY ON ANY MATTERS THEY DESIRE, BOTH WITHIN AND OUTSIDE OF THE DEPARTMENT.

SECRETARY OF DEFENSE
HAROLD BROWN, EX-I
CIV 7 MIL 2

DEPUTY SECRETARY OF DEFENSE
W. GRAHAM CLAYTOR, EX-II
CIV 5 MIL 2

ARMED FORCES POLICY COUNCIL

HAROLD BROWN	EX-I	SECDEF (CHMN)
W. GRAHAM CLAYTOR	EX-II	DEPSECDEF
CLIFFORD L. ALEXANDER	EX-II	SEC ARMY
EDWARD HIDALGO	EX-II	SEC NAVY
HANS M. MARK	EX-II	SEC AF
ROBERT W. KOMER	EX-III	U/S DEF (POLICY)
WILLIAM J. PERRY	EX-III	U/S DEF (R&E)
GEN DAVID C. JONES, USAF		CHMN, JCS
GEN EDWARD C. MEYER, USA		ARMY CoS
ADM THOMAS B. HAYWARD, USN		CNO
GEN LEW ALLEN, JR., USAF		AF CoS
GEN ROBERT H. BARROW, USMC		MC CMDT

OTHER OFFICIALS ARE INVITED BY THE SECDEF TO ATTEND COUNCIL MEETINGS AS HE DEEMS APPROPRIATE.

SPECIAL ASSISTANT TO THE SECRETARY AND DEPUTY SECRETARY OF DEFENSE
PETER B. HAMILTON, ES-6
CIV 15 MIL 9

TOTAL AUTHORIZED STRENGTH

CIVILIAN	27
MILITARY	13
TOTAL	40

The Special Assistant's Office

Title	Grade Level	Name
The Special Assistant to the Secretary and Deputy Secretary of Defense	Level 06	Peter B. Hamilton
Executive Assistant to The Special Assistant	COL, USAF	Carl N. Beer
Confidential Assistant to The Special Assistant	GS-12	M. Joyce Nesmith
Private Secretary to the Secretary of Defense	GS-09	Betty P. Grim

PETER B. HAMILTON

The Special Assistant

to the

Secretary and Deputy Secretary of Defense

Peter B. Hamilton was appointed The Special Assistant to the Secretary and Deputy Secretary of Defense on December 21, 1979.

Mr. Hamilton was born in Philadelphia, Pennsylvania, on October 22, 1946. He received an A.B. degree, magna cum laude, from Princeton University in 1968, and a J.D. degree from Yale Law School in 1971. While at law school, he was an Editor and Officer of the Yale Law Journal.

During 1979, Mr. Hamilton served first as the Deputy General Counsel of the Department of Health, Education & Welfare, and then as the Executive Assistant to the HEW Secretary. In 1977 and 1978, he was the General Counsel of the Department of the Air Force. Prior to that, he practiced law in the Washington, D.C., firm of Williams & Connolly.

Mr. Hamilton was comissioned as an Ensign in the U.S. Navy upon graduation from college. He served on active duty from 1971 to 1974 in the Office of the Assistant Secretary of Defense (Systems Analysis) and in the Office of the General Counsel of the Department of Defense.

BIOGRAPHY

COLONEL CARL N. BEER

Colonel Carl N. Beer is Executive Assistant to The Special Assistant to the Secretary and Deputy Secretary of Defense. He serves as the DOD point of contact with the White House for meeting various requirements of the President and Vice President. He exercises management responsibility on behalf of The Special Assistant and provides direct support to the Secretary and Deputy Secretary on a wide range of issues affecting DOD programs.

Colonel Beer was born on March 25, 1935 in Buckhannon, West Virginia and graduated from high school in Hagerstown, Maryland. He earned a Bachelor of Science degree in Industrial Engineering, magna cum laude, from the University of Oklahoma in 1962. He received his commission and pilot wings through the Air Force aviation cadet program. Colonel Beer is a distinguished graduate of the Industrial College of the Armed Forces.

His early assignments were with the Air Defense Command, flying fighter-interceptor aircraft. After completing his M.S. in engineering in 1965, under the auspices of the Air Force Institute of Technology, Colonel Beer was assigned to Clark Air Base in the Philippines as an aircraft maintenance officer. His primary efforts were devoted to establishing a base support capability for the early F-4/RF-4 squadrons in Southeast Asia.

In May 1967 Colonel Beer was assigned to Davis-Monthan Air Force Base, Arizona as an F-4 instructor pilot training aircrews for combat duty in Southeast Asia. In April 1968 he was assigned to the 8th Tactical Fighter Wing at Ubon Air Base in Thailand. During the next 12 months Colonel Beer flew 265 combat missions (69 over North Vietnam) and led a maintenance/munitions analysis team which was credited with improvements in the readiness posture.

In June 1969 Colonel Beer was assigned to the USAF Academy as an instructor in the Department of Mathematical Sciences. Two years later he was selected for PhD sponsorship by the Academy and enrolled as a full-time student at the University of Oklahoma. Completing his Doctorate in Operations Research in 18 months, Colonel Beer returned to the Academy, and was academically promoted to Associate Professor of Mathematics.

Current as of: 12 January 1981

During his assignment at the Air Force Academy, Colonel Beer presented several papers to international symposia, including the results of his work in Stochastic Programming to Oxford University in England. He also served as Deputy Department Head until August 1976 when he entered the Industrial College of the Armed Forces.

In June 1977 Colonel Beer was assigned as Chief of the Fighter Division, Assistant Chief of Staff, Studies and Analyses, Headquarters U. S. Air Force. While in this capacity he led numerous study efforts addressing general purpose and theater nuclear force structure, readiness issues, and employment concepts. In June 1979 Colonel Beer was assigned as Director for Theater Force Analyses, with management responsibility for seventy military and civilian analysts and senior technical advisors (four Divisions). In December 1979 Colonel Beer became Executive Assistant to The Special Assistant in the Immediate Office of the Secretary of Defense.

His military decorations include the Defense Superior Service Medal, the Legion of Merit, the Distinguished Flying Cross with one oak leaf cluster, the Meritorious Service Medal, the Air Medal with fourteen oak leaf clusters, and the Air Force Commendation Medal with one oak leaf cluster.

Colonel Beer is married [redacted]

He was promoted to the grade of Colonel on January 1, 1977 with date of rank September 18, 1975.

BIOGRAPHY

MISS M. JOYCE NESMITH

Joyce Nesmith is the Confidential Assistant to The Special Assistant to the Secretary and Deputy Secretary of Defense.

Miss Nesmith was born on September 3, 1945 in Evansville, Indiana and graduated from high school in Washington, D. C. in 1963. She attended The American University in Washington, D.C. until 1965.

Miss Nesmith began her career in the government with the Air Force Research and Technology Division at Bolling Air Force Base in 1965, where she worked in the Materiel Division and later for the Executive Officer to the Commander. In 1967 she accepted a position with the Office of Space Systems in the Office of the Secretary of the Air Force at the Pentagon. In addition to her secretarial duties she was assigned research and writing responsibilties.

From 1970 to 1973 Miss Nesmith provided administrative and secretarial support to various panels of the President's Science Advisory Committee. In 1973 she joined the staff of the Deputy to the Director of Central Intelligence for the Intelligence Community, where she continued developing her administrative skills.

In 1974 she was invited to join the staff of the President's Foreign Intelligence Advisory Board where she again provided research and administrative support. In late 1974 Miss Nesmith began working for the Assistant Secretary of the Air Force (Research and Development) until she was asked to support the Secretary of the Air Force in 1977.

In June 1979 Miss Nesmith became the Confidential Assistant to the Executive Assistant to the Secretary of Health, Education and Welfare, where she worked until joining the office of The Special Assistant in October 1979.

The Military Assistants' Office

Title	Grade Level	Name
Military Assistant to The Special Assistant	CAPT, USN	Andrew C.A. Jampoler
Military Assistant to The Special Assistant	LTC, USA	Grant S. Green, Jr.
Military Assistant to The Special Assistant	LTC, USAF	Jean E. Klick
White House Fellow/Staff Assistant to the Secretary of Defense	GS-15	Michael K. Korenko
Staff Assistant to the Secretary of Defense	GS-14	Fredric D. Woocher
Staff Assistant to The Special Assistant	GS-11	Susan E. Kaslow
Personnel Security Specialist	CMSgt	Paul B. Leidy
Administrative Services Specialist	GS-09	Carol A. Chaffin
Secretary/Stenographer	GS-08	Diane L. Hawks
Secretary/Stenographer	GS-07	Joyce A. Menefee

Biography
Captain Andrew C.A. Jampoler
United States Navy

Captain Jampoler is presently Military Assistant to The Special Assistant to the Secretary and Deputy Secretary of Defense.

Captain Jampoler was born in January, 1942 in Poland. He was raised in southern Connecticut, where he attended primary and secondary school in Darien. In 1962, Captain Jampoler graduated from Columbia College, in New York City, with an AB degree in American history. Following graduation, he was commissioned an Ensign and began flight training. He was designated a naval aviator in November, 1963.

During eighteen years of naval service, Captain Jampoler's career has included roughly equal periods of shore and sea duty.

Sea assignments have been with three land-based maritime patrol squadrons (44, 5 and 19) and included five and six month deployments throughout the North Atlantic, Mediterranean, Western Pacific and Indian Ocean. During 1974-1975 he was Operations and later Aircraft Maintenance Officer in Patrol Squadron Five, in Jacksonville, Florida. Captain Jampoler's last sea duty (1976-1978) was as Commanding Officer of Patrol Squadron Nineteen, homeported at Naval Air Station Moffett Field, California. He has well over 3,000 flight hours in P3 aircraft, and has been a designated Anti-submarine Warfare Mission Commander, patrol plane commander, instructor, and maintenance evaluation pilot. He is an FAA licensed commercial pilot, with single- and multi-engine and instrument ratings, and a type rating in the Lockheed "Electra" aircraft.

Shore and overseas assignments include a tour of duty as an NROTC instructor at his alma mater (1967-1969), one year on the Headquarters Military Assistance Command staff in Saigon (1969-1970) as a psychological operations officer, and two tours of Washington duty.

The first Washington tour (1970-1973) included two years of service in the Strategic Plans and Policy Division (OP-60) of the Navy staff as a plans officer, and a year and one-half on the personal staff of the Chief of Naval Operations as his Assistant Secretary for Joint Chiefs of Staff matters. The present tour began in mid-1978.

Captain Jampoler completed two years of graduate study at the School of International Affairs of Columbia University; award of the school's MIA degree is anticipated during 1980,

following completion of the School's foreign language requirement. He is the author of three articles in the Proceedings, the monthly journal of the U.S. Naval Institute.

Captain Jampoler was selected three years in advance of his contemporaries for promotion to the grade of Commander, and one year early for advancement to his present grade. (His date of rank as Captain is August 1, 1980.) He holds the Meritorious Service Medal, and a number of other awards and decorations.

He is married [redacted]

Biography
Lieutenant Colonel Grant S. Green, Jr.
United States Army

Lieutenant Colonel Grant S. Green, Jr., is Military Assistant to the Special Assistant to the Secretary and Deputy Secretary of Defense.

LTC Green was born June 16, 1938 in Seattle, Washington. The son of a career Army officer he attended numerous schools, graduating from high school in Fort Smith, Arkansas. He earned a Bachelor of Arts degree in Political Science from the University of Arkansas in 1961. As a Distinguished ROTC graduate, he was at the same time commissioned in the Infantry as a Second Lieutenant. LTC Green later earned a Masters Degree in Personnel Management from George Washington University. LTC Green is a distinguished graduate of the Army Command and General Staff College as well as a graduate of the Air War College.

His early assignments were to Infantry and aviation units in the 82nd Airborne Division, Fort Bragg, N.C., and the 25th Infantry Division, Schofield Barracks, Hawaii, where he served as a company commander in an Infantry Battalion. After further career schooling in 1965, LTC Green served a year in Vietnam with the 1st Air Cavalry Division where he was the air operations officer for the 1st Brigade.

In 1967, LTC Green was assigned as Commanding Officer of the 2nd Warrant Officer Candidate Company, Fort Wolters, Texas, where, for over a two-year period, he was responsibile for the military development of more than 2000 future Warrant Officer aviators. In 1969, LTC Green returned to Vietnam for a second tour where he commanded an assault helicopter company in the 101st Airborne Division (Airmobile). Following this, he was assigned to Headquarters, 1st Army at Fort Meade, Maryland where he had staff responsibility for all unit training in the First Army area. After attendance at the Army Command and General Staff College in 1971, he was assigned, first to the Army Military Personnel Center and then to the Office of the Deputy Chief of Staff for Personnel in the Pentagon. In these assignments, from 1972 to 1976, he was responsible for allocation of training spaces and determination of training requirements and programs for more than 90% of all Army personnel receiving training in Service schools and training centers.

From August 1976 until September 1977, LTC Green commanded the 2nd Aviation Battalion (Combat), 2nd Infantry Division, Republic of Korea. This assignment was followed by service as a member of the Army Chief of Staff directed Army Training Study after which LTC Green attended the Air War College at Maxwell AFB, Alabama.

His military awards and decorations include the Distinguished Flying Cross, Bronze Star Medal with oak leaf cluster, the Meritorious Service Medal with oak leaf cluster, the Air Medal with twelve oak leaf clusters, the Army Commendation Medal, the Combat Infantry Badge, Senior Army Aviator Wings and the Army parachute badge.

LTC Green is not married.

He was promoted to the grade of LTC on May 6, 1975. He is on the current list for promotion to full Colonel.

Biography
Lieutenant Colonel Jean E. Klick
United States Air Force

Lieutenant Colonel Jean E. Klick is presently Military Assistant to The Special Assistant to the Secretary and Deputy Secretary of Defense.

Lieutenant Colonel Klick was born January 15, 1943 in Chicago, Illinois. She was graduated from Willowbrook Community High School, Villa Park, Illinois, in 1960 and attended Purdue University where she received a Bachelor of Arts degree in 1964. In 1970 she earned a Master's degree in business administration from Stanford University. During the 1977-78 academic year, Lieutenant Colonel Klick was Research Associate in Military Sociology at the University of Chicago. She also graduated from Squadron Officer School in 1971 and from Air Command and Staff College in 1975.

During sixteen years of military service, Lieutenant Colonel Klick's career has included primary duties in Administration, personnel, politico-military affairs, and plans and programming.

Lieutenant Colonel Klick was commissioned in December 1964 after completing Officer Training School and designation as a distinguished graduate. Her first assignment was as Assistant Director, Base Administration, England AFB, Louisiana. In August 1966 she was reassigned to Headquarters, Ninth Air Force, Shaw AFB, South Carolina, as Chief of the Publishing Division in the Directorate of Administration. In August 1967 she became the second female Air Force officer assigned to Thailand where she served as Executive Officer of the 432nd Tactical Reconnaissance Wing at Udorn Royal Thai Air Force Base. After completion of her Air Force Institute of Technology tour at Stanford University in June 1970, Lieutenant Colonel Klick served as Chief of the Career Control Section, Consolidated Base Personnel Office, Homestead AFB, Florida, until July 1972 when she became Chief, Personnel Division, 2nd Weather Wing, Wiesbaden Air Base, Germany. She then became Chief, Assignment Control Division, Deputy Chief of Staff, Personnel, Headquarters, United States Air Forces in Europe, in June 1973. Upon graduation from Air Command and Staff College in June 1975, she was assigned to Deputy Chief of Staff, Personnel, Headquarters Strategic Air Command, as Staff Director, Women in the Air Force, and later as Chief, Personnel Plans Branch. Following her year as a University of Chicago Research Associate in 1978, Lieutenant Colonel Klick served as Deputy Military Assistant to the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, and Installations. She assumed her current duties in July 1979.

Her decorations and awards include the Meritorious Service Medal with two oak leaf clusters and the Air Force Commendation Medal with one oak leaf cluster.

Lieutenant Colonel Klick assumed her present grade on November 1, 1979.

Biography
Michael K. Korenko
White House Fellow

Michael K. Korenko, 35, was Materials Research Manager at the Westinghouse-Hanford Engineering Development Laboratory in Richland, Washington working with the Department of Energy prior to his selection as a White House Fellow. In that capacity he contributed to the development of advanced containment materials for breeder and fusion reactors. His current professional interests are focused on encouraging long term strategic planning and enhancing productivity in the government and private sectors.

A native of Garfield Heights, Ohio, he received a B.S. and an M.S. degree in Materials Sciences from Case-Western Reserve University and an Sc.D. from Massachusetts Institute of Technology. He then completed a NATO Postdoctoral Fellowship at Oxford University where he worked both on nuclear materials and on bio-medical research. Since 1974, Dr. Korenko has chaired three different national task groups which coordinated the fundamental research and alloy design activities of several laboratories across the country that were engaged in materials research for energy application. He has been awarded several patents and has recently received the Westinghouse-Hanford Invention of the Year Award.

His extracurricular activities have included teaching at the Joint Center for Graduate Study. He is married.

Michael K. Korenko

White House Fellow

Primary Duties

The White House Fellow's responsibilities and activities at the Department of Defense are divided into three broad categories: (1) direct staff assistance to the Secretary or The Special Assistant, (2) special projects, and (3) educational activities. Officially, the White House Fellow is Staff Assistant to the Secretary, however, the extent of direct utilization of the Fellow is at the discretion of the Secretary. The special projects of the current Fellow include re-industrialization of the defense commercial sector, demilitarization of useless or unstable chemical weapons, and an assessment of the potential of rapid solidification technology to extend the operational ranges of current defense hardware. The Fellow's educational activities involve attending speaker sessions or trips as scheduled by the Commission for White House Fellowships in the Office of Personnel Management. In addition, the program also includes briefing sessions by the executive officers within OSD and the Services and attendance of key meetings with the Secretary and the Deputy Secretary.

His current assignments have required interfacing with the Offices of the Comptroller, Manpower, Reserve Affairs and Logistics, and Research and Engineering, of OSD. The primary contacts external to OSD have been with the Office of Management and Budget, House Appropriations Committee, and the Joint Armed Services Committee.

FREDRIC D. WOOCHER

HOME ADDRESS: [redacted]

EDUCATION

STANFORD LAW SCHOOL
J.D., June 1978

Honors: Order of the Coif
Hilmer Oehlman, Jr., Award for Excellence in Legal Writing

Activities: President, Stanford Law Review (Vol. 30)
Note, Did Your Eyes Deceive You? Expert Psychological Testimony on the Unreliability of Eyewitness Identification, 29 Stan. L. Rev. 969 (May 1977)
Judicial Clerkship Committee
Law Students Civil Rights Research Council
National Lawyers Guild

STANFORD UNIVERSITY
Ph.D. in Psychology, June 1977 (Human Memory and Learning)

Honors: National Science Foundation Graduate Fellowship
Activities: Graduate Student Council

YALE UNIVERSITY
A.B. in Psychology, June 1972 (Minor in Statistics)

Honors: Phi Beta Kappa
Magna Cum Laude
Departmental Honors with Highest Distinction
Angier Prize for Outstanding Undergraduate Research Project
NSF Undergraduate Fellowship

Activities: Varsity Hockey (Mgr.)

EMPLOYMENT EXPERIENCE

1980-Present Department of Defense
Washington, D.C.

Staff Assistant to Secretary of Defense Harold Brown

1979-80 United States Supreme Court
Washington, D.C.

Law Clerk for Justice William J. Brennan, Jr.

1978-79	United States Court of Appeals for the D.C. Circuit Washington, D.C. Law Clerk for Judge David L. Bazelon
Summer 1977	Wilmer, Cutler & Pickering Washington, D.C. Summer Associate
Summer 1977	Manatt, Phelps, Rothenberg, Manley & Tunney Los Angeles, California Summer Associate
1973-77	Department of Psychology Stanford University Teaching Assistant and Lecturer: Taught an average of two undergraduate and graduate courses per year
1976-77	San Mateo County Private Defender Program Redwood City, California Legal Aid Intern: Client interviews, LPS motions, court appearances for Mental Health Unit, and preparation of briefs and motions for criminal cases.
1975-77	Santa Clara County Public Defender's Office San Jose, California Consultant: Expert witness and advisor on topic of eyewitness identification; gave invited presentation at California State Public Defenders Convention, San Francisco, California, April 1976.

PERSONAL DATA

Born: January 13, 1951 in New York, New York
Health:
Major Interests:

Biography
Susan E. Kaslow

Susan E. Kaslow presently is Staff Assistant to The Special Assistant. In this capacity, she serves as the DoD liaison to the White House on all personnel appointments to non-career positions and to special boards and study groups. Advises and makes recommendations to The Special Assistant on the disposition of these personnel requests. Meets with prospective candidates for positions in DoD to determine their qualifications and expectations and arranges interviews with the appropriate officials. Handles all requests for outside DoD support.

Miss Kaslow was born March 9, 1945 in New York, New York. She attended Harcum Jr. College in Bryn Mawr, Pennsylvania and the University of Maryland.

Miss Kaslow has been in her present position since October 1979. Prior government service includes: Confidential Assistant to the General Counsel of the Army from March 1977 to October 1979; Confidential Assistant to the General Counsel of the Privacy Protection Study Commission; Administrative Assistant in the Office of the Watergate Special Prosecution Force from June 1973 to October 1975; various positions in the Department of Justice from January 1972 to June 1973; Administrative Assistant in the Military Personnel Office, Defense Intelligence Agency from May 1967 to January 1972; and assistant in the Plans & Policy Directorate, Joint Chiefs of Staff.

During her career in the government, Miss Kaslow has received numerous awards.

Posture Statement/Speeches Office

Title	Grade Level	Name
Assistant to the Secretary of Defense	SES-01	Albert C. Pierce
Military Assistant	LTC, USA	Howard W. Randall
Military Assistant	MAJ, USAF	Robert J. Boots
Secretary	GS-08	Karen J. Kealey
Secretary	GS-07	Ann H. Cornett

BIOGRAPHY

ALBERT C. PIERCE

Since February 1980, Dr. Albert C. Pierce has served as Assistant to the Secretary of Defense. His principal responsibilities include preparation of speeches, policy statements, and Congressional testimony on the full range of national security issues for the Secretary of Defense and for the Deputy Secretary. He is the principal drafter of the Secretary's Annual Report to the Congress.

Dr. Pierce spent two years with the U.S. Arms Control and Disarmament Agency, where his area of special expertise was strategic arms limitation, in particular the SALT II Treaty. During his time at ACDA, he served as Assistant to the Counselor and later as Special Assistant in the Office of the Director.

Before entering federal service, Dr. Pierce was a Research Associate and Assistant to the President of the University of Massachusetts. From 1973 to 1975, he was a consultant to Cambridge Survey Research, Inc. and to the John F. Kennedy Library, Inc. He was also affiliated with the Institute of Politics at Harvard University, where he conducted several study groups.

A cum laude graduate of the Catholic University of America in Washington, D.C., Pierce holds a doctorate in political science from Tufts University. While a graduate student there, he was a Research Fellow, a National Science Foundation Fellow, and a Teaching Fellow in international relations.

Born in Philadelphia,

BIOGRAPHY

LIEUTENANT COLONEL HOWARD W. RANDALL

Lieutenant Colonel Howard W. Randall, recently selected for promotion to Colonel, is currently assigned as a Military Assistant in the Office of The Special Assistant to the Secretary and Deputy Secretary of Defense. Prior to his assignment as a Military Assistant, he was assigned as a Program Analyst in the Program Analysis and Evaluation Directorate, Office of the Army Chief of Staff.

Following graduation from West Point in 1961, he attended infantry, ranger and airborne training at Fort Benning, Georgia. His first assignment was in the 25th Infantry Division in Hawaii. In 1963, he attended the Special Warfare School at Fort Bragg, North Carolina, and learned Vietnamese at the Defense Language Institute. While serving as an Advisor to the Vietnamese Rangers in 1964, he was wounded and evacuated back to the United States.

Lieutenant Colonel Randall then served as a Company Commander and later as Aide-De-Camp to the Commanding General at Fort Ord, California. In 1967, he returned to South Vietnam where he initially served in the 1st Infantry Division and subsequently in the II Field Force Long Range Patrol Company.

From 1970 to 1973 he was assigned to the Army Staff at the Pentagon in the Office of the Assistant Chief of Staff for Force Development. His next assignment was to Germany in the 8th Mechanized Infantry Division where from 1974 to 1978 he was a Battalion Executive Officer, Brigade Executive Officer, Battalion Commander, and the Division G-3.

Lieutenant Colonel Randall holds a B.S. degree from West Point and an MBA (ORSA) from Tulane University. He has graduated from the Armor Officers Career Course, the Armed Forces Staff College, and the Army War College. His military decorations include three bronze star medals, three meritorious service medals, nine air medals, two Army commendation medals, the purple heart medal, and the Combat Infantryman Badge.

Lieutenant Colonel Randall is married [redacted]

BIOGRAPHY

MAJOR ROBERT J. BOOTS

Major Robert J. Boots, recently selected for promotion to Lieutenant Colonel, is currently assigned as a Military Assistant in the Office of the Special Assistant to the Secretary and Deputy Secretary of Defense. As a Military Assistant, Major Boots provides assistance on Service related issues, preparation of speeches and testimony, and drafting of the Secretary's Annual Report to Congress.

Prior to his assignment as a Military Assistant, Major Boots was assigned as a Strategy and Planning Officer in the Directorate of Plans, Headquarters US Air Force from July 1979 to July 1980.

Major Boots was appointed to the USAF Academy in 1964 and graduated with the Class of 1968. He attended Pilot Training at Vance AFB, Oklahoma and was awarded his wings in August, 1969. He was subsequently assigned to Southeast Asia in the 460th Tactical Reconnaissance Wing where he flew 212 combat missions between 1969 and 1970.

In 1970 he was assigned to the 20th Military Airlift Squadron at Dover AFB, Delaware flying the C-141 as an instructor pilot and flight examiner. In 1972 Major Boots was selected as Aide and Executive Officer to the Commander of 21st Air Force at McGuire AFB, New Jersey.

In 1975 Major Boots was assigned to Headquarters Military Airlift Command as an Aircrew Standardization and Evaluation Flight Examiner. He also served as pilot for the Commander-in-Chief of the Military Airlift Command at Scott AFB, Illinois.

In 1978 Major Boots entered the Air Command and Staff College at Maxwell AFB, Alabama and graduated as a Distinguished Graduate in June 1979.

Major Boots holds a B.S. degree in Mathematics from the USAF Academy and an MBA from Webster College. He is a Senior Pilot with over 4000 hours flying time. He is also a qualified parachuist. His military decorations include: the Distinguished Flying Cross, the Air Medal, and the Meritorious Service Medal.

Major Boots is married

Protocol Office

Title	Grade Level	Name
Protocol Officer for the Secretary of Defense	LTC, USAF	Richard J. Tiplady
Officer in Charge/Secretary of Defense Mess	CWO3, USA	William P. Raines
Administrative Assistant	GS-08	Eugenie M. Daugherty
Secretary/Stenographer	GS-07	Greta A. Lomas

BIOGRAPHY

LIEUTENANT COLONEL RICHARD J. TIPLADY

Lieutenant Colonel Richard J. Tiplady is Protocol Officer to the Secretary of Defense.

Lieutenant Colonel Richard J. Tiplady was born on September 8, 1940, in Ann Arbor, Michigan. In June of 1964, he graduated from the United States Military Academy and was commissioned as a Second Lieutenant in the United States Air Force. He is a graduate of Squadron Officers School, Maxwell Air Force Base, Alabama, 1969; Armed Forces Staff College, Norfolk, Virginia, 1972; Industrial College of the Armed Forces, 1979; and Central Michigan University (MBA), 1980.

Lieutenant Colonel Tiplady was initially assigned as a Management Engineering Officer at Lowery Air Force Base, Colorado (1964). From December 1965 through June 1967, he served as a Management Engineer, DCS/Plans, Hq Military Airlift Command, Scott Air Force Base, Illinois. From July 1967 to January 1970, Lieutenant Colonel Tiplady served as Administrative Assistant, Office of the Chief of Staff, Hq MAC. In January 1970, he was selected as Deputy Director of the Secretariat, Hq MAC.

From January to December 1971, Lieutenant Colonel Tiplady served as Chief of the Administrative Division and later as Executive Officer, Office of the Inspector General, Hq 7th Air Force. Following six months at Armed Forces Staff College, he was assigned to the Pentagon as Executive Officer to the Director, Doctrine, Concepts and Objectives, DCS/Plans and Operations, Hq USAF.

In 1974, Lieutenant Colonel Tiplady was selected as Deputy Executive Assistant to the Under Secretary of the Air Force. He served as Executive Military Assistant to the Under Secretary during the 1977 transition period and entered the Industrial College of the Armed Forces (ICAF), in 1978. Lieutenant Colonel Tiplady assumed his current position upon graduation from ICAF in 1979.

His military decorations include the award of the Bronze Star and the Meritorious Service Medal with Oakleaf Cluster.

Lieutenant Colonel Tiplady is married.

(Current as of 13 Nov 1980)

BIOGRAPHY

CHIEF WARRANT OFFICER 3 WILLIAM P. RAINES
UNITED STATES ARMY

Mr. Raines is Officer in Charge of the Secretary of Defense Mess.

Mr. Raines was born on July 2, 1945, in Paw Paw, Kentucky. He attended public schools in Hurley, Virginia. Mr. Raines is a graduate of the Lewis Hotel and Restaurant Management School and the Army Club Management School. In 1975, Mr. Raines graduated from Upper Iowa University in Fayette, Iowa, with a BA in Public Administration. Mr. Raines is currently working towards completion of an MBA in Business Management from Central Michigan University. Award of the degree is expected in July 1981.

Mr. Raines has eighteen years of Service, with three overseas tours.

Overseas assignments have been with the 7th Infantry Division in Korea (1962-63); the 24th Corps Headquarters in Vietnam as Food Advisor (1969-70); and with USAEUR and 7th Army at Garmisch, Germany, as the Director, Hotel Operations and Training, for the largest non-appropriated fund in the Department of Defense (1975-78).

Mr. Raines' first Washington tour was at Ft. Myer, Virginia, as a Food Service Shift Leader (1963-64), and later to the Secretary of the Army Mess in the Pentagon (1964-68). From 1972-1975, Mr. Raines was assigned once again to the Office, Secretary of the Army as the Officer in Charge of the Secretary of the Army Mess. After completion of his latest overseas tour in 1978, Mr. Raines was assigned as the Officer in Charge of the Secretary of Defense Mess.

Mr. Raines was selected two years in advance of his contemporaries for promotion to Chief Warrant Officer W-4. He holds the Bronze Star Medal, three Meritorious Service Medals, and the Army Commendation Medal. He also has a number of other awards and decorations.

Mr. Raines is married

Security Office

Title	Grade Level	Name
Assistant for Personal Security	GS-15	Joseph E. Zaice
Assistant for Personal Security	GS-11	William R. Brown

BIOGRAPHY

JOSEPH E. ZAICE

Joseph E. Zaice became Assistant (Personal Security) to the Secretary of Defense in July 1969. He has served in this capacity for the last six (6) Secretaries of Defense.

Born in Elmsford, New York on 25 June 1928. He received a B.S. degree in 1952 from Seton Hall University and an M.S. degree in 1962 from Washington State University. He was graduated from the U.S. Army Command and General Staff School, Ft Leavenworth, Kansas in 1965.

Mr Zaice has served over 24 years in the United States Army with assignments in the Military Police Corps which included Commanding Officer of Military Police Detachments; Instructor at Military Police Schools and Commanding Officer of Criminal Investigations Branches.

Mr Zaice began his association with the Office of the Secretary of Defense in May 1968 while still on active duty on the Department of Army Staff. During that same summer he supervised U.S. Army CID Agents in support of the U.S. Secret Service at both the Republican and Democratic Presidential Conventions.

In 1969, Mr Zaice was assigned on active duty to the personal staff of the incumbent Secretary of Defense until retirement from the U.S. Army in 1970. Thereupon he was employed in a civilian capacity and administratively assigned to the Office of The Special Assistant to the Secretary of Defense.

As Assistant (Personal Security) to the Secretary of Defense he has travelled throughout the United States and around the world with the current and former U.S. Secretaries of Defense for the past 11 years. Employed initially in a Personal Security role, duties were amended to include complete travel arrangements for the Secretary of Defense and his party, protocol activities, newsmedia relationships and liaison with governmental (U.S. and Foreign) leaders and ranking leaders of the military industrial complex. He has established liaison with Municipal, State and Federal Police Agencies during the Secretary's personal appearances throughout the world.

Married

BIOGRAPHY

WILLIAM R. BROWN

William R. Brown is the Staff Assistant to the Assistant (Personal Security) to the Secretary of Defense.

Mr Brown was born in Uniontown, Kentucky on 23 November 1935 and graduated from Mater Dei High School in Evansville, Indiana in June 1954.

Mr Brown enlisted in the United States Air Force in September 1954. After basic training he was assigned to the Air Defense Command with duty station in Duluth, Minnesota; Goose Bay, Labrador; Stewart AFB, New York; Duluth, Minnesota and The Pentagon, Washington, D.C.

Duties from 1954 thru 1963 were of administrative nature. In 1963 became the Acting Base Sergeant Major of the 343rd Fighter Group in Duluth, Minnesota. These duties involved supervising the overall administrative functions of the base which included Classified Control; mail deliveries; records management; publications; and the duplicating facilities.

From January 1967 thru August 1969 was assigned to the State-Defense Study Group in the Pentagon, Washington, D.C. Duties involved research and administration for approximately 40 professionals which included both civilians & military assigned to the Study Group to conduct longerange studies in conjuction with the National Security Council.

In September 1969 Mr Brown was assigned to the Office of the Secretary of Defense Security Division.

Upon retiring from the United States Air Force in September 1974, Mr Brown became the Staff Assistant to the Assistant (Per Sec) to the Secretary of Defense.

DEPARTMENT OF DEFENSE
DIRECTIVES SYSTEM TRANSMITTAL

NUMBER	DISTRIBUTION
1315.13, Ch 3 (REPRINT) (Supersedes Ch 2, 9/3/74) December 30, 1975	1300 series

ATTACHMENTS

REPRINT of DoD Directive 1315.13, 2/4/70

INSTRUCTIONS FOR RECIPIENTS

REPRINT

The attached REPRINT of DoD Directive 1315.13, "Assignment of Military Personnel to the Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff, and the Defense Agencies," dated February 4, 1970, incorporates authorized changes to pages 2, 3, 5 and 6, which are indicated by marginal asterisks.

The REPRINTED Directive should be substituted for copies of DoD Directive 1315.13 previously distributed.

EFFECTIVE DATE AND IMPLEMENTATION

This Change is effective immediately. Two copies of revised implementing regulations shall be forwarded to the Assistant Secretary of Defense (Comptroller) within 60 days.

Maurice W. Roche

MAURICE W. ROCHE, Director
Correspondence and Directives
OASD(Comptroller)

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

SD FORM 1 MAR 62 106-1 PREVIOUS EDITIONS ARE OBSOLETE

(REPRINT WITH CHANGES
THROUGH 12/30/75 INCORPORATED)

February 4, 1970#
NUMBER 1315.13

ASD(C)

Department of Defense Directive

SUBJECT ~~Assignment of Military Personnel to the Office of the Secretary of Defense, Organization of the Joint Chiefs of Staff and the Defense Agencies~~

References: (a) DoD Directive 1100.8, "Assignment of Military and Civilian Personnel to the Office of the Secretary of Defense," April 28, 1961 (hereby cancelled)

(b) DoD Instruction 1320.4, "Military Officer Actions Requiring Presidential, Congressional, or Secretary of Defense Approval," May 29, 1968

(c) DoD Directive 1100.9, "Military-Civilian Staffing of Management Positions in the Support Activities," September 8, 1971

(d) DoD Directive 5158.1, "Organization of the Joint Chiefs of Staff and Relationships with the Office of the Secretary of Defense," December 31, 1958

I. REISSUANCE AND PURPOSE

This Directive reissues reference (a) to update policies governing the assignment of military personnel to the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, and the Defense Agencies, and provides all DoD components with uniform procedures to be followed in filling military billets established under DoD Directive 1100.9 (reference (c)). Reference (a) is hereby superseded and cancelled.

II. APPLICABILITY

The provisions of this Directive apply to all components of the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Defense Agencies ~~(excluding the National Security Agency)~~, and the Military Departments.

#Second amendment (Ch 2 (Reprint), 9/3/74)

3

III. POLICY

A. All positions in the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, and the Defense Agencies will be evaluated under the provisions of DoD Directive 1100.9 (reference (c)) and a determination made of positions to be filled by military personnel.

B. Positions designated as military will be filled so as to represent the Military Services equitably, providing such distribution is in accord with the resources of the Services and/or in accordance with approved manning documents. When appropriate, the occupancy of positions will be rotated among the Military Services.

C. The normal tour of duty for military personnel assigned in accordance with this Directive will be three years, unless otherwise specified or arranged with the Military Services. Extensions should be approved when they are consistent with Military Service requirements and/or career progression of the military personnel concerned, and are not in conflict with statutory limitations.

D. Military personnel may be released prior to completion of a normal or extended tour of duty provided the concurrence of the Chairman of the Joint Chiefs of Staff, a principal staff assistant to the Secretary of Defense (Director, Defense Research and Engineering, Assistant Secretaries of Defense, and Assistants to the Secretary of Defense), or the Director of the Defense Agency concerned has been obtained. Requests from the Military Services for reasons of operational necessity should be approved provided a timely replacement action is taken.

* E. When a general/flag officer is assigned duties as a Deputy Assistant Secretary of Defense, his authority is limited in that he will not act for or perform the functions of the Assistant Secretary. *

IV. DELEGATION OF AUTHORITY

When appropriate, each official may delegate the functions outlined in subsections VI.A. and B. of this Directive, to the extent necessary, to appropriate officials within the organization for which they are responsible.

#First amendment (Ch 3 (Reprint), 12/30/75)

4

RESPONSIBILITIES

A. The Chairman of the Joint Chiefs of Staff, the Deputy Assistant Secretary of Defense (Administration) for the Office of the Secretary of Defense, and the Directors of Defense Agencies utilizing military personnel are responsible for implementing the policies and procedures outlined in this Directive.

B. The Deputy Assistant Secretary of Defense (Administration) is responsible for accomplishing all matters affecting the assignment, reassignment, and release of military personnel to and from the Office of the Secretary of Defense.

C. The Secretaries of the Military Departments are responsible for nominating and/or assigning military personnel within the prescribed suspense dates and assuring that special qualifications (i.e., security, education, and experience requirements) reflected on personnel requisitions are met.

VI. PROCEDURES

A. Functional Charts, Organizational Charts, Staffing Plans and Positions Descriptions

1. Principal Staff assistants to the Secretary of Defense will prepare and approve information required for organization charts, function charts, and staffing plans, based on approved authorizations for their respective organizations.

a. Each position will be identified as military or civilian.

b. Completed military position descriptions (SD Form 37) will be submitted to the Deputy Assistant Secretary of Defense (Administration), Attn: Military Personnel Division, in support of staffing plans when the title or content of a position is revised.

c. Military personnel requirements will be submitted to the Deputy Assistant Secretary of Defense (Administration), Attn: Military Personnel Division, on SD Form 37, "Request for Nominations of Military Personnel." Except in unusual circumstances, nominations will be requested from only one Military Service for each requirement. The SD Form 37 for positions of Deputy Assistant Secretary of Defense must contain the comment that the incumbent will not act for or perform the functions of the Assistant Secretary.

#Second amendment (Ch 3 (Reprint), 12/30/75)

5

d. Organization charts, function charts, staffing plans, and position descriptions will be subjected to continuing review and updated as changes occur.

e. Changes in organization charts, function charts, staffing plans, and position descriptions will be provided the Deputy Assistant Secretary of Defense (Administration) as they occur or upon his request.

2. The Chairman of the Joint Chiefs of Staff and Directors of Defense Agencies (with the exception of NSA/CSS) will:

a. Prepare and approve information required for organization charts, function charts, and staffing plans, based on approved authorizations for their respective organizations.

b. Identify each position as military or civilian.

c. Support the staffing plan with appropriate position descriptions or definitive statements of military personnel requirements.

d. Conduct a continuing review of organization charts, function charts, staffing plans, and position descriptions, updating them as changes occur.

e. Provide organization charts, function charts, and staffing plans to the Deputy Assistant Secretary of Defense (Administration) as changes occur and upon his request.

3. The Director of the National Security Agency/Central Security Service (NSA/CSS) will, through close working relationships with the Military Departments, provide for manpower documentation and review, to include the following:

a. Provide organizational manual, chart, organization titles and designators to Services on a limited distribution basis and make available complete NSA/CSS Table of Distribution for review as required, through Service Cryptologic Agencies (SCA) liaison offices and the office of NSA/CSS Representative in the Pentagon.

b. Provide detailed military requirements to SCAs/Services by Service, grade, skill and organizational assignment, and provide additional supportive descriptions of all officer and top three enlisted manpower requirements.

c. Provide organizational charts to office-level identifying key billets as to civilian/military and grade.

d. Provide periodic feedback of billet incumbency information to facilitate manning procedures and conduct annual review of key billet assignments in coordination with Senior Service Representatives and SCA Chiefs.

e. Conduct periodic review and coordination, at appropriate level, of manpower resource program adjustments and resultant impacts on personnel manning plans, referring any unresolved issues growing out of these reviews to OSD for decision.

4. The Chairman of the Joint Chiefs of Staff, Directors of Defense Agencies, and the Deputy Assistant Secretary of Defense (Administration) for the Office of the Secretary of Defense will provide each of the Military Services their current organization charts, function charts, staffing plans, and military position descriptions.

#First amendment (Ch 2(Reprint), 9/3/74)

2.

5. The Secretaries of the Military Departments will incorporate positions designated "Military" under provisions of this Directive into their manpower and personnel systems.

B. Filling of Positions

1. The Chairman of the Joint Chiefs of Staff, Deputy Assistant Secretary of Defense (Administration) for the Office of the Secretary of Defense, and the Directors of Defense Agencies (with the exception of NSA/CSS and
* those positions addressed in paragraph VI.B.4.) will * submit personnel requisitions and a copy of the applicable military position description to the appropriate Military Service, through personnel channels, approximately nine (9) months in advance of the scheduled rotation date. The personnel requisition will indicate all special qualifications, including level of security clearance or special access requirements for the billet. New or additional personnel requirements will be for-
* warded to the Military Service when approved. Requisi- *
* tions for positions addressed in paragraph VI.B.4. will *
* be submitted after clearance is obtained from The Special *
* Assistant to the Secretary and Deputy Secretary of *
* Defense. *

2. When filling positions designated as "Nominative," by the Chairman of the Joint Chiefs of Staff, Deputy Assistant Secretary of Defense (Administration) for the Office of the Secretary of Defense, and the Directors of Defense Agencies (with the exception of NSA/CSS), the Secretaries of the Military Departments will provide qualification records or brief digest of the military history and performance of the nominee to the requisitioning personnel office for acceptability determination at least one hundred twenty (120) days prior to the proposed reporting date. Qualification records of individuals being assigned without prior nomination will be provided at the time the assignment is made.

3. The Chairman of the Joint Chiefs of Staff, Principal Staff Assistants to the Secretary of Defense and the Directors of Defense Agencies (with the exception of NSA/CSS and
* those positions addressed in paragraph VI.B.4.), as * appropriate, will determine the acceptability of military personnel and advise the nominating Military Service through prescribed personnel channels within fifteen (15) days of receipt of the qualification records.

4. The Secretary and Deputy Secretary of Defense and The Special Assistant thereto must be kept informed of projected vacancies which by their nature have a policy making impact on the Department of Defense. This broad definition includes as a minimum positions that are the equivalent of a Deputy Assistant Secretary of Defense. The following procedures apply:

#Second amendment (Ch 3 (Reprint), 12/30/75)

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a. ~~The Special Assistant to the Secretary and Deputy Secretary of Defense will be advised of all projected vacancies prior to any actions formal or informal to fill the position.~~ Where the anticipated loss is on a programmed basis this notice should be in sufficient time so that the Military Departments can nominate and reassign in an orderly manner and avoid personnel turbulence.

b. ~~Recommendations~~ from the appropriate official regarding his suggested candidate/candidates to fill the position ~~should be provided to The Special Assistant to the Secretary and Deputy Secretary of Defense.~~ The Special Assistant will subsequently advise as to any interviewing of the candidate the Secretary and Deputy Secretary of Defense may desire to conduct.

c. ~~No commitment accepting any candidate will be made without prior clearance of The Special Assistant to the Secretary and Deputy Secretary of Defense who obtains the concurrence of the Secretary or Deputy Secretary of Defense.~~

5. The Military Services will conduct any security checks and investigations required to satisfy security requirements of each billet and will publish orders to effect the assignment of military personnel to the gaining organization.

C. Rotation and Release of Military Personnel. The Secretaries of the Military Departments will reassign military personnel for duty (or release from duty) upon receipt of appropriate notification from the Chairman of the Joint Chiefs of Staff, the Deputy Assistant Secretary of Defense (Administration), or the Director of the Defense Agency concerned.

D. General and Flag Officer Positions

1. Assignment actions involving general and flag officers which require the advice of the Joint Chiefs of Staff, specific approval of the Secretary of Defense and/or the President of the United States, with the concurrence by the United States Senate, will be processed in accordance with the provisions of DoD Instruction 1320.4 (reference (b)).

2. The Chairman of the Joint Chiefs of Staff, Principal Staff Assistants to the Secretary of Defense, and Directors of Defense Agencies, as appropriate, will:

   a. Evaluate the qualifications of the general or flag officers nominated by the Military Services. When feasible based upon availability an interview may be conducted with the nominees.

   b. Transmit actions recommended for approval, by memoranda, to the Secretary of Defense when Secretary of Defense approval is required.

3. Except where otherwise required by law, the assignment of officers to general and flag rank positions below the rank of lieutenant general and vice admiral will be made with the approval of the Chairman of the Joint Chiefs of Staff, a principal staff assistant to the Secretary of Defense, or the Director of the Defense Agency concerned, with the following provisions:

   a. Assignments to the positions of Director and

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#Second amendment (Ch 3 (Reprint), 12/30/75)

Principal Deputy of Defense Agencies will be subject to the concurrence of the Deputy Secretary of Defense. All other assignments to general and flag rank positions within Defense Agencies will be subject to the concurrence of the Deputy Assistant Secretary of Defense (Administration). *

b. Assignments to the Office of the Secretary of Defense will be subject to the concurrence of the Deputy Assistant Secretary of Defense (Administration) or higher authority. *

c. Assignments to the Organization of the Joint Chiefs of Staff will be approved by the Chairman of the Joint Chiefs of Staff in accordance with DoD Directive 5158.1 (reference (d)).

VII. EXCEPTIONS

The Chairman of the Joint Chiefs of Staff, the Deputy Assistant Secretary of Defense (Administration) for the Office of the Secretary of Defense, and the Director of the Defense Agency concerned, as appropriate, may approve exceptions to the staffing plan in instances when qualified individuals of the designated category or rank are not available to fill authorized positions. *

VIII. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Two (2) copies of implementing instructions will be forwarded to the Deputy Assistant Secretary of Defense (Administration) no later than 120 days from the date of this Directive. *

Deputy Secretary of Defense

#First amendment (Ch 2 (Reprint), 9/3/74)

9/01

DEPARTMENT OF DEFENSE
DIRECTIVES SYSTEM TRANSMITTAL

NUMBER	DATE	DISTRIBUTION
1442.4 - Ch 1 (Reprint)	July 2, 1969	1400 series

ATTACHMENTS

Reprint of DoD Directive 1442.4, January 11, 1965

INSTRUCTIONS FOR RECIPIENTS

The attached reprint of DoD Directive 1442.4, "Procurement of Temporary and Intermittent Services of Experts and Consultants," dated January 11, 1965, incorporates authorized changes to reference (b) and IV. C. 2., which are indicated by marginal asterisks. The reprint should be substituted for copies of the directive originally distributed.

The title "Assistant Secretary of Defense (Manpower)" appearing in V. (page 4) has been changed to read "Assistant Secretary of Defense (Manpower and Reserve Affairs)".

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Two (2) copies of implementing instructions shall be forwarded to Assistant Secretary of Defense (Manpower and Reserve Affairs) within sixty (60) days.

Maurice W. Roche

MAURICE W. ROCHE
Director, Correspondence and Directives Division
OASD(Administration)

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

SD FORM 1 MAR 68 106-1 PREVIOUS EDITIONS ARE OBSOLETE

(REPRINT with changes through 7/2/69 incorporated)

January 11, 1965 #
NUMBER 1442.4

ASD(M)

Department of Defense Directive

SUBJECT ~~Procurement of Temporary and Intermittent Services of Experts and Consultants~~

Refs.: (a) DoD Directive 1442.4, subject as above, July 17, 1962 (hereby cancelled)
(b) DoD Directive 5500.7, "Standards of Conduct," August 8, 1967 *

I. PURPOSE

This Directive prescribes general regulations governing the employment of individual experts, consultants, and part-time advisory personnel in the Department of Defense, including the procurement of individual services by contract.

II. CANCELLATION

Reference (a) is hereby superseded and cancelled.

III. APPLICABILITY

This Directive is applicable to all components of the Department of Defense (military departments, Defense Agencies and the Office of the Secretary of Defense), hereinafter referred to as "DoD Components."

IV. GENERAL REGULATIONS

A. The clear purpose of the statutory authorities to employ consultants or experts and to procure the services of part-time advisers is to make available highly specialized services which normally could not be obtained through the employment of individuals in regular Classification Act positions. The employment of individuals under these authorities will therefore be limited to those instances in which the desired services cannot be performed by present employees and cannot be obtained through use of normal civil service procedures. Nor will these authorities

#First amendment (Ch 1, July 2, 1969)

be used to effect an appointment when the job requires employment of an individual on a fulltime, continuing basis.

B. Authority to procure services under these statutory authorities may be exercised by the respective heads of DoD Components under this Directive and under any agreement entered into between the Department of Defense and the Civil Service Commission and may, except as otherwise provided herein, be redelegated subject to appropriate internal controls. Where authority has previously been delegated to subordinate officials and such delegation is not in conflict with these regulations, no redelegation will be required by reason of this Directive.

C. 1. Proposed appointments of candidates selected as consultants or experts in the Departmental service, and proposed renewals of appointments for a subsequent year, will be coordinated with the Secretary or Deputy Secretary of Defense prior to appointment or renewal, with the exception of physicians, dentists, and allied medical specialists performing care and service to patients; veterinarians providing veterinary service to animals; lecturers participating in educational activities; auxiliary chaplains; and other experts and consultants who are appointed for periods of less than 30 days during any one fiscal year. The requirement for coordination is without regard to the specific number of days worked and includes appointments to committees or advisory panels such as the Air Force Scientific Advisory Board, the Army Scientific Advisory Panel, the Defense Science Board, and the Defense Advisory Committee on Education in the Armed Forces.

2. ~~Submission for the purpose of such coordination will be forwarded to the Office of The Special Assistant to the Secretary and Deputy Secretary of Defense in advance of the proposed appointment or renewal, and will contain:~~

a. A brief resume of the nominee's background and experience;

b. A short statement of the matters on which the nominee's advice or service is needed, or if the nominee is to be a member of an Advisory Group established by law or by Department of Defense Directive or Instruction, a citation to the law or Defense issuance;

c. If the nominee is not to be a member of an Advisory Group established by law or by Defense issuance,

#First amendment (Ch 1, 7/2/69)

2

(1) A statement as to the need for establishing the function, if new, or for additional personnel support of the function, if already being performed, and of the reasons why the required services cannot be obtained through use of normal civil service procedures;

(2) An explanation as to why the function proposed for the nominee cannot be performed by present employees or consultants of the DoD component making the request;

(3) A statement of the number of military and civilian personnel in the organizational entity to which the nominee will be assigned who, as full-time or part-time employees or as consultants, are now performing a function which is the same or similar to that proposed for the nominee.

d. Where applicable, an opinion from the appropriate legal officer that, under DoD Directive 5500.7 (reference (b)), no conflict of interest is involved.

D. Appointments and renewals of appointments under this Directive will not be made until the coordination required by subsection C above has been effected, all required security clearances have been obtained, and funds and personnel ceiling are available within the Fiscal Year authorizations.

E. As a general rule, 5 U.S.C. 55a as implemented by the current Department of Defense Appropriation Act will be used as the authority for employment of individual experts, consultants and advisory personnel, including employment of such personnel without compensation. However, when there exists some other authority which is specifically applicable to a particular appointment, that authority may be used without special justification.

F. Authority contained in 10 U.S.C. 173 to establish advisory committees and employ part-time advisers may not be used except by specific written delegation by the Secretary of Defense. Any request for such delegation will be made by the head of the DoD Component concerned and will state fully the reasons therefor.

G. The daily rates of pay specified in the various statutory authorities are to be recognized as maximum rates, and lesser rates will be fixed wherever appropriate. Determination regarding the specific rate to be paid, including decision to pay no compensation, will be made on an individual case basis. In fixing each

individual rate within the prescribed maximum, consideration will be given to the value and importance of the services to be performed, as well as to the experience and attainments of the appointee.

V. IMPLEMENTATION

Existing regulations governing appointments or contracts for the personal services of individual experts, consultants, or part-time advisory personnel will be revised as necessary to insure that they are in compliance with this Directive. Two copies of such regulations will be furnished to the Assistant Secretary of Defense (Manpower and Reserve Affairs).

Cyrus Vance

Deputy Secretary of Defense

August 10, 1978
NUMBER 3025.13

The Special Assistant
to S/D and DS/D

Department of Defense Directive

SUBJECT ~~Employment of Department of Defense Resources in Support of the United States Secret Service~~

References: (a) DoD Directive, 3025.13, subject as above, April 16, 1976 (hereby canceled)
(b) Interdepartmental Agreement Between the Department of Defense and the Department of the Treasury Concerning Secret Service Protective Responsibilities, June 10-11, 1968 (revision June 27, 1968 (enclosure 2))
(c) Title 18, United States Code, Section 3056, "Secret Service Powers," and Public Law 90-331, "Joint Resolution - To Authorize the United States Secret Service to Furnish Protection to Major Presidential Candidates," as amended
(d) through (k), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive:

1. Reissues reference (a) to reflect changes in policy concerning the costing of, and reimbursement for, support provided to the United States Secret Service;

2. Implements reference (b) by establishing Department of Defense policy governing the employment of DoD resources in support of the U.S. Secret Service, Department of the Treasury, in the performance of its protective duties under references (c) and (d); and

3. Assigns responsibilities to staff officials for carrying out the provisions of this Directive (see section B.).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the

Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified and Specified Commands (hereafter referred to collectively as "DoD Components"). The term "Military Services," as used herein refers to the Army, the Navy, the Air Force and the Marine Corps.

C. POLICY

1. Logistics and other support, as defined in enclosure 2, will be provided only upon request of the Director, U.S. Secret Service, or an authorized representative. Such support is an express exception to the Posse Comitatus Act (reference (e)) and is authorized by 18 U.S.C. 3056 and P.L. 94-524 (references (c) and (d)). When requested by the Director of the U.S. Secret Service, Federal Departments and Agencies are directed to assist the Secret Service in the performance of its statutory protective duties (DoD Instruction 5030.34, reference (f)).

2. Public Law 94-524 (reference (d)) provides that the support provided to the Secret Service shall be made on a reimbursable basis, except when the Department of Defense provides temporary assistance directly related to the protection of the President, Vice President, or other officer immediately in order of succession to the Office of the President.

a. Permanent support may only be provided upon advance written request of the Director or Deputy Director of the Secret Service.

b. Moreover, every department and agency making expenditures (i.e., incurring costs) in support of the Secret Service protective duties shall transmit a detailed report of such expenditures to the Washington Headquarters Services in accordance with the provisions of enclosure 3.

c. These procedures shall give force to the principle that fiscal accountability for public expenditures should reside in the agency having the authority to obligate those expenditures.

3. All DoD personnel assigned to assist the Secret Service shall be subject to overall supervision of the Director, U.S. Secret Service, or a designee, during the duration of the assignment, in accordance with the provisions of the agreement (enclosure 2).

4. All requests by the Secret Service for DoD support (except Explosive Ordnance Disposal (EOD) and Protective Services Support Personnel) for the President and Vice President shall be submitted to the Office of the Director, White House Military Office, for approval.

a. With the exception of aircraft support, the White House Military Office will route such requests to the Office of The Special Assistant to the Secretary and Deputy Secretary of Defense.

b. Requests for aircraft approved by the White House Military Office will be scheduled through the Office of the Vice Chief of Staff of the Air Force.

5. All requests by the Secret Service for support other than in subsection C.4., must be approved by The Special Assistant, or a designee, before such support is provided, except that:

a. Military commanders may approve and respond to urgent requests as circumstances justify; however, all such cases will be reported after the fact to The Special Assistant.

b. DoD communications support for the Secret Service will be provided by the Director, Defense Communications Agency (DCA), in direct coordination with the Secret Service. The Director, DCA, need not inform The Special Assistant of such support, unless (1) Secret Service communications requirements cannot be met within DCA resources, or (2) support is provided pursuant to the Secret Service's responsibilities for protection of major Presidential candidates.

6. Within the Continental United States (CONUS), including Alaska, DoD support will be provided by the Military Departments. The commanders of the Unified Commands will provide support in those areas under their geographical jurisdiction. In other areas of the world, support requirements will be tasked to a Military Department or a Unified Command, based on proximity of available resources.

D. RESPONSIBILITIES

1. The ~~Special Assistant~~ or an authorized representative (see exception under subsection C.4.):

a. Shall approve/disapprove Secret Service requests for DoD support, in accordance with the Department of Defense - Department of Treasury interdepartmental agreement (enclosure 2);

b. Shall forward approved requests to the Deputy Director for Operations, National Military Command Center (NMCC) (see exception under paragraph C.5.a.);

c. Shall act as the point of contact for the Department of Defense in all matters pertaining to DoD support of the Secret Service; and

d. May designate a person(s) recommended by the Secretary of the Military Department concerned, in consultation with the Joint Chiefs of Staff, with authority for approving Secret Service requests for support by the Military Department, subject to specific terms of reference. A person so designated will (1) direct his Department to provide the support, and (2) notify The Special Assistant of the action he has taken.

2. The Assistant Secretary of Defense (Public Affairs), in response to specific inquiries, may acknowledge that the Department of Defense is providing support to the Secret Service but will defer to the Secret Service for any discussion of specifics. News queries directed to DoD subordinate elements will be referred to the Office of the Assistant Secretary of Defense (Public Affairs).

3. The Secretaries of the Military Departments and Directors of Defense Agencies shall:

a. Provide Military Service resources in accordance with approved instructions (see paragraph D.4.a.).

b. Coordinate the use of resources under the operational control of the Unified Commands with cognizant commanders in instances when DoD support to the Secret Service is of such magnitude as to limit the mission capability of the Unified Commands.

c. Accumulate and report the full costs of resources used in providing support services in accordance with the guidance provided in enclosure 3.

d. Submit claims for reimbursement for assistance provided in accordance with Sections 6 and 8 of P.L. 94-524 (reference (d)) to the Director, U.S. Secret Service, U.S. Treasury Department, 1800 G Street, N.W., Washington, D.C. 20223.

e. Submit reports of all costs incurred in support of the U.S. Secret Service covering semiannual periods ending September 30 and March 31 to the Directorate for Information Operations and Reports, Washington Headquarters Services, Room 4B938, Pentagon. These reports will be due on the 45th calendar day or next business day after the last day of the reporting period. These reports are assigned Report Control Symbol DD-Comp(SA)1466. Supporting schedules to the report will identify the person or officer receiving the support, the dates the support was provided, and a description of the services provided (see enclosure 3, section D.).

4. The National Military Command Center (NMCC), under the direction and supervision of the Joint Chiefs of Staff, shall:

a. Designate the appropriate Military Department/Unified Command(s) to provide the DoD support and dispatch directives for compliance by the Department/Command concerned, unless the Department has already been designated under the provisions of paragraph D.1.d..

b. Assure that Secret Service requests for DoD support received outside of normal duty hours are promptly given to The Special Assistant or a designee, and that the Department/Command(s) concerned are alerted of the impending request(s).

c. Provide The Special Assistant with information of the action taken on each Secret Service request for DoD support.

5. The Commanders of Unified Commands, under the direction and supervision of the Joint Chiefs of Staff, shall provide DoD support for the Secret Service in accordance with approved requests and instructions (see paragraph D.4.a.).

E. PROCEDURES

1. For requests in support of the President and Vice President, see subsection C.4.

2. Other requests will normally be addressed through channels to The Special Assistant.

3. Outside of normal duty hours, requests may be received by the NMCC for action and forwarding to The Special Assistant.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of the implementing instructions to The Special Assistant to the Secretary and Deputy Secretary of Defense within 120 days.

C. W. DUNCAN, JR.
Deputy Secretary of Defense

Enclosures - 3
1. References
2. Interdepartmental Agreement
3. Accounting and Reporting Guidance

References

(d) Public Law 94-524 (18 U.S.C. 3056), "Presidential Protection Act of 1976"
(e) Title 18, United States Code, Section 1385, "Posse Comitatus Act"
(f) DoD Instruction 5030.34, "Agreement Between the United States Secret Service and the Department of Defense Concerning Protection of the President and other Officials," July 11, 1977
(g) DoD Handbook 7220.9-H, "DoD Accounting Guidance Handbook," February 1, 1978
(h) DoD Manual 1338.10-M, "Manual for the Department of Defense Food Service Program," June 19, 1972
(i) Joint Travel Regulations, Volumes 1 and 2
(j) DoD Instruction 7230.7, "User Charges," June 9, 1976
(k) DoD Instruction 4500.39, "Motor Vehicle Management," August 31, 1976

Interdepartmental Agreement Between the Department of Defense and the Department of the Treasury Concerning Secret Service Protective Responsibilities.

I. Purpose of Agreement

For many years the Department of Defense has rendered valuable support to the Secret Service, Department of the Treasury, to aid in discharging that Agency's statutory protective responsibilities. The purpose of this agreement is to provide procedures for and delineate in more specific terms the logistical assistance and other support the Department of Defense will provide to the Secret Service.

II. Support to be Provided by the Department of Defense to the United States Secret Service

A. The Department of Defense shall, upon request, provide the Secret Service with medical service, motor vehicles, communications, and such other support as may be necessary to assist the Secret Service in the performance of its protective functions.

B. The Department of Defense shall, upon request, make available appropriate aircraft to transport Secret Service agents to destinations where persons entitled to Secret Service protection intend to travel or do travel either within or outside the United States, in the event commercial transportation is not available, readily obtainable, or satisfactorily capable of meeting the requirement.

C. The Department of Defense shall, upon request, make available when appropriate aircraft to transport Secret Service automobiles required by persons entitled to Secret Service protection when such persons travel either within or outside the United States.

D. The Department of Defense shall, upon request, make available when appropriate helicopters and other aircraft and crews to provide transportation to persons entitled to Secret Service protection when such persons travel either within or outside the United States and the Secret Service personnel accompanying such persons.

E. The Department of Defense shall, upon request, make available when appropriate a sufficient number of helicopters and crews to accompany motorcades when persons entitled to Secret Service protection travel within or outside the United States to aid in the security of the motorcades by overhead surveillance and to assist in the event motor vehicles containing protected persons should become immobilized.

III. Procedure for Requesting Assistance and Supervision of Department of Defense Personnel Furnishing Support to the Secret Service

A. The Secretary of Defense will designate an official within the Office of the Secretary of Defense who shall have the responsibility for providing the support required by the Secret Service in accordance with the provisions of this agreement. Logistic and other support will be provided only upon request by the Director of the Secret Service or his authorized representative.

B. Requests for logistical support and other assistance shall be communicated to the official designated by the Secretary of Defense as soon as possible after the need for such assistance is ascertained.

C. All Department of Defense personnel assigned to assist the Secret Service in accordance with the provisions of this agreement shall, during the duration of their assignment, be subject to overall supervision and direction of the Director, U.S. Secret Service or his authorized representative.

Secretary
Department of Defense

Date: June 10, 1968

Secretary
Department of the Treasury

Date: JUN 11 1968

Guidance on Accounting, Reporting and Determining Reimbursements for Protective Assistance Support

A. GENERAL

This guidance specifies the criteria for accounting and reporting the use of resources by the Department of Defense in support of the Secret Service's protective functions and for determining and billing the reimbursable portion of such support. Each DoD Component providing support to the Secret Service will provide for implementation of the accounting, reporting and billing requirements. Questions and recommended solutions or changes to the guidance herein shall be referred to the Assistant Secretary of Defense (Comptroller), or a designee, for consideration.

B. ACCOUNTING

1. General. When resources (e.g., services, equipment, facilities) are used in support of the Secret Service's protective functions, the full cost incurred by DoD will be accumulated and recorded in the accounting books and records. Each request for support by the Secret Service should be treated as a separate task and will be separately costed. The cost of the support rendered or made available pursuant to a Secret Service request is to be determined and accumulated without regard to whether the support is on a permanent, temporary, reimbursable or nonreimbursable basis.

2. Documentation. As a part of the normal administrative control procedures, a copy of the Secret Service request or a statement of the requested support and the official approval thereof, should be retained by the organization providing the support. In addition, the task request, approval document or file shall be annotated to identify the protectee(s) (i.e., person(s) designated by the Secret Service for protection) as well as the date(s), location(s) of the support and the DoD resources employed in providing such support.

3. Accounting System. The system used to account for the cost of support to the Secret Service need be no different than the system management officials have deemed adequate and sufficient for normal administration and control of resources. When the accounting system used by management has the capability to accumulate and distribute the indirect costs incurred in providing the support including the indirect costs for the overall management of the activity (e.g., an industrial fund activity), that system should be used to accumulate the indirect costs.

a. Where the existing accounting system can be modified efficiently and in a timely manner to provide for a systematic and

rational indirect costing process which would be otherwise beneficial in the day-to-day operations of the activity, that action should be taken.

b. If management has no other recurring or significant use for an accounting system which separately can identify direct and indirect costs, the Comptroller of the DoD Component concerned will establish a memorandum costing or cost finding system for activities providing support to the Secret Service.

c. The system will include, as a minimum, adequate internal controls and criteria by which to distinguish direct from indirect costs; specific guidance for (1) classifying by expense pool(s) local indirect costs, and (2) developing an annual local overhead rate(s); and provisions for the development and dissemination of an annual rate for general and administrative expenses and any other allocable nonlocally incurred expenses.

4. Costing. Cost shall be assigned to each task as follows. These are minimum requirements. Equivalent practices or methods which are more accurate and include all of the same cost elements may be substituted:

a. Military personnel costs will be based on hours worked times an hourly rate determined by multiplying the annual composite rate in the last column of tables 252-1 through 4, of the DoD Handbook 7220.9-H (reference (g)) by .00077[1/] for enlisted personnel and .00070[1/] for officers during FY 1978. These factors take into consideration retirement, leave and holiday, and other personnel costs at the acceleration rates set forth in Section 252 of the Handbook.

(1) An amount must be added to the hourly rate to cover Permanent Change of Station (PCS) costs. The factors used in the Five Year Defense Program to assign PCS costs to a military man-year, divided by 2080 man-hours should be used.

(2) Each Military Department will advise those DoD Components providing support to the Secret Service of the most current annual PCS costs on an hourly basis as soon as possible after the beginning of the Fiscal Year. For example, the FY 1978 factors per hour are:

1/ Derivation: Rate = $\frac{1}{2080}$ (1 + acceleration factors)

	FY 1978	
	Officers	Enlisted
Army	$ 1.40	$ .41
Navy	.72	.23
Marine Corps	.72	.20
Air Force	.73	.35

b. Civilian personnel costs will be based on hours worked times the employee's basic hourly rate accelerated to cover leave and Government contributions. Where the accounting system for civilian personnel costs does not determine acceleration factors, the factors prescribed in Section 230 of DoD Handbook 7220.9-H (reference (g)) will be used.

c. Subsistence provided by appropriated fund dining facilities will be costed at the meal rates in accordance with DoD Manual 1338.10-M (reference (h)). The per diem surcharge will be used to assure full costing for food preparation and service as well as the raw food costs. If the DoD personnel receive per diem and pay for their meals, only the per diem costs will be assigned.

d. Quarters provided will be costed by the furnishing activity (civil engineer or public works department and housing office records will be used to make an estimate of cost). Costs will be net of any payments made by the quartered DoD personnel, such as Visiting Officer Quarters (VOQ) payments.

e. Personnel travel, transportation, per diem and other authorized personnel expenses will be costed at the entitlement amounts authorized by the Joint Travel Regulation, Volumes 1 and 2 (reference (i)). Actual payment vouchers will be used whenever available.

f. Transportation of supplies, materials and equipment will be costed at amounts payable or paid or estimates if payable amounts are unavailable. Transportation rates should be requested from the Military Traffic Management Command in order to make reasonable estimates.

g. Consumable materials and supplies will be costed at the standard catalog price.

h. Loaned plant and equipment (investment items other than aircraft) will be costed based on the computation of an annual rent which will be the sum of the annual depreciation plus interest on investment. The amount of interest on investment is determined by applying the interest rate to the net book value which is, acquisition cost plus cost of additions less depreciation. The interest rate to be used is 10 percent. See DoD Instruction 7230.7 (reference (j)).

i. Contractual services will be costed at the acquisition price for the goods or services provided, plus the cost of any related contract administration.

j. DoD fixed wing aircraft usage will be costed at the Government rates published by the Air Force in AFR 76-11. Helicopter usage will be costed at the Government rate published annually by the Assistant Secretary of Defense (Comptroller) (i.e., current ASD(C) memorandum, April 19, 1978). Rates for any aircraft not listed in these documents will be furnished by HQ USAF/ACMCA upon request.

k. Motor vehicle usage will be costed at the average rate per mile, obtainable from the latest motor vehicle report of the DoD Component, which is prepared in accordance with DoD Instruction 4500.39 (reference (k)).

C. REIMBURSEMENTS

1. General

a. All support requested by the Secret Service for carrying out its protective mission is reimbursable unless specifically excepted (i.e., certain temporary support) by the statutory provisions of P.L. 94-524. Reimbursement under this Directive will be based on incremental costs incurred pursuant to the statute. This is a departure from normal interagency reimbursement practices which call for reimbursement for all costs incurred in providing services which are beyond an agency's mission.

b. A bill will be prepared and submitted for all reimbursable support furnished to the Secret Service and an account receivable recorded in accordance with Section 230 of the DoD Handbook 7220.9-H (reference (g)). Bills should be computed by task on a monthly basis and rendered within 30 days after the end of the month during which the support was provided. When the accumulated amount of the reimbursement during a fiscal quarter is under $100, the "waiver of reimbursement" procedure in paragraph 23003 of the Handbook may be applied.

2. Criteria In determining which support to the Secret Service is reimbursable, the following criteria will be used:

a. An authorized Secret Service official must have requested the support for their protective mission either orally or in writing. Requests for permanent support must be in writing.

b. An authorized DoD representative must have approved the request.

c. Permanent support tasks are reimbursable.

d. Temporary support tasks are reimbursable, except for:

(1) Support to the Secret Service in its duties directly related to the protection of the President or the Vice President or other officials immediately next in order of succession to the Office of the President, or

(2) Support of general purpose nonprotective services ordinarily supplied to the President or Vice President (i.e., the existing unreimbursed services such as normal communications and transportation which are outside of the protective assignment purview of the Secret Service). This support would not be requested by the Secret Service.

3. Documentation. Documentation of Secret Service requests or the DoD authorization of services will be sufficient to comply with the criteria in 2.a. and b. Either the request or approval should classify support as permanent or temporary and, if the latter, whether covered by the exceptions in 2.d. Any support provided to the Secret Service in carrying out its protective mission and at their request and not specifically exempted is reimbursable.

4. Computation

a. The intent of P.L. 94-524 is to make the Secret Service accountable for the funds it has available to carry out its protective services by generally requiring reimbursement for support provided to it. In computing the cost of reimbursable support to be billed, the amount included in the DoD cost accumulation process will be used except as limited by the following paragraph. Each DoD Component shall assure that its reimbursement computation practices adhere to the fiscal responsibility intentions underlying Public Law 94-524 (reference (d)) and execute this responsibility in a manner which is practical.

b. For support provided in all situations, other than those falling within the criteria described in paragraph C.2.d., the amounts to be reimbursed for service, equipment, and facilities shall include identifiable costs over and above the costs to the DoD Component of carrying out functions and duties in the ordinary course of its activities.

(1) For example, the reimbursement computation would include salaries of DoD personnel who are providing permanent support to the Secret Service, such as a permanent guard detail, but would not include the salaries of DoD personnel who are providing temporary support but remain under the overall control of their parent Service or agency (see enclosure 2, III.C.), such as an Army bomb disposal squad assigned to protect a Presidential candidate for a short period of time.

(2) In addition, the reimbursable cost would include aircraft operation and maintenance costs, rental cars, and travel costs incurred by the DoD Component concerned as a direct result of its providing temporary support to Secret Service protective functions. Also, the costs of acquiring and installing authorized facilities and equipment, such as fences and electronic devices, which will be used for protective purposes on a permanent basis, are reimbursable.

D. REPORTING

Costs of DoD resources expended in support of the U.S. Secret Service's protective functions will be accumulated by task. All costs incurred will be reported in accordance with the formats prescribed in attachments 1 and 2 of this enclosure and submitted as required by paragraph D.3.e. of this Directive.

Attachments- 2
1. Summary Format for Reporting DoD Costs In Support of Secret Service for Protective Assistance
2. Detailed Information and Cost of DoD Resources Used In Support of Secret Service Protective Assistance Operations

DEPARTMENT OF DEFENSE
COSTS IN SUPPORT OF SECRET SERVICE FOR PROTECTIVE ASSISTANCE

RCS: DD-Comp(SA)1466

Department or Agency _____

Report Date _____

Cost Categories	Total Costs Incurred 1/ Temporary Support to President and Vice President (not Reimbursable)	Total Costs Incurred 1/ All Other Support	Costs Subject to Reimbursement 2/
Personnel Services & Benefits			
Military			
Civilian			
Subsistence & Quarters			
Military			
Civilian			
Travel & Transportation of Persons			
Military			
Civilian			
Transportation of Things			
Rent, Communication & Utilities			
Other Services, Supplies & Materials			
Capital Assets			
Other (Specify)			
Total			

Submit reports to:

Directorate for Information Operations and Reports
Washington Headquarters Services
Room 3B938, Pentagon, Washington, D.C. 20301

1/ All costs incurred for DoD support to Secret Service for protective assistance pursuant to P.L. 94-524 computed in accordance with costing guidelines.

2/ Costs computed in accordance with reimbursement guidelines.

DoD COMPONENT_____
Detailed Information and Cost of DoD Resources Used In
Secret Service Protective Assistance Support for _____

TRAVEL DATES	TRIP LOCATION	PERSONNEL SERVICES & BENEFITS 1/	SUBSISTENCE & QUARTERS 1/	TRAVEL & TRANSPORTATION OF PERSONS 1/	TRANSPORTATION OF THINGS	RENT COMMUNICATION & UTILITIES	OTHER SERVICES SUPPLIES & MATERIALS	CAPITAL ASSETS	OTHER (SPECIFY)	TOTAL
		Includes total compensation and benefits See B.4.a. and b.	See B.4.c. and d.	See B.4.a.(1), e. and k.	See B.4.f.	See B.4.g.,h., i. and j.	See F.4.g.,h., i. and j.	See B.4. i.		
TOTALS										

1/ Cost must be accumulated and reported separately for military and civilian personnel.

May 31, 1977
NUMBER 1000.17

ASD(C)

Department of Defense Directive

SUBJECT [redacted]

References: (a) DoD Directive 5132.10, "Security Assistance Technical Assistance Field Teams (TAFT's)," December 14, 1973
(b) Title 31, United States Code, Section 686
(c) DoD 7220.9H, "DoD Accounting Guidance Handbook," July 1972
(d) through (f), see enclosure 1.

A. REISSUANCE AND PURPOSE

This Directive reissues reference (e) to update procedures, establish policy, and assign responsibility for the management and administration of military and civilian DoD personnel supporting non-DoD agencies and activities. Reference (e) is hereby superseded and cancelled.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies (hereinafter referred to collectively as "DoD Components"), except as excluded below, and encompass all manpower authorizations and personnel initially funded from Defense appropriations, notwithstanding provisions of law which authorize the DoD or components thereof to provide support directly to non-DoD agencies.

2. The following categories of personnel are not governed by this Directive:

a. Personnel assigned outside the Department pursuant to DoD Directive 5132.10 (reference (a)), involving individual Foreign Military Sales funded by a foreign government and Military Assistance Groups and Missions.

b. Civilian personnel who are assigned only for training in another Federal/State/local agency under Chapters 410 and 412 of the Federal Personnel Manual (FPM) (reference (f)).

c. Personnel initially funded from DoD civil appropriations.

d. Personnel assigned to a DoD Component who perform reimbursable work for non-DoD agencies as a part of their normally assigned duties.

e. Personnel assigned to OSD or OJCS Exchange Programs with the State Department or the United States Information Agency. These Exchange Agreements will, however, be reviewed on a quadrennial basis.

C. POLICY

1. The use of DoD personnel to support non-DoD agencies and activities is generally not favored and shall be rigorously controlled. Personnel will be assigned to support non-DoD activities only when to do so clearly is in furtherance of specifically identifiable interests of the Department of Defense. Such assignments must also be authorized by law and consistent with the provisions of 31 U.S.C. §686 (reference (b)), which prescribes the conditions for the use of an existing capability of a Federal Agency to support another agency not possessing that capability.

2. DoD personnel assigned outside the DoD will be of high caliber. DoD discourages by-name requests from outside Agencies. Individuals on a last tour prior to retirement shall not be assigned outside DoD. Personnel assigned to a non-DoD agency will not be reassigned by that agency to another non-DoD agency.

3. Support may be provided to outside activities by individuals assigned on a permanent or temporary basis to the activity or by DoD units which remain under the operational control of the Secretary of Defense. This latter form of support is referred to as "operational mission support" and is indicated, where appropriate, in the listing of activities in enclosure 2.

4. All requests for support, of whatever form, must be submitted for approval to The Special Assistant to the Secretary and Deputy Secretary of Defense. This requirement includes requests for support under the Intergovernmental Personnel Act as authorized by Chapter 334 of the FPM (reference (f)), or as elsewhere authorized by statute. Approval by The Special Assistant is required for all changes to existing support arrangements. DoD Components receiving requests for support shall refer the requestor to The Special Assistant, or, when more practical, forward such requests to The Special Assistant.

5. Annually, during preparation of the DoD budget, The Special Assistant will require each supported activity to validate its requirement for DoD personnel. The results of this validation process will be provided to the DoD Components at least 60 days prior to their budget submission to OSD for their use in validating and programming the required manpower authorizations. Personnel assigned under the provisions of Chapter 334 of the Federal Personnel Manual (reference (f)) are not subject to this validation.

6. Except in unusual cases DoD personnel assigned or providing operational support outside the Department will perform duty on a reimbursable basis. Reimbursement for reimbursable support will recover full costs of personnel services (military and civilian) plus net additional costs of all nonpersonnel support (PCS, supplies, equipment, utilities, etc.). Reimbursement will be based on standing rates established in accordance with DoD 7220.9H (reference (c)) and DoD Directive 4000.19 (reference (d)).

7. Temporary assignments are those for a period of less than 90 days. They are subject to all provisions of this Directive, except the reporting requirement in section E. Any assignment in excess of 90 days, regardless of the individual detailed, is considered permanent.

D. RESPONSIBILITIES

1. ~~The Special Assistant to the Secretary and Deputy Secretary of Defense shall~~:

a. ~~Approve or disapprove all requests for personnel support and changes to existing support agreements for non-DoD activities, and provide overall policy direction.~~

b. ~~Act on requests for exceptions to the provisions of this Directive.~~

2. The Deputy Assistant Secretary of Defense (Administration) shall:

a. Provide staff support to The Special Assistant in managing the non-DoD activities manpower program.

b. Require each supported activity to validate annually its requirement for DoD personnel.

c. Provide each Military Department an annual consolidated manpower program for the budget year based on the validated requirement.

d. Coordinate all requests for support with the (a) Office of the Secretary of Defense staff element or elements having the functional

interest in the activity being supported; (b) the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics); (c) the General Counsel, DoD; and (d) the Assistant Secretary of Defense (Comptroller), Attn: Deputy Assistant Secretary of Defense (Program/Budget).

e. Receive required reports and maintain necessary records on manpower assigned and programmed for non-DoD activities.

f. Serve as the focal point for information on non-DoD support.

3. The Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) shall:

a. Incorporate manpower for non-DoD activities into the overall DoD manpower programs.

b. Provide staff advice and assistance to The Special Assistant on the manpower programming aspects of providing support to non-DoD activities.

4. The General Counsel, DoD, shall provide legal advice to The Special Assistant concerning the assignment of personnel outside the Department.

5. The Director of Defense Research and Engineering, the Assistant Secretaries of Defense and the Assistant to the Secretary of Defense (Atomic Energy) shall, as requested, provide staff assistance to The Special Assistant within their respective functional areas of responsibility, in evaluating requests for support from non-DoD activities.

6. DoD Components shall:

a. Ensure that manpower assigned outside DoD or to a unit classified as "operational mission support" is being utilized in conformance with the policy stated in subsection C.1.

b. Manage the inventory of personnel assigned outside the DoD to ensure the authorized manpower level is not exceeded. The authorized manpower level equates to the approved budget program plus any assignments subsequently approved by The Special Assistant.

c. Obtain from each non-DoD agency a memorandum of agreement specifying:

(1) Conditions which govern the assignment of component personnel.

(2) The tour length of personnel assigned on a permanent basis.

(3) Reimbursement procedures including cost of PCS, travel, and the rate of reimbursement for the salary, in accordance with sections 23003.F.2 and 252 of 7220.9H (reference (c)), for civilians and military personnel, respectively.

d. Ensure that the agreed-on reimbursement is received.

e. Report as required in section E.

E. REPORTING REQUIREMENTS

In order for the Secretary of Defense to be responsive to inquiries and to assure accuracy of data concerning this support, a quarterly report control symbol (RCS DD-A(Q) 1292) has been established. The format for this report is contained in enclosure 3 and individuals will be reported in the activity sequence shown in enclosure 2. Separate page(s) will be prepared for each activity so that submissions can be correlated. The report is due in OASD(C), Attn: DASD (Administration), by the end of the month following the close of the fiscal quarter. The names of personnel and organizational titles for classified activities and the U.S. Marine Corps Security Guard Battalion will not be used in this report; however, the total number of personnel in these organizations will be reflected in the report.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing regulations to the Assistant Secretary of Defense (Comptroller) within 60 days.

Harold Brown
Secretary of Defense

Enclosures - 3
1. List of additional references
2. Non-Defense Activities Receiving DoD Personnel Support
3. Format for Quarterly Report for DoD Personnel Assigned Outside the Department and Supporting Non-DoD Activities

References

(d) DoD Directive 4000.19, "Basic Policies and Principles for Inter-Service, Interdepartmental and Agency Support," March 27, 1972
(e) DoD Directive 1000.17, "Department of Defense Personnel Assigned to Duty Outside the Department and Supporting Non-DoD Activities," September 30, 1975 (hereby cancelled)
(f) Federal Personnel Manual, Chapters 334, 410 and 412

Non-Defense Activities Receiving DoD Personnel Support

	Operational Mission Support
EXECUTIVE BRANCH	
The White House Office	
Executive Office of the President	
National Security Council	
Office of Telecommunications Policy	
Council on Environmental Quality	
President's Foreign Intelligence Advisory Board	
The Vice President's Office	
DEPARTMENTS	
STATE DEPARTMENT	
UN Truce Supervisory Organization	
Naval Support Detachment	X
U.S. Marine Corps Security Guard Battalion	X
ARMS CONTROL AND DISARMAMENT AGENCY	
TRANSPORTATION DEPARTMENT	
United States Coast Guard	
Federal Aviation Administration	
2054th ABGp, Tinker AFB, OK (FAA)	X
COMMERCE DEPARTMENT	
Maritime Administration	
Merchant Marine Academy	
JUSTICE DEPARTMENT	
Law Enforcement Assistance Agency	
INTERIOR DEPARTMENT	
Office of Micronesian Status Negotiations	
Civic Action Teams - TTPI	
LABOR DEPARTMENT	
AGRICULTURE DEPARTMENT	
HEALTH, EDUCATION AND WELFARE DEPARTMENT	
AGENCIES	
Energy Research and Development Agency	
Environmental Protection Agency	
National Aeronautics and Space Administration	
National Science Foundation (Navy Antarctica)	X
Canal Zone Government	
Selective Service Commission	
American Battle Monuments Commission	
Radio Technical Committee for Aeronautics	
U.S. Soldiers' and Airmens' Home	
American Revolution Bicentennial Administration	
Federal Energy Administration	
FEDSIM (Federal Computer Evaluation Center)	X
Federal Executive Boards	

LEGISLATIVE BRANCH
U.S. Congress

JUDICIAL BRANCH
U.S. District Courts

CLASSIFIED ACTIVITIES

DOD PERSONNEL ASSIGNED OUTSIDE THE DEPARTMENT & SUPPORTING NON-DoD ACTIVITIES
QUARTERLY REPORT AS OF _____

_____
Department/Activity/Agency

NAME	SSAN	GRADE	POSITION TITLE	MIL DEPT/ DOD UNIT OF ASGMT	DATE ASSIGNED	TERMIN-ATION DATE	REIMBURS-ABLE *

*Indicate YES or NO

July 6, 1977
NUMBER 5210.55

SA/SD&DSD

Department of Defense Directive

SUBJECT ~~Selection of DoD Military and Civilian Personnel and Contractor Employees for Assignment to Presidential Support Activities~~

References: (a) DoD Directive 5210.55, "Selection of Department of Defense Military and Civilian Personnel for Assignment to Presidential Support Activities," January 11, 1969 (hereby cancelled)
(b) DoD Directive 5210.8, "Policy on Investigation and Clearance of DoD Personnel for Access to Classified Defense Information," February 15, 1962
(c) DoD Directive 5400.7, "Availability to the Public of Department of Defense Information," February 14, 1975
(d) through (g), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) to (1) prescribe uniform policies and procedures for the nomination, screening, selection, and continued evaluation of Department of Defense (DoD) military and civilian personnel and contractor employees assigned to or utilized in Presidential support activities; (2) prescribe the requirement for investigations of persons nominated for such assignments; (3) establish reporting requirements; and (4) assign responsibilities for carrying out the provisions of this Directive. Reference (a) is hereby superseded and cancelled.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, and the Defense Agencies (hereinafter referred to collectively as "DoD Components").

2. Its provisions encompass all DoD organizations which assign personnel to Presidential support duties involving

regular or frequent contact with or access to the President or Presidential facilities, communications activities, or modes of transportation. These assignments are divided into two categories:

a. Category One

(1) Personnel assigned on a permanent or full-time basis to duties in direct support of the President (including the office staff of the Director, White House Military Office, and all individuals under his control):

(a) Presidential aircrew and associated maintenance and security personnel.

(b) Personnel assigned to the White House communications activities and the Presidential retreat.

(c) White House transportation personnel.

(d) Presidential mess attendants and medical personnel.

(e) Other individuals filling administrative positions at the White House.

(2) Personnel assigned on a temporary or part-time basis to duties supporting the President:

(a) Military Social Aides.

(b) Selected security, transportation, flight-line safety and baggage personnel.

(c) Others with similar duties.

(3) Personnel assigned to the Office of the Military Aide to the Vice President.

b. Category Two

(1) Personnel assigned to honor guards, ceremonial units, and military bands who perform at Presidential functions and facilities.

(2) Employees of contractors who provide services or contractor employees who require unescorted access to Presidential support areas, activities, or equipment--including maintenance of the Presidential retreat, communications, and aircraft.

(3) Individuals in designated units requiring a lesser degree of access to the President or Presidential support activities.

Designation of such units requires approval by The Special Assistant to the Secretary and Deputy Secretary of Defense (hereinafter referred to as The Special Assistant).

3. This Directive does not apply to DoD personnel whose duties involve infrequent visits to the executive offices of the White House or other Presidential facilities to conduct official business with the Presidential/Vice Presidential staffs.

C. NOMINATION AND SELECTION POLICY

1. Standard. Only those persons shall be nominated for, selected for, assigned to, employed in, or retained in Presidential support duties who are best suited for such duties based on a determination that their assignment, employment, or retention is clearly consistent with optimum Presidential security.

2. Nomination. Only those individuals most suitably qualified shall be considered for nomination to Presidential support duties. Minimum requirements include:

a. Must be a U.S. citizen who exhibits excellent character, mental stability, and a high degree of maturity, discretion, and trustworthiness, and who is believed to be unquestionably loyal to the United States.

b. Past and present duty performance, activities, and associations must be satisfactory in all aspects.

c. Immediate family shall be U.S. citizens who are not subject to physical, mental, or other forms of duress by a foreign power and who do not advocate or practice acts of force or violence to prevent others from exercising their rights under the Constitution or laws of the United States or any State or subdivision thereof. Immediate family in the sense of this Directive includes spouse, offspring, living parents, brothers, sisters, or other relatives or persons to whom the individual is closely linked by affection or obligation. Waivers of the citizenship requirement may be granted by The Special Assistant in consultation with the Director, White House Military Office.

3. Selection. Selection shall be a commonsense judgement, based on review of all available information. A nominee may not be selected for Presidential support duties if derogatory information in any of the categories outlined below is revealed during review of the case:

a. Those criteria set forth in section V., DoD Directive 5210.8 (reference (b)).

b. Conviction by courts-martial, imposition of punishment under Article 15, Uniform Code of Military Justice (UCMJ), for a

serious offense, or administrative separation in lieu of courts-martial. Record of conviction by courts-martial or imposition of punishment under Article 15, UCMJ, is not in itself necessarily disqualifying.

c. Arrests by civil or military agencies or frequent minor involvement with law enforcement agencies, which indicate irresponsibility or disrespect for the law.

d. Negligent or substandard performance of duty.

e. Evidence of personal habits, characteristics, traits, activities or associations which would be a basis for reasonable doubt as to the individual's reliability, stability, or general suitability for Presidential support duties.

4. Investigative Requirements

a. Personnel nominated for Category One duties must have been the subject of a Special Background Investigation (SBI), conducted in accordance with current DoD investigative scope requirements described in section IV, Defense Investigative Service Manual 20-1 (reference (g)). SBI must have been completed within the 12 months preceding selection for Presidential support duties. The individual's spouse shall be checked, at a minimum, through the Investigative Files of the Federal Bureau of Investigations and other national agencies as appropriate. In the event the individual marries subsequent to the completion of the SBI, the required spouse check shall be made at that time.

b. Personnel nominated for Category Two duties must have been the subject of a Background Investigation (BI), conducted in accordance with current DoD investigative scope requirements described in section III, Defense Investigative Service Manual 20-1 (reference (g)). BI must have been completed within the 12 months preceding selection for Presidential support duties. It should be noted that the duties (separate and distinct from their Presidential support responsibilities) of some Category Two personnel may make it necessary for them to have special access clearances, which require an SBI.

c. SBI and BI Bring-up Investigations

(1) SBI or BI bring-up investigations shall be conducted in accordance with current DoD scope requirements described in paragraph 3-46, Defense Investigative Service Manual 20-1 (reference (g)) at 5-year intervals from the date of the most recent prior investigation on both Category One and Category Two personnel who have been assigned continuously to Presidential support duties.

(2) The results of the SBI or BI bring-up investigation shall be processed and submitted for review and approval for continued assignment of an individual to Presidential support duties in accordance with procedures in section E.

5. Responsibilities

a. The heads of DoD Components with a Presidential support mission or who are called upon to nominate personnel to Presidential support activities shall:

(1) Designate a single office to represent the DoD Component on all matters covered by this Directive. The office so designated shall be specified in the implementing regulations required by section L.

(2) Be responsible for the nomination and assignment of individuals to Presidential support activities on a continuing basis and ensure that needed replacement personnel are identified in a timely manner to permit routine processing of the required investigations and higher echelon review and selection prior to assignment.

(3) Ensure that requests for expeditious handling of investigations are limited to those which are fully justified on the basis of priority operational requirements and are coordinated with The Special Assistant before submission to the Defense Investigative Service (DIS). The need for such requests should be rare in view of the fact that all Presidential support investigations are, as a matter of practice, assigned priority handling by the DIS.

b. ~~The Special Assistant shall be responsible for making suitability determinations as required herein and for general oversight of the administrative implementation of this Directive.~~

D. PRENOMINATION PROCEDURES

1. Review of Local Files

a. The DoD Component preparing to nominate an individual to Presidential support duties shall review all locally available records in making a determination based on the standard set forth in section C. During this review, particular emphasis shall be placed on identifying any potentially disqualifying information, as outlined in section C.3.

b. As a minimum, the prenomination review shall include the following:

(1) Active Duty Military Personnel

(a) Official military personnel records, for any unfavorable information.

(b) Official medical records, to include certification by a medical officer who is a U.S. citizen, that no physical or mental

disorder is noted in the record which could adversely affect the individual's reliability or judgement.

(c) Effectiveness/efficiency/fitness report file, to determine that the individual has demonstrated consistently high standards of performance.

(d) Local security files, for any unfavorable information.

(2) DoD Civilian Employees

(a) Official Personnel Folder, for any unfavorable information.

(b) Official medical records, as available, to include certification by a medical officer, who is a U.S. citizen, that no physical or mental disorder is noted in the record which could adversely affect the individual's reliability or judgement.

(c) Local security files, for any unfavorable information.

(3) Contractor Employees

(a) Contractor personnel records, for any unfavorable information.

(b) Medical or health records maintained by the contractor, under reviewing arrangements made by the contracting officer of the DoD Component concerned, by a medical officer who is a U.S. citizen, for evidence of any physical or mental disorder that could adversely affect the individual's reliability or judgement.

(c) Contractor security files, for any unfavorable information.

c. It is the responsibility of the DoD Component requesting the medical records review addressed above to inform the medical facility concerned of the requirement that certifying medical officers be U.S. citizens.

d. The review addressed above should determine that no unfavorable information is noted in the records that is disqualifying as set forth in section C.3. Further consideration should be given only to those individuals found to be most qualified.

2. Investigative Requests

a. General. The investigative requirements set forth in this Directive shall apply to new and/or updated investigations requested 60 days or more after the effective date of this Directive.

b. Initiation of Investigative Requests

(1) Military or DoD Civilian Employees. DoD Components shall submit requests for investigations directly to DIS. Normally, the military organization where the military member or civilian employee will actually perform Presidential support duties shall make the request to DIS; however, circumstances may exist where a losing command may request an investigation under this Directive in anticipation of the individual performing Presidential support duties at a next duty assignment. To avoid confusion or duplication, the losing organization requesting an investigation should notify the gaining organization that a request for investigation has been initiated.

(2) Contractor Employees

(a) Requests for investigation of contractor employees being considered for nomination to Presidential support duties, whose employment also requires access to classified information, shall be submitted by the DoD Component administering the contract through the Defense Industrial Security Clearance Office (DISCO).

(b) Requests for investigation of those contractor employees whose Presidential support duties do not require access to classified information shall be submitted by the DoD Component concerned directly to DIS. An information copy of the request shall be sent to DISCO for their records in order to avoid duplicative investigative requests on contractor employees who have already been investigated, or who might require a subsequent investigation under the Industrial Security Program.

(c) The DoD contracting activity is responsible for ensuring that the requirements of this Directive are incorporated into the contract of each contractor involved in Presidential support activities.

(d) Personnel security questionnaires that are executed by contractor employees processed under this Directive shall comply with DoD Regulation 5220.22-R (reference (f)).

(3) The administrative nickname "YANKEE WHITE" shall be stamped or printed in the Remarks Section of DD Form 1879, "Request for Personnel Security Investigation," for all requests initiated in accordance with this Directive.

Disqualification Prior to Nomination

a. Upon completion of the DIS investigation, the complete file concerning the potential military or DoD civilian employee nominee shall be reviewed and evaluated by a designated senior member of the DoD Component to which the nominee will be assigned when performing Presidential support duties. This review and evaluation for contractor employees will be conducted by a designated senior member of the DoD Component administering the contract involved. DIS shall return to the requesting organization, through DISCO, completed investigations on contractor employees whose duties require access to classified information.

b. In those cases in which the designated senior member performing the review and evaluation determines that disqualifying information exists, further processing of the case shall be terminated, except for contractor employees, whose cases will be governed by the provisions of E.6.

c. DISCO shall promptly notify the requesting organization whenever a determination has been made on those contractor employees being considered for Presidential support duties, whose duties also require access to classified information, that the investigation has developed information which could result in the individual's denial or revocation of access to classified information. However, DISCO shall continue processing the clearance for access to classified information to a final determination.

d. Denial or revocation of a security clearance for access to classified information shall automatically result in disqualification of an individual for nomination and assignment to Presidential support duties.

e. The disqualification of an individual for nomination and assignment to or utilization in, or subsequent removal from, Presidential support duties shall not, in and of itself, constitute grounds for any further action (i.e., administrative, personnel, disciplinary, or security related) since it is not necessarily an adverse reflection on the ability or character of the individual. Only when such a disqualification results from the discovery of information that is valid grounds in and of itself for disciplinary, administrative, or other action, shall that action be taken.

f. A case may contain minor derogatory or questionable information, about which there is doubt as to whether or not it is disqualifying, but for which further investigation seems inappropriate. If the individual is otherwise the most qualified person available for nomination to the Presidential support assignment concerned, the case shall be forwarded with an evaluation and recommendation by the head of the organization concerned.

E. NOMINATION AND SELECTION PROCEDURES

1. A complete nomination file, including certification that all requirements of this Directive have been met, shall be forwarded expeditiously, using the format set forth at enclosure 2, to the single office designated to act on behalf of the respective DoD Component for Presidential support.

2. It is the responsibility of the designated single office to further review the complete nomination file to assure that the requirements of this Directive have been met. The designated office, if concurring in the basic evaluation and recommendation, shall forward the entire file to The Special Assistant using the format set forth at enclosure 3.

3. When the single office does not concur in the lower echelon determination that the individual is suitable for nomination to Presidential support duties, the DoD Component concerned shall cancel the nomination; however, the entire file, together with the rationale for the cancellation, shall be forwarded to The Special Assistant for further review.

4. The Special Assistant shall coordinate the selection of individuals in the following categories with the Director, White House Military Office:

a. Those whose duties will require a close association with the President.

b. Those whose duties will require a White House pass.

c. Those whose completed file contains minor derogatory information or otherwise questionable material causing doubt as to their suitability for the duties involved.

d. Contractor employees whose completed file contains any derogatory or questionable information.

5. The Special Assistant may select any individual nominated for Presidential support duties, subject to the provisions of Section E.4. The Special Assistant may decline to select any individual nominated for assignment to Presidential support duties except contractor employees.

6. The nonselection of any contractor employee nominated for utilization in Presidential support duties shall be a responsibility of the United States Secret Service after referral by the Director, White House Military Office. Notification to the contractor of the nonselection shall be made by the contracting officer of the DoD Component administering the contract.

F. NOTIFICATION

1. After the appropriate determination has been made, The Special Assistant shall return the file to the designated single office of the originating DoD Component with a statement that the individual is either selected or not selected for assignment to or employment or utilization in Presidential support duties.

2. Individuals not selected shall be removed from further consideration for such duties. This removal shall be without prejudice, unless there exists derogatory information that is grounds for adverse action beyond the Presidential support program.

3. Contractor employees who are not selected shall not be utilized for duties addressed in section B.2.b. Nonselection, in and of itself, does not affect options to utilize the employees on other contracts, including classified contracts. Under the provisions of this Directive, the processing of contractor employees to determine their suitability for employment in positions involving Presidential support duties is outside of the auspices of the Industrial Personnel Security Clearance Program for appeal purposes.

4. DoD Components shall forward requests to appeal a nonselection action, for other than contractor employees, through the same channels as the initial nomination. DoD Components shall include the original nomination file, plus whatever additional mitigating information is offered by the appellant and any other information considered relevant.

G. TOUR OF DUTY

The tour of duty for all military personnel selected for assignment to Presidential support duties shall be stabilized for the maximum period allowable under the assignment policies of the Military Department concerned, with the minimum being 1 year from the date of the assignment to Presidential support duties. Waivers of obligated service to to meet this requirement will be considered on a case-by-case basis by The Special Assistant.

H. CONTINUING EVALUATION

1. DoD Components having administrative or operational control of personnel selected and assigned to Presidential support duties shall establish procedures for a continuing evaluation of the suitability of these personnel for such duties. This requirement also applies to management personnel exercising supervision over contractor employees performing Presidential support duties. Supervisory personnel should observe and report to appropriate security personnel any indications of changes in the following characteristics or behavior which might be relevant to an individual's continued suitability for Presidential support duties.

a. Attitude on the job or job performance.

b. Special personal problems or family pressures.

c. Undue pressure or emotional strain.

d. Signs of overindulgence in alcohol, use of drugs, or abuse of prescribed medications.

e. Change in physical ability to perform assigned duties.

f. Indications of bizarre or deviate behavior.

g. Frequent minor involvement with law enforcement agencies or other signs of irresponsible conduct.

h. Changes in financial status such as sudden or unexplainable affluence or heavy indebtedness.

i. Changes in marital status; i.e., marriage to a foreign national.

2. Each individual selected for Presidential support duties shall be instructed that the ultimate responsibility for remaining suitable for continued assignment to, detail to, or employment in such duties rests with the individual. Therefore, each individual is encouraged to seek appropriate guidance and assistance on any personal problem or situation that may have a possible bearing on his or her suitability for continued utilization in Presidential support duties. Appropriate counseling should be made available by the organization in which such duties are performed.

3. Supervisory indoctrination programs shall be established by the DoD Components concerned to ensure that supervisory personnel recognize and discharge their special responsibility in matters relating to the suitability of their subordinates for continued utilization in Presidential support duties. These programs shall provide practical guidance or behavioral signals relating to an individual's continued suitability for such duties.

4. DoD Components shall establish procedures to ensure that:

a. Appropriate organizational management personnel are notified immediately of any information which raises doubt as to the individual's suitability for continued utilization in Presidential support duties.

b. When contractor employees are the subject of such information, the DoD Component administering the contract is to be notified.

I. TEMPORARY SUSPENSION AND PERMANENT REMOVAL

Individuals may be temporarily suspended or permanently removed from Presidential support duties at any time by the head of the organization in which the individual is performing such duties, or by higher authority, whenever information becomes available that the individual is not, or may no longer be, suitable under the standards set forth in this Directive for Presidential support duties. Contractor employees may be suspended only by the contracting officer, pending a final decision by the United States Secret Service. See also section D.3.e.

1. Permanent Removal

a. Telephonic notification to The Special Assistant is required, no later than the beginning of the following duty day for each permanent removal and will include an assessment as to whether or not unfavorable publicity may result.

b. Written followup, including a full report of all available information, shall be submitted to The Special Assistant within 3 working days.

2. Temporary Suspension

a. Telephonic notification to The Special Assistant is required no later than the beginning of the following duty day for only those temporary suspensions from which unfavorable publicity may result.

b. In all cases of temporary suspension in which it is evident that the derogatory information upon which the suspension is based requires further clarification, an investigation shall be promptly initiated in order to develop all information relevant to the issue.

c. Written followup regarding those cases covered by section I.2.a., including a summary of all available information, shall be provided within 3 working days. A full report of investigation, if appropriate, shall be forwarded to The Special Assistant within 60 days.

d. Written monthly status reports for each suspension pending investigation are required. Temporary suspension actions unresolved within 90 days shall automatically become permanent removals and The Special Assistant notified accordingly.

e. Caution must be exercised when making initial and followup notifications concerning investigations to ensure the investigation is not compromised through unnecessary or accidental dissemination of investigative information to unauthorized parties.

3. The Director, White House Military Office, also shall be telephonically notified, by the commander of those units under the Director's operational control, concerning individuals who are suspended or removed.

4. Written followup reports shall be forwarded through the normal nomination process channels for review and evaluation at each level to ensure that the suspension or removal is warranted.

5. In all suspension or removal actions where a likelihood of embarrassment to the President is indicated, DoD Components shall notify The Special Assistant during duty hours or the Office of the Secretary of Defense Duty Officer during nonduty hours. The Duty Officer is located in the OSD Cables Branch, Office of the Deputy Assistant Secretary of Defense (Administration).

J. ACTION CONCERNING ADMINISTRATIVE REASSIGNMENTS AND REQUESTS FOR REINSTATEMENT OR WAIVERS

1. When an individual is administratively transferred or similarly separated from an assignment involving Presidential support duties (i.e., upon completion of a normal tour of duty, completion of a contract, transfer, resignation, retirement, or detachment from Presidential support duties in accordance with routine military or civilian personnel policies), or permanently removed for cause, the clearance of the individual for assignment or utilization involving Presidential support duties is automatically terminated.

a. An individual administratively terminated from Presidential support duties must be reinvestigated and reselected for subsequent assignment to Presidential support duties, except:

(1) A request for waiver of the reinvestigation requirement may be considered by The Special Assistant, on a case-by-case basis, for an individual transferring directly from one Presidential support activity to another, of the same or less sensitive category, with no intervening duty station or assignment.

(2) A request for waiver of the reinvestigation requirement may be considered by The Special Assistant, on a case-by-case basis, for a contractor employee who was administratively terminated from Presidential support duties for a period not to exceed 6 months. Such a case will only be considered if the contractor employee has remained in a position requiring a security clearance.

b. A request for waiver of other requirements of this Directive may be granted only by The Special Assistant.

K. REPORTS

1. Each DoD Component responsible for assignment of military or civilian personnel, or contractor employees, to Presidential support activities

shall submit to The Special Assistant a two-part quarterly report, in duplicate, as follows:

a. Part One shall list personnel approved in accordance with section F.1. who are assigned to Presidential support duties as of the end of the quarter. The report shall include the individual's name, grade or rank, social security number, and the Presidential support activity assignment or employing agency.

b. Part Two shall list all personnel transferred or deleted from the list of assigned or employed personnel since the last quarter. The report shall include the individual's name, grade or rank, social security number, and Presidential support activity where individual was previously assigned or employed.

2. Reports shall be submitted for the first quarter that ends subsequent to the effective date of this Directive, and each quarter thereafter. Reports shall reach The Special Assistant within 15 days after the end of the quarter.

3. The reports shall be marked "FOR OFFICIAL USE ONLY" unless the originators determine that a higher security classification is required and warranted in accordance with other appropriate security directives.

4. The reporting requirement established in section K.1. has been assigned Report Control Symbol DD-SD(Q)934.

L. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing regulations to The Special Assistant to the Secretary and Deputy Secretary of Defense within 90 days.

C W Duncan Jr.

Deputy Secretary of Defense

Enclosures - 3
1. References, continued
2. Sample Transmittal Memorandum for DoD Component
3. Sample Transmittal Memorandum for The Special Assistant

SAMPLE TRANSMITTAL MEMORANDUM

MEMORANDUM FOR: (Enter Identity of Appropriate DoD Component Single Office)

SUBJECT: Personnel Investigation File

1. The attached investigative file concerning (enter name, rank or civilian grade, social security number, Military Department or DoD employing agency or contractor facility) has been completed in accordance with DoD Directive 5210.55 and is forwarded for review.

2. (Enter name) is being nominated for (state assignment or continued assignment) to (identify the specific Presidential support activity) as a (identify the individual's specific duty assignment; i.e., aviation maintenance technician, security policeman, steward, rotor blade examiner, switchboard operator, etc.).

3. These duties are addressed in section B., (specify Category One or Category Two) of DoD Directive 5210.55, requiring completion of a favorable (enter Special Background Investigation or Background Investigation). (Note that, per Section D.4.b., it is conceivable that Category Two personnel could have had an SBI vice a BI.)

4. (State that the attached file contains no derogatory information, or that the attached file contains derogatory information summarized below:) (Summarize derogatory information in subparagraphs(s).)

5. The above-identified individual (is or is not) recommended for assignment to the activity and duties for which nominated. (Justify the recommendation if derogatory information is contained in the file. Specifically identify all reasons for a recommendation that a contractor employee not be selected for the particular position in question.)

6. (If appropriate, state that the individual's effectiveness or performance reports have been reviewed and found acceptable.)

7. Investigative file indicates that the (specify SBI or BI) was completed on (specify date) and the national agency check was completed on (specify date).

Attachment

Position Description

Protocol Officer for the Secretary of Defense

Acting under the general administrative direction of The Special Assistant, the Protocol Officer is responsible for planning, coordinating, and arranging all military and ceremonial activities involving the Secretary and Deputy Secretary of Defense to include arrival honor ceremonies, military cordons, promotion and award ceremonies, swearing-in and departure ceremonies, and numerous activities attendant to receiving U.S. and foreign dignitaries.

In coordination with the OSD staff he is responsible for drafting responses to invitations requesting Secretary or Deputy Secretary attendance at a wide range of official functions; and he is also responsible for arranging official luncheons, dinners and receptions hosted by the Secretary and Deputy Secretary of Defense.

As the senior protocol authority within the Department of Defense, he responds to inquiries throughout the Department on ceremonial practice, flag etiquette, order of precedence, titles and forms of address, and all aspects of official entertaining. The Protocol Officer maintains various key personnel rosters including the Department of Defense official precedence list.

BIOGRAPHY

ALBERT C. PIERCE

Since February 1980, Dr. Albert C. Pierce has served as Assistant to the Secretary of Defense. His principal responsibilities include preparation of speeches, policy statements, and Congressional testimony on the full range of national security issues for the Secretary of Defense and for the Deputy Secretary. He is the principal drafter of the Secretary's Annual Report to the Congress.

Dr. Pierce spent two years with the U.S. Arms Control and Disarmament Agency, where his area of special expertise was strategic arms limitation, in particular the SALT II Treaty. During his time at ACDA, he served as Assistant to the Counselor and later as Special Assistant in the Office of the Director.

Before entering federal service, Dr. Pierce was a Research Associate and Assistant to the President of the University of Massachusetts. From 1973 to 1975, he was a consultant to Cambridge Survey Research, Inc. and to the John F. Kennedy Library, Inc. He was also affiliated with the Institute of Politics at Harvard University, where he conducted several study groups.

A cum laude graduate of the Catholic University of America in Washington, D.C., Pierce holds a doctorate in political science from Tufts University. While a graduate student there, he was a Research Fellow, a National Science Foundation Fellow, and a Teaching Fellow in international relations.

Born in Philadelphia,

BIOGRAPHY

LIEUTENANT COLONEL HOWARD W. RANDALL

Lieutenant Colonel Howard W. Randall, recently selected for promotion to Colonel, is currently assigned as a Military Assistant in the Office of The Special Assistant to the Secretary and Deputy Secretary of Defense. Prior to his assignment as a Military Assistant, he was assigned as a Program Analyst in the Program Analysis and Evaluation Directorate, Office of the Army Chief of Staff.

Following graduation from West Point in 1961, he attended infantry, ranger and airborne training at Fort Benning, Georgia. His first assignment was in the 25th Infantry Division in Hawaii. In 1963, he attended the Special Warfare School at Fort Bragg, North Carolina, and learned Vietnamese at the Defense Language Institute. While serving as an Advisor to the Vietnamese Rangers in 1964, he was wounded and evacuated back to the United States.

Lieutenant Colonel Randall then served as a Company Commander and later as Aide-De-Camp to the Commanding General at Fort Ord, California. In 1967, he returned to South Vietnam where he initially served in the 1st Infantry Division and subsequently in the II Field Force Long Range Patrol Company.

From 1970 to 1973 he was assigned to the Army Staff at the Pentagon in the Office of the Assistant Chief of Staff for Force Development. His next assignment was to Germany in the 8th Mechanized Infantry Division where from 1974 to 1978 he was a Battalion Executive Officer, Brigade Executive Officer, Battalion Commander, and the Division G-3.

Lieutenant Colonel Randall holds a B.S. degree from West Point and an MBA (ORSA) from Tulane University. He has graduated from the Armor Officers Career Course, the Armed Forces Staff College, and the Army War College. His military decorations include three bronze star medals, three meritorious service medals, nine air medals, two Army commendation medals, the purple heart medal, and the Combat Infantryman Badge.

Lieutenant Colonel Randall is married

BIOGRAPHY

MAJOR ROBERT J. BOOTS

Major Robert J. Boots, recently selected for promotion to Lieutenant Colonel, is currently assigned as a Military Assistant in the Office of the Special Assistant to the Secretary and Deputy Secretary of Defense. As a Military Assistant, Major Boots provides assistance on Service related issues, preparation of speeches and testimony, and drafting of the Secretary's Annual Report to Congress.

Prior to his assignment as a Military Assistant, Major Boots was assigned as a Strategy and Planning Officer in the Directorate of Plans, Headquarters US Air Force from July 1979 to July 1980.

Major Boots was appointed to the USAF Academy in 1964 and graduated with the Class of 1968. He attended Pilot Training at Vance AFB, Oklahoma and was awarded his wings in August, 1969. He was subsequently assigned to Southeast Asia in the 460th Tactical Reconnaissance Wing where he flew 212 combat missions between 1969 and 1970.

In 1970 he was assigned to the 20th Military Airlift Squadron at Dover AFB, Delaware flying the C-141 as an instructor pilot and flight examiner. In 1972 Major Boots was selected as Aide and Executive Officer to the Commander of 21st Air Force at McGuire AFB, New Jersey.

In 1975 Major Boots was assigned to Headquarters Military Airlift Command as an Aircrew Standardization and Evaluation Flight Examiner. He also served as pilot for the Commander-in-Chief of the Military Airlift Command at Scott AFB, Illinois.

In 1978 Major Boots entered the Air Command and Staff College at Maxwell AFB, Alabama and graduated as a Distinguished Graduate in June 1979.

Major Boots holds a B.S. degree in Mathematics from the USAF Academy and an MBA from Webster College. He is a Senior Pilot with over 4000 hours flying time. He is also a qualified parachuist. His military decorations include: the Distinguished Flying Cross, the Air Medal, and the Meritorious Service Medal.

Major Boots is married

Lieutenant Colonel Grant S. Green, Jr.

Primary Duties

Assists the Secretary and Deputy Secretary of Defense by preparing policy papers and reviewing those from a wide cross section of the OSD staff. Serves as primary DoD point of contact with the White House staff for providing support to the President and Vice President. Reviews and approves all requests for DoD personnel and materiel support requested by other Federal departments and agencies.

Supervises the Presidential support program which involves special background investigations for all DoD personnel who have frequent association with members of the White House. Monitors/reviews all Presidential support nomination procedures for White House Military Office staff, unit commanders, military aides to the President and Vice President and White House social aides.

Reviews and processes recommendations for DoD military awards. Coordinates and approves use, by DoD and other federal agencies, of all Special Air Mission (SAM) aircraft. Provides staff assistance and administration to the Armed Forces Policy Council.

Lieutenant Colonel Jean E. Klick

Primary Duties

Responsible for staffing and coordination of policy on matters relating to Manpower, Reserve Affairs, and Logistics; Health Affairs; and Communications, Command, Control, and Intelligence. Processes action memoranda and staff papers prepared by the Office of the General Counsel and the Assistant for Legislative Affairs. Monitors programs affecting or initiated by the Air Force.

Acts as liaison between the Department of Defense and the Department of Justice for issues concerning the FBI and Protection of Federal Witnesses. Maintains coordination with the Office of Personnel Management. Monitors the Fraud, Waste, and Abuse Task Force.

Reviews and processes nominations for civilian awards. Researches, compiles, and drafts the Secretary of Defense's weekly report to the President.

Position Description

Staff Assistant to the Secretary of Defense

Acting under the general administrative direction of The Special Assistant, the Staff Assistant to the Secretary of Defense serves as a personal staff representative of the Secretary in contacts with the White House Staff, principal officials and executive assistants of Members of Congress, Members of the Cabinet, and other federal departments and agencies. In this capacity, the Staff Assistant acts as the Secretary's point-of-contact at primary mangement levels within OSD, the Organization of the Joint Chiefs of Staff, the Secretaries of the Military Departments, and the Directors of Defense Agencies, assembling a large volume and variety of information and directing specific actions as may be necessary in response to requests from federal officials outside the Department of Defense. By the same token, the Staff Assistant acts as liaison for various components of the Department in requesting information and/or appropriate action from other federal agencies.

The Staff Assistant also handles a wide range of assignments and special projects for the Secretary of Defense and/or The Special Assistant. These assignments, which are often of a sensitive and confidential nature, may require independent research, fact-gathering, analysis and evaluation of the resulting data, and the presentation of appropriate recommendations. The Staff Assistant further ensures that the directions of the Secretary and/or The Special Assistant are carried out both before and after their consideration and decision on such matters.

The Confidential Assistant

to

The Special Assistant

The Confidential Assistant to The Special Assistant provides high level administrative assistance in both internal office management and administrative support in the coordination and management of a variety of projects, studies, and actions, keeping The Special Assistant informed of critical developments. Based on an intimate knowledge of The Special Assistant's views and policies, provides guidance to staff personnel relating to priorities, practices and procedures, assuring smooth and efficient operation and relieving The Special Assistant from involvement in important, but time-consuming details.

The Confidential Assistant serves as the point of contact for The Special Assistant, referring matters out for study and action, establishing deadlines, monitoring progress, personally resolving related problems and disseminating The Special Assistant's instructions.

The Confidential undertakes complex research projects requiring fact-finding, investigation, report writing, correspondence preparation and follow-up. These assignments are frequently of a highly sensitive and controversial nature, and involve contact and coordination with key civilian and military officials.

The Military (Naval) Assistant to the Special Assistant:

o Serves as the immediate office's liaison with the Navy Secretariat on Department of the Navy matters.

o Serves as the office's liaison with the Vice President's military office.

o Serves as the office's liaison with the following OSD staff offices and agencies: USD(Policy), USD(Research and Engineering), ASD(International Security Affairs), ATSD (Atomic Energy), and the Defense Security Assistance, Defense Intelligence, Defense Advance Research Projects and Defense Nuclear Agencies. Liaison responsibilities include the review, coordination and staffing of papers from these several offices that are en route to the Secretary and Deputy for action.

When requested, the Military Assistant also prepares original papers, correspondence, speeches and congressional statements.

The Special Assistant's Office

Title	Grade Level	Name
Executive Assistant to The Special Assistant	Col, USAF	Carl N. Beer
Confidential Assistant to The Special Assistant	GS-12	M. Joyce Nesmith
Private Secretary to the Secretary of Defense	GS-09	Betty P. Grim

11

ASSISTANT SECRETARY OF DEFENSE (LEGISLATIVE AFFAIRS)

The attached documents were provided to the Carter-Reagan Transition team. Deletions have been made in the documents as the unauthorized release of the internal advice, would inhibit the frank exchange of information required in the decision-making process. The information is denied under the provisions of 5 USC 552(b)(5).

The Initial Denial Authority is Brigadier General Eugene M. Poe.

OFFICE OF THE ASSISTANT TO THE SECRETARY OF DEFENSE
(LEGISLATIVE AFFAIRS)

This office serves as the principal advisor to the Secretary of Defense and his staff on Legislative Affairs, and is charged with the responsibility of coordinating the efforts of the military departments in this regard. The specific responsibilities, relationships and authorities are spelled out in the attached DoD Directive (TAB A).

The office is staffed at a modest level, utilizing the military departments to handle matters which do not require policy consideration. Each department has its own legislative affairs office with a Director at the two star level. At TAB B is a breakout of the organization of the office and of the military departments.

Formal congressional activities operate under a statutory funding limitation which is now carried at $7.5 million allocated as follows:

Department of the Army	$1,991,187
Department of the Navy	1,980,095
Department of the Air Force	2,022,782
Office of the Secretary of Defense and Defense Agencies	1,505,936
TOTAL	$7,500,000

The size of the Department's budget and responsibilities, in its own right, creates a sizeable congressional work load.

For example, during the first 9 months of 1980, the DoD provided 1,393 witnesses for some 445 hearings involving 1,212 hours of testimony and received over a half million telephone calls. The Secretary of Defense personally appeared some 20 times for an excess of over 50 hours of testimony. Additional work load figures are attached at TAB C.

Early Hearings:

Confirmation Hearings: Senator John Tower, new Chairman of the Senate Armed Services Committee, has informed the members of his committee that confirmation hearings will begin between 6 and 20 January. There are 14 positions within the Office of the Secretary of Defense which require Senate confirmation. In addition, there are 16 positions in the military departments which require confirmation.

Program Justification (Posture Hearings): The hearings on the Authorization Bill normally begins in the Armed Services Committees during the last week of January. However, with the change in Administrations, the anticipated Supplemental and the Amended Budget Request, hearings probably won't begin until the latter part of February. In 1977, the Secretary of Defense did not appear before any committee of Congress in support of the FY 78 Amended Budget until 22 February, when he went before the House Appropriations Committee.

Traditionally, the Secretary of Defense appears with the Chairman of the Joint Chiefs of Staff before the Armed Services Committees, the Appropriations Committees and the Budget Committees. The Secretaries and Chiefs of the Military Departments appear immediately thereafter. Following these appearances, senior civilians and uniformed personnel in the Office of the Secretary of Defense and the Military Departments go before the different subcommittees in support of specific programs and budget requests.

Other: In addition to the Armed Services, Appropriations, and Budget Committees, during FY 81, the Secretary of Defense appeared before other Congressional Committees such as Senate Commerce, Science and Transportation on the space shuttle program; the Senate Foreign Relations Committee on nuclear warfare strategy and SALT and the House Foreign Affairs Committee on security assistance.

KEY COMMITTEES

Senate Armed Services Committee (9R - 8D): Two new Members (Republicans Quayle and Denton) have been assigned to the Senate Armed Services Committee. The Committee has changed its organizational structure from the traditional subcommittee line-up of R&D, Procurement, etc., to a mission concept; i.e., strategic, tactical, seapower and preparedness plus the usual personnel and military construction subcommittees.

Chairman Tower has indicated that the Committee will hold its first formal organizational meeting on 5 January. The Committee is expected to move out smartly holding confirmation hearings 6-20 January, to be followed by the FY 81 Supplemental and 1982 Authorization Bill.

House Armed Services Committee: The Chairman has requested approval from the House leadership to reduce the size of the committee from 45 to 41 members. The committee ratio is expected to reflect a balance of 23 to 18. This will require the assignment of an additional 2 democrats and 4 republicans. The committee structure will also expand from 7 to 8 subcommittees as the Special NATO Subcommittee is elevated to a permanent subcommittee and expanded to include O&M funding.

Senate Appropriations Committee (15R - 14D): The SAC has not yet organized into subcommittees. The new chairman of the Defense Subcommittee is expected to be Senator Stevens. Senator Stennis of course will be ranking minority.

House Appropriations Committee: There will be some new members on the House Appropriations Defense Subcommittee. However, the leadership will remain with Mr. Addabbo as Chairman, and Mr. Edwards as ranking minority.

Senate Budget Committee (12R - 10D): Senator Domenici will chair the Senate Budget Committee with Senator Hollings as ranking minority. Unlike the House Budget Committee, the Senate Budget Committee does not have a Special Task Force for Defense. The full committee acts on all funds for Defense.

House Budget Committee: The new chairman, James R. Jones emerged the victor in a tight race for leadership for the HBC over opponent David Obey The HBC will have its membership increased from 25 to 30 members. Chairmanship of the Defense and International Affairs Task Force will remain with Jim Mattox.

Intelligence Committees: Assignments to the Intelligence Committee in the Senate have not yet been made. However, Senator Goldwater is expected to chair the committee and Senator Moynihan is to move up to ranking minority. In the House Intelligence Committee there will be some changes in membership but the leadership will remain intact. Mr. Boland will remain as Chairman and Mr. Robinson is expected to be ranking minority.

Foreign Relations Committees: The Senate Foreign Relations Committee will have a ratio of 9 republicans to 8 democrats and will be chaired by Senator Percy. Senator Pell will be ranking minority. The House Foreign Affairs Committee will continue to be headed by Rep. Zablocki, with Rep. Broomfield as ranking minority.

Attachments
TAB A - DoD Directive 5142.1
TAB B - Organization Charts
TAB C - Work Load Figures

ORGANIZATIONAL STRUCTURE
AUTHORIZED STRENGTH

ATSD (LA)
DATSD (LA)

	Civ	Mil	Total
Professional	1	1	2
Clerical	3	0	3
Total	4	1	5

-- Principal staff assistant for DoD Legislative Affairs.

LIAISON

	Civ	Mil	Total
Professional	5	7	12
Clerical	8	0	8
Total	13	7	20

Maintain direct liaison with, and provide advice and assistance concerning Congressional aspects of DoD policies, plans, and programs.
Coordinate actions relating to Congressional consideration of DoD legislative program.
Coordinate DoD participation in Congressional hearings and investigations.
Assign responsibility, coordinate responses and respond to Congressional inquiries.
Arrange for the designation and appearance of witnesses and provision of information at Congressional hearings.

RESEARCH & ADMINISTRATION

	Civ	Mil	Total
Professional	0	1	1
Clerical	4	3	7
Total	4	4	8

-- Process and coordinate requests for DoD support of Congressional travel.
-- Provide for DoD processing of personal security clearances for members of Congressional staffs.
-- Conduct research on matters of legislative interest to the DoD and prepare appropriate reports including daily summaries of the Congressional Record.
-- Prepare daily schedule of Congressional hearings.
-- Handle transcripts and maintain file of hearings of DoD witnesses.
-- Provide internal personnel and administrative support.

SUMMARY OF AUTHORIZATIONS: 33

	Civ	Mil	Total
Professional	6	9	15
Clerical	15	3	18
Total	21	12	33

OFFICE, CHIEF OF LEGISLATIVE LIAISON

SEPTEMBER 1980

EXECUTIVE SERVICES DIVISION, Room 2C6[illegible]

		SC
LTC James C. Joiner, Chief	53524	47
SP4 Ruth I. Hoy	56849	48
Mr. Andre King	54492	49
Mrs. Ruth E. Bernhardt	56849	48
Mr. John Belton	54492	

INVESTIGATIONS & LEGISLATIVE DIVISION, Room 2C634

		SC
Mr. John Maier, Chief Attorney	76858	30
LTC David McNeill, Jr., Deputy	70275	
LTC Howard Eggers, Legal Counsel	70278	
MAJ Pittsburgh Godwin, Legal Counsel	70275	
Mrs. Ruth Whiteman, Secretary	76856	
Mrs. Lorraine Pittard, Legislative Act Rep	73506	
Mrs. Lucy Fuller, Legislative Act Rep	70277	
Mrs. Carol Hays, Legislative Act Asst	73506	

PLANS & OPERATIONS DIVISION, Room 2C638

		SC
COL Johnnie Gorne, Chief	54854	33
LTC Samuel Ebbesen, Deputy	54828	36
Mrs. Dana Smith, Secretary	54828	
PLANS BRANCH		
LTC John Mullett, Chief	79890	25
LTC Mike Peck (Budget)	75258	
LTC Gordon Merritt (Procurement)	78602	
LTC Frank Hennessee (Manpower)	79915	
LTC Michael T. Chase (R&D)	75258	
Mrs. Barbara Frandberg, Secretary	79690	26
OPERATIONS BRANCH		
LTC Doral Willis, Chief	70279	28
LTC John Canstrey (Engineers)	72417	
LTC Vernon Conner	72417	
Mr. Al Drewes (Research)	76265	
Ms. Linda Payne, Congressional Act Rep	74417	
Mrs. Barbara Wellingsford, St Asst	70279	
Mrs. Vivian Hansen, Contracts	74417	

OFFICE OF THE CHIEF, Room 2C631

		SC
MG Edward C. Peter, Chief	76767	51
BG Charles D. Franklin, Deputy	54368	52
Mr. Carlos Lively, Special Assistant	53918	53
COL Fred A. Gordon, Executive	53524	55
LTC James C. Joiner, Assistant Executive	53524	47
Miss Dorothy Voltaire, CLL Secretary	76767	56
Mrs. Debbie Manat, DCLL Secretary	54368	44
TRAVEL OFFICE, Room 2C630		
Mrs. Andi Buel, Travel Officer	73843	31
Mrs. Elinor Nelson, Travel Assistant	77271	32

HOUSE LIAISON DIVISION, Room B-375, Rayburn Bldg.

COL Herschell B. Murray, Chief	37580
LTC Wendell Black	37580
LTC James Rambusch	37580
LTC Phillip Kirchinger	37580
SSG Robert Miller	37581
Mrs. Virginia Johnson	37582
Miss Kay Gordon	37582
Miss Ethel McCann	37582
Mrs. Linda Coleman	37582

SENATE LIAISON DIVISION, Room 157, Russel Bldg.

COL John Campbell, Chief	37446
LTC John Splesk	36360
LTC John Critchfield	37447
SP4 Lori Weis	37448
Mrs. Joan Goodale	37446
Mrs. Margaret Tyler	36360

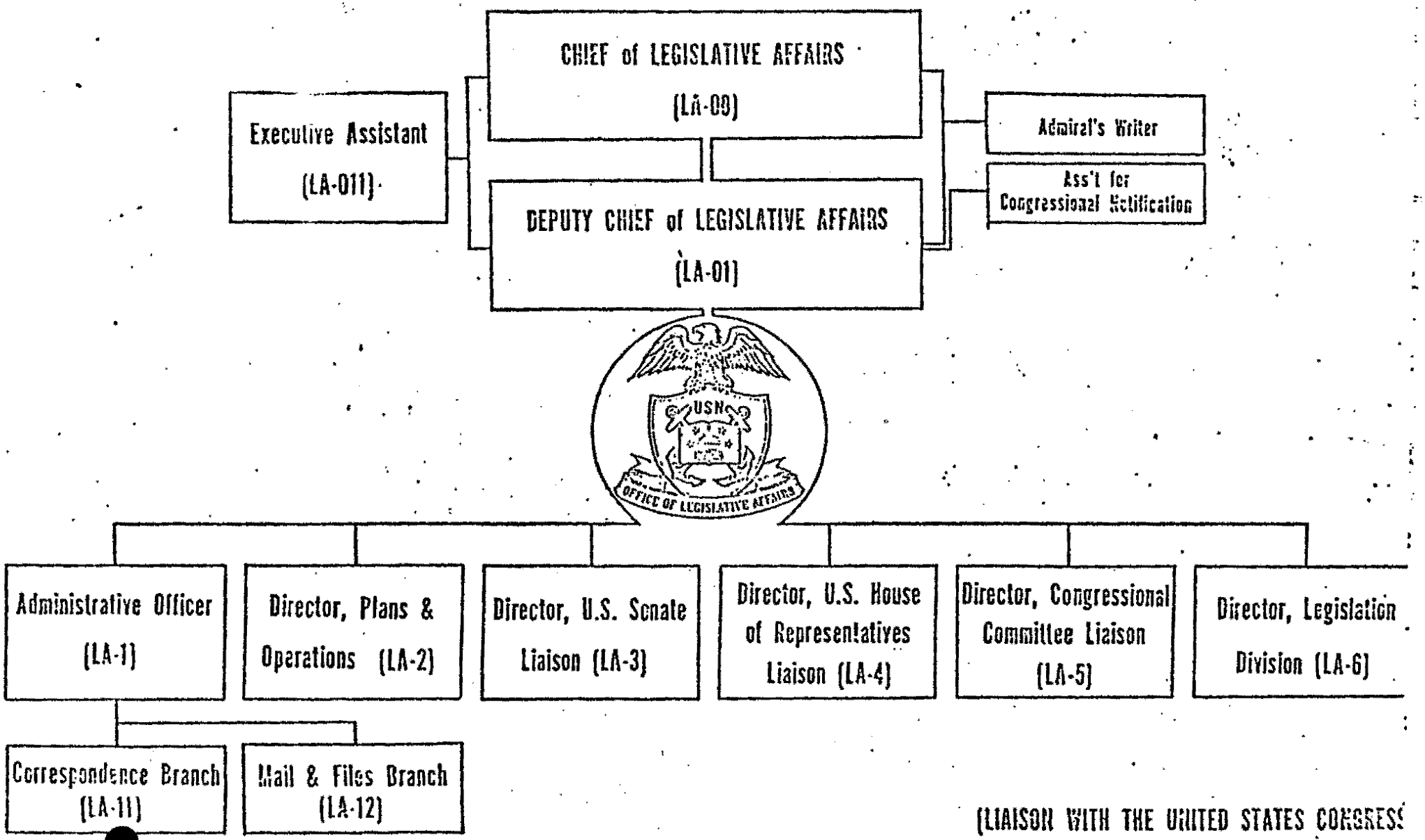
US ARMY CONGRESSIONAL CORRESPONDENCE AGENCY, Room 2D631

		SC
COL Robert G. Woolweaver, Commander	78381	38
SPECIAL ACTIONS BRANCH		
LTC James Gleisner, Chief	78381	40
Mrs. Yvonne Tucker, Congressional Coordinator	71000	41
MAJ Frank Martino, Congressional Coordinator	71000	42
Mrs. Emily Wood, Congressional Act Rep	71000	
Mrs. Dee Sines, Congressional Act Rep	78132	
EAST BRANCH		
LTC Charles Moore, Chief	72583	35
Mrs. Janet Fagan, Supervisor	72583	33
CT, DC, KY, NY, OH, PA, FR, AZ	59842	
DE, IN, MI, MD, MA, MS, NJ, TN, VA, VI	73196	
IL, MI, NV, WI, VT	73393	
WEST BRANCH		
LTC James Haygood, Chief	72506	45
Mrs. Eleanor Locke, Supervisor	72506	46
AL, AR, FL, GA, NC, SC	57713	
CO, ES, LA, MO, MS, NE, OK, TX	79183	
AK, AZ, CA, GU, HI, ID, IA, MN, MI, NV, NM, ND OR, SD, UT, WA, WY	79184	
ADMINISTRATIVE SUPPORT BRANCH		
LTC Keith B. Wolff, Chief	78381	34
SGM Frank Dalton, Supervisor, Inquiry Control	56026	20
Mrs. Mary Simmons, Supervisor, Ward Proc	56028	48

ORGANIZATION CHART OF THE OFFICE OF LEGISLATIVE AFFAIRS

(Office of the Secretary of the Navy)

(As of August 1976)



(LIAISON WITH THE UNITED STATES CONGRESS

EXHIBIT A

SAFLL

OFFICE OF THE DIRECTOR (LL) 4D923

BRIG GEN GUY L. HECKER, JR., Director	78153
BRIG GEN JAMES D. GORMLEY, Deputy	52650
COL N. ARCHIE McSMITH, Actg Assoc Dir	75321
MAJ RICHARD W. FLYNN, Special Asst	76451
VICTOR J. TAMBONE, Executive	74142
CMSgt James P. Miller, Sgt Maj	75665
SMSgt Raymond V. Lukowski, Chief Admin	75665
Mrs. Pauline Alegria	78154
Mrs. Barbara Browne	52650
Ms. Chris Yurkiewicz, Admin Asst	74142

INQUIRY DIVISION (LLI) 5D923

COL FRANK W. HAUSMANN, Chief	73783
Col Gerald J. Smith, Deputy	73783
Mrs. Paula D. Haveron	73783

INQUIRY BRANCH #1, 5D871

LT COL MICHAEL ALBA	57364
Mrs. Rocalie Downs	57364

TEAM #1 - AL, AR, GA, IA, KY, LA, MD, MA, NC, OR, TX, WI

Lt Col Robert L. Marsh	57375
Capt Stevie Henderson	57375
CMSgt Jose Martinez	57375
Sandi Esty	57375
Cheryl Walker	57375

TEAM #2 - FL, ID, IL, IN, MI, NE, NV, OH, OK, PA, PR, WY

Lt Col Joseph L. Nameth	57201
Major Robert Miller	57201
Mrs. Margaret Story	57201
Cathy Hudock	57201
Ruth Thornton	57201

INQUIRY SUPPORT BRANCH

Joyce Earley	77617
Arnnetta Key	77617
Debbie Milburn	77617

INQUIRY BRANCH #2

LT COL THOMAS WOOD	57201
Betty Becker	57204

TEAM #3 - AK, AZ, CA, CZ, CO, CT, DE, DC, GU, HI, KS, ME, MN, MS, MO, MT, NH, NV, NM, NY, ND, RI, SC, SD, TN, UT, VT, VA, VI, WA, WV

Lt Col Jack McTasney	57361
Maj Dave Walters	57394
Mrs. Virginia Foster	57231
Capt Robert L. Smolen	57361
Capt Patricia A. Flannery	57361
Judy White	57361
Bennie Catterton	57394
Monika Krese	57394
Cheryl Cromwell	57361

WHITE HOUSE LIAISON (LLAW) 5D870

Major Robert E. Roberts	73731
Leola Wall	73731

SENATE LIAISON OFFICE (LLS) 152 PSOB

COL MICHAEL C. MERRY	37439
Major Daniel E. Kennedy, Jr.	37439
Mrs. Elizabeth A. Nelson	37439
Mrs. Wanni Spence	37439

LEGISLATION DIVISION (LLL) 5D925

COLONEL LARRY SHREVE	75322
Lt Col Bob Jones	53435
Lt Col Jeff Graham	74480
Lt Col Dick Flowers	71348
Lt Col Phil O'Neill	74738
Maj Dave Wozniak	53435
MSgt Gary Claeser	72854
Mrs. Susie Ezzell	75322
Mrs. Vivian Johnson	71348
Mrs. Joy Perry	74480
Miss Adrienne Earnhardt	53435
Miss Rose Gennella	53391

AIR OPERATIONS OFFICE (LLO) 5D943

LT COL RONALD K. SABLE	53531
Mr. S.L. Ackley	71500
SMSgt Peter M. Steffes	71500
SMSgt Art Sturgill	53531
Ms. Karen Hardgrove	71500

PROGRAM LIAISON DIVISION (LLP) 5D917

COL JOHN G. SCHROEDER	77950
Lt Col Robert K. Bayer	77950
Lt Col Glen M. Thompson	77114
Major Samuel F. Hatfield	72814
Capt Wayne Christein	72814
Mrs. Charlotte Moyer	76790
Mrs. Rosemary Fili	72814

LEGISLATIVE RESEARCH OFFICE (LLR) 5D934

MS. RUTH GALEY	52552
Ms. Irene D. Kikta	72329
Mr. Frederick H. Bumgarner	52329
Ms. Rosalie Wildensteiner	52329
Mr. John Komarny	75734
Mrs. Alice Baker	72329

SYSTEMS LIAISON DIVISION (LLW) 5D920

COL RICHARD D. OSBORN	76711
Lt Col John Carter	53346
Lt Col William O'Brien	76041
Lt Col Richard Mayer	56905
Major Douglas Roach	55629
Major Wade Robert	53346
Major Robert J. Belisle	73376
Capt Neal Coyle (ASTRA)	76813
Mrs. Grace McGee	76711
Mrs. Barbara Carr	55629
Mrs. Cordie Green	56905

ADMINISTRATIVE WORK CENTER (LLC) 5D872

CMSgt RASEM M. MALLEY (5D874)	45751
Deputy (Vacant)	
SMSgt Joseph D. McDonald	73422
TSgt William R. Montgomery	71778
TSgt Robert L. Farrell	73020
SSgt Ernest Warrington	71778
SSgt James E. Jordan	57205
SSgt Courtland G. Ballou	71778
Mr. Adam F. Bohunko	73020
Mr. Willie L. Morris	73020
Mrs. Gail L. Patterson	73020
Mrs. Dorothy Hensley	73020
Sgt Rudy Chavis (TDY)	71778

HOUSE LIAISON OFFICE (LLH) B-320 RHOB

COL PAUL McHARGUE	[illegible]
Lt Col John R. Cady	[illegible]
Major Lloyd W. Newton	[illegible]
Mrs. Helen Jeffrey	[illegible]
[illegible]	[illegible]

DEPARTMENT OF DEFENSE LEGISLATIVE ACTIVITY

NUMBER OF WITNESSES	PRINCIPAL	SUPPORT	TOTAL
1978	822	607	1429
1979	854	1414	2268
*1980	711	682	1393

HOURS OF TESTIMONY	
1978	1590
1979	1459
*1980	1212

NUMBER OF HEARINGS	
1978	465
1979	556
*1980	445

NUMBER OF COMMITTEES HEARING DOD TESTIMONY	
1978	86
1979	59
*1980	96

NUMBER OF BRIEFINGS	
1978	597
1979	1496
*1980	980

HOURS OF BRIEFINGS	
1978	1093
1979	2125
*1980	1279

WRITTEN QUERIES	
1978	91,815
1979	90,872
*1980	67,467

TELEPHONE QUERIES	
1978	532,818
1979	406,100
*1980	NA

PGS IN CONGRESSIONAL JUSTIFICATION BOOK		
1978	(FY 79)	15,815
1979	(FY 80)	NA
*1980	(FY 81)	17,457

*As of September 30, 1980

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

October 30, 1980

:gislative Affairs

MEMORANDUM FOR RECORD

SUBJECT: Secretary of Defense Harold Brown - Appearances before Congressional Committees, CY 1980

DATE	COMMITTEES	SUBJECT	TIME
1-29	House Armed Services	FY 81 Auth: Posture	4:54
1-30	House Armed Services	FY 81 Auth: Posture	3:00
1-31	Senate Armed Services	FY 81 Auth: Posture	2:39
2-1	Senate Armed Services	FY 81 Auth: Posture	2:50
2-4	House Appropriations, SCte on Defense	FY 81 DoD Appns: Posture	2:50
2-5	House Appropriations, SCte on Defense	FY 81 DoD Appns: Posture	2:25
2-7	Senate Commerce, Science & Transportation	FY 81 NASA Auth: Space Shuttle Prog.	2:25
2-19	House Foreign Affairs	FY 81 Security Assistance Prog.	2:30
2-27	Senate Budget	FY 81 DoD Budget	3:40
2-28	House Budget	FY 81 DoD Budget	2:58
3-12	Senate Appropriations, SCte on Defense	FY 81 Proposed BudEstms for Defense	2:30
3-25	House Appropriations, SCte on MilCon	FY 81 DoD MilConAppns: MX Program	2:38
3-27	Senate Armed Services	FY 80-81 Budget	2:30
5-6	Senate Appropriations, SCte on MilCon	FY 81 DoD MilConProg: Alternative Basing Modes - MX	2:00
5-8	Senate Armed Services	Iran Rescue Attempt	4:45
6-5	Senate Armed Services	CX, MX, and Chemical Warfare	2:51
9-4	House Armed Services, SCte on Investigations	Leaks of Classified Information (STEALTH)	3:50e
9-4	Senate Armed Services	Binary Chemical Hearing	1:45
9-16	Senate Foreign Relations	Presidential Directive 59 (Nuclear War Strategy)	2:20

June Legates

June Legates

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

December 21, 1979

LEGISLATIVE AFFAIRS

MEMORANDUM FOR RECORD

SUBJECT: Secretary of Defense Harold Brown - Appearances before Congressional Committees, CY 1979

Date	Committee	Subject	Time
25 Jan	Senate Armed Services	FY 80 Defense Budget: Posture	3:28
29 Jan	House Armed Services	FY 80 Defense Budget: Posture	4:38
31 Jan	Senate Appropriations, SCte on Defense	FY 80 DoD Appns: Posture	2:50
5 Feb	House Foreign Affairs	FY 80 Security Assistance	2:30
5 Feb	Senate Foreign Relations	China/Taiwan	3:15
7 Feb	House Appropriations, SCte on Defense	FY 80 DoD Appns: Posture	5:40
8 Feb	House Appropriations SCte on Defense	FY 80 DoD Appns: Posture	2:10
21 Feb	Senate Budget	FY 80 Defense Budget	2:02
27 Feb	House Budget	FY 80 Defense Budget	3:45
3 Apr	Senate Armed Services	FY 79 DoD Supplemental	2:07
11 Apr	Senate Foreign Relations	Middle-East Peace Package	2:52
8 May	House Foreign Affairs	Middle-East Peace Package	2:53
9 Jul	Senate Foreign Relations	SALT II	4:20
11 Jul	Senate Foreign Relations	SALT II	7:00
17 Jul	Senate Foreign Relations	SALT II	3:23e
18 Jul	Senate Foreign Relations	SALT II	3:05
23 Jul	Senate Armed Services	SALT II	6:46
24 Jul	Senate Armed Services	SALT II	2:44
19 Sep	Senate Foreign Relations	SALT II	2:55
10 Oct	Senate Foreign Relations	SALT II	3:13
23 Oct	Senate Armed Services	SALT II	3:11
24 Oct	Senate Armed Services	SALT II	2:43
6 Nov	Senate Foreign Relations	SALT II	1:18e
13 Dec	Senate Armed Services	FY 81 Budget Preview	3:15
14 Dec	Senate Armed Services	FY 81 Budget Preview	2:18
18 Dec	House Armed Services	FY 81 Budget Preview	1:48
19 Dec	House Appropriations, SCte on Defense	FY 81 Budget Preview	1:35
20 Dec	Senate Foreign Relations	China	1:43e
			69:27

June Legates
June Legates
OATSD(LA), R&A
x-57800