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REPORT TO THE CONGRESS

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The Army Reorganization For The 1970s: An Assessment Of The Planning

B-172707

Department of the Army

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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AUG. 13. 1973



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

B-172707

cl / To the President of the Senate and the
/ Speaker of the House of Representatives

This is our report, "The Army Reorganization for the 1970s: An Assessment of the Planning."

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the Secretary of the Army.

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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ABBREVIATIONS

ABM	Antiballistic missile
ADP	automatic data processing
AMC	Army Materiel Command
APSA	Ammunition Procurement and Supply Agency
ARMCOM	Armament Command
BMD	ballistic missile defense
CAA	Concepts Analysis Agency
CDC	Combat Developments Command
CONARC	Continental Army Command
CONUS	continental United States
DOD	Department of Defense
ECOM	Electronics Command
FORSCOM	Forces Command
GAO	General Accounting Office
MCA	Military Construction Army
MUCOM	Munitions Command
NCA	National Command Authority
OSD	Office of the Secretary of Defense
OTEA	Operational Test and Evaluation Agency
PMR	Project Manager for Reorganization
ROTC	Reserve Officers Training Corps
SAFLOG	SAFEGUARD Logistics Command
SAFSCOM	SAFEGUARD Systems Command
SASA	Small Arms Systems Agency
SPEED	Systematic Project for Electronic Equipment at Depots
STRATCOM	Strategic Communications Command
TRADOC	Training and Doctrine Command
WECOM	Weapons Command

CONTINGENT COMMANDS
REPORT TO THE CONGRESS

THE ARMY REORGANIZATION FOR THE
1970s: AN ASSESSMENT OF THE PLANNING
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D I G E S T

WHY THE STUDY WAS MADE

1 The U.S. Army is undergoing an extensive reorganization that should have a broad impact on the Army of the future. 20

The Army estimates that the reorganization will save \$188 million annually in operating costs and will eliminate 5,200 military and 11,300 civilian jobs. The Army will be reduced from 1.5 million at June 30, 1969, to an expected 791,000 by June 30, 1974.

GAO considered whether the planning for the reorganization was adequate and whether its goals are reasonable and attainable.

Basic information

The Army wanted to create a management organization responsive to the needs of a smaller, all-volunteer force which would be stationed primarily in the United States.

The reorganization is intended to:

- Improve military readiness.
- Increase the effectiveness of special schools and training.
- Improve methods of developing equipment and forces.
- Reduce the levels of command and the size and number of headquarters.

The Continental Army Command (CONARC), the Combat Developments Command (CDC), and the 3d Army are being eliminated. Two commands will be created:

- The Forces Command, to supervise the unit training and combat readiness of all Army units. (See pp. 38 to 41.)
- The training and Doctrine Command, to direct all individual training and education and combat development of organizations, materiel requirements, and doctrine. (See pp. 35 to 38.)

The Army Materiel Command (AMC) also is being reorganized. (See p. 5.) The Treaty on the Limitation of Anti-Ballistic Missile Systems and 1972 congressional actions limiting the SAFEGUARD program to one site will result in consolidating some activities. (See ch. 8.)

Other changes will take place.

- The Chemical Corps will be abolished.
- A one-stop military personnel center will be established.
- The Strategic Communications Command will assume responsibility for base communication-electronic support.
- An Army Health Service Command will be established to provide a single manager for Army medical activities in the United States.

--The size of the Army General Staff will be reduced.

FINDINGS AND CONCLUSIONS

The Army recognized the need for organizational changes and accomplished the complex and difficult task of planning satisfactorily.

Provisions for following up the organizational changes were the weakest links in the reorganization. The Army developed a program to assess the implementation of the reorganization but did not develop methods to measure its effectiveness. Unless adequate followup measures and evaluation systems are established, the Army probably will not be able to determine for itself, or communicate to others, the success or failure of the reorganization. (See p. 19.)

The Army is starting a program to develop methods of measuring effectiveness.

Restructuring the Army in the continental United States

In theory, the goals appear to be reasonable and, if the reorganization is properly implemented and evaluated, should be attainable. (See p. 42.)

The Army correctly assessed its inability to cope with future missions and took orderly steps to reorganize. (See p. 21.)

The organizational structure of the Army in the continental United States should, for the most part, meet Army objectives, except for reducing the total number of Army headquarters. (See p. 42.)

AMC reorganization

The Army adequately diagnosed its problems in the AMC portion of the reorganization, but in many instances did not document why or how specific decisions were reached.

AMC planned to:

- Close the Atlanta Army Depot and transfer its reduced workload to the Anniston, Alabama; Letterkenny, Pennsylvania; and Red River, Texas, Army Depots. (See p. 48.)
- Reduce the Umatilla Army Depot, Oregon, to a reserve ammunition storage site under the command of the Tooele Army Depot, Utah. (See p. 49.)
- Reduce the Savanna, Illinois; Seneca, New York; and Sierra, California, Army Depots to reserve ammunition storage sites but maintain command functions there. (See p. 48.)
- Close the Army Support Center at Richmond, Virginia, and transfer its reduced workload to more cost-effective depots, such as Tooele and Red River. (See p. 49.)
- Create a service center to exploit the benefits of a computerized management system. This will require centralization of all automatic data processing records for a geographic area at one depot. (See p. 43.)
- Consolidate all elements of the Electronics Command in one location by moving the Materiel Management Directorate from Philadelphia to Fort Monmouth, New Jersey. (See p. 51.)
- Create an Armament Command at Rock

Island, Illinois, by consolidating the Weapons Command located at Rock Island and the Munitions Command at Dover, New Jersey, and Joliet, Illinois. (See p. 59.)

The Army's decision to realign the depots was based on adequate advance study, although GAO found no documentary evidence that alternative plans had been considered and rejected.

Consolidating the Electronics Command should eliminate duplications in supporting services and time-consuming travel for key personnel.

The Army's decision to create the Armament Command at Rock Island was preceded by adequate study of one-time costs, recurring savings, and personnel turbulence. However, GAO found no documentation that alternatives had been considered and rejected.

GAO believes a system of measurements should be devised to compare the effectiveness of the new AMC organization with that of the old organization. Thus, the Army will be able to measure the success of the reorganization and to determine whether additional changes are required.

Other actions

The Army reduced SAFEGUARD to the status of a project office and eliminated the SAFEGUARD Logistics Command and the SAFEGUARD Central Training Facility, not needed for a one-site operation. (See p. 66.)

The planning and consideration of alternatives were adequate in the SAFEGUARD reorganization. Although there is some feedback on accomplishment of the implementation

plan, there is no formal mechanism to measure the effectiveness of the new organization against that of the old organization.

Increased emphasis should be placed on measuring the attainment of goals set for SAFEGUARD.

RECOMMENDATIONS OR SUGGESTIONS

The Department of the Army should staff a high-level interdisciplinary group of specialists with appropriate technical skills to evaluate the reorganization. The group's findings should be made available to the Army's key decisionmakers for periodic review.

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Army plans to maintain continued monitorship and direction of the continental United States reorganization at the Chief of Staff level through the Assistant Vice Chief of Staff. Also, certain officers from the Office of Project Manager for Reorganization are to be transferred to the Comptroller of the Army to monitor the implementation and the measurement of the reorganization's effectiveness.

If those organizations are structured properly and perform effectively, they should be beneficial in evaluating the reorganization.

MATTERS FOR CONSIDERATION BY THE CONGRESS

Changing organization patterns and locations are common occurrences in the military departments. Therefore, certain congressional committees may want to be kept advised of:

--How the Army will determine if the reorganization has achieved its goals and the real costs and benefits of the reorganization.

--What action the Department of Defense is taking to insure that planning for future reorganizations will include mechanics for measuring the effectiveness of the changes.

--How the Army's planned additional changes for AMC will affect the logistical plans of other military departments.

--Potential alternatives to proposed changes for determining whether to support the proposed change or an alternative.

CHAPTER 1

INTRODUCTION

On January 11, 1973, the Department of the Army announced a series of major reorganizations within the continental United States (CONUS) Army. The Army wanted to create a more responsive management organization for a smaller, all-volunteer Army which would be stationed primarily in the United States.

The Army hopes the reorganization will (1) improve Active and Reserve Force readiness, (2) increase the effectiveness of schools and training, (3) improve methods of developing equipment and forces, (4) streamline management, and (5) reduce overhead.

On June 1, 1973, the Army estimated that the reorganization would annually save \$188 million in operating costs and eliminate 5,200 military and 11,300 civilian jobs.

Since the reorganization is receiving significant congressional interest, we studied it to determine if it was adequately planned and if its goals were reasonable and attainable.

We selected for detailed study those portions of the reorganization which had congressional interest or which involved significant monetary savings or eliminated civilian jobs. We did not study any of the Army base realignment actions announced on April 17, 1973, unless they affected aspects of the Army reorganization.

HIGHLIGHTS OF REORGANIZATION

The Army reorganization will mainly affect the Continental Army Command (CONARC) and its subordinate commands, the Combat Developments Command (CDC), the Army Materiel Command (AMC), and SAFEGUARD. The reorganization will eliminate CONARC, CDC, and the 3d Army. The following commands will be created.

- The Forces Command (FORSCOM), a single field headquarters, will supervise the unit training and combat readiness of all CONUS Army units; it will include the Army Reserve and the Army National Guard.

- The Training and Doctrine Command (TRADOC), a single field headquarters, will direct all individual training and the development of organizations, materiel requirements, and doctrine.

At the same time, AMC is going to be reorganized to:

- Realign and consolidate the Army depot system.
- Consolidate dispersed segments of subordinate commands.
- Create an Armament Command to consolidate the Munitions Command and the Weapons Command.
- Create a Troop Support Command to include the Mobility Equipment Command, St. Louis; Natick Laboratories, Natick, Massachusetts; the Army Support Center, Philadelphia; and the Army General Material and Parts Center, New Cumberland, Pennsylvania. All parts of the Troop Support Command will remain in their current locations.

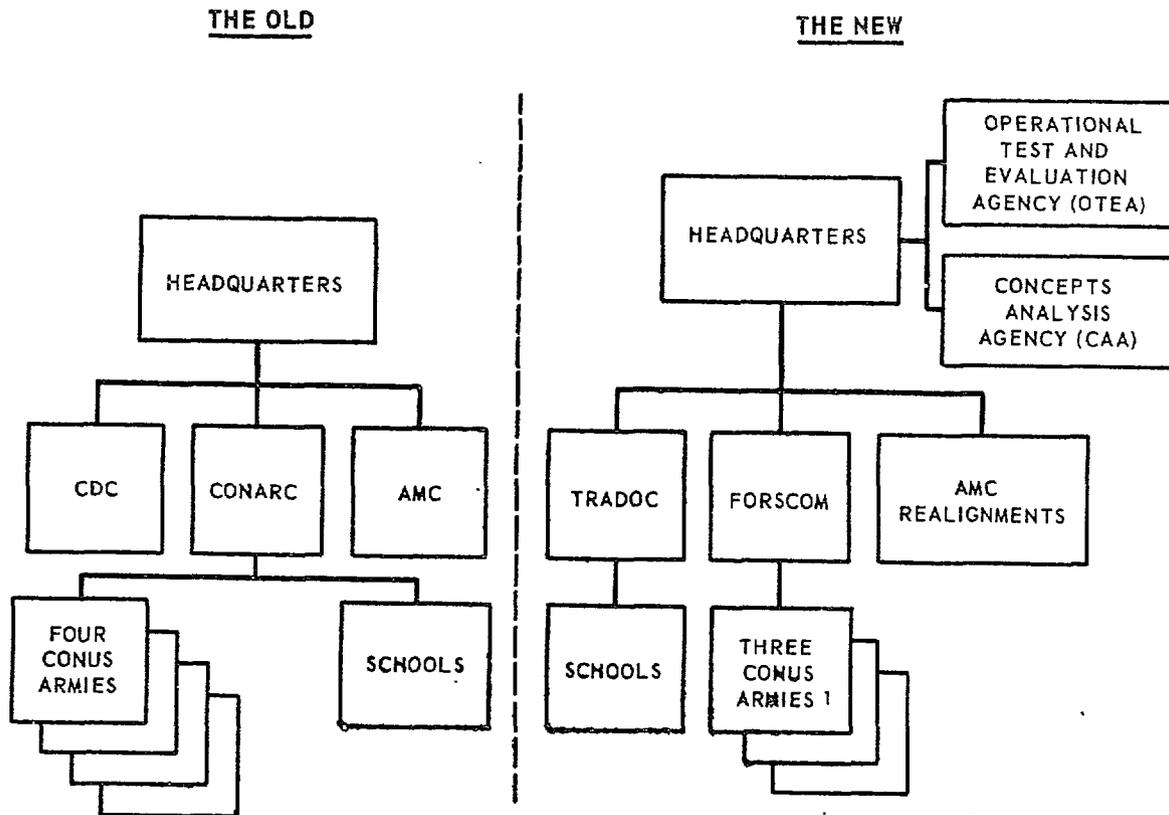
The Treaty on the Limitation of Anti-Ballistic Missile Systems and 1972 congressional actions limiting the SAFEGUARD program to one site will result in consolidating some activities and reducing the overall support for the site under construction in North Dakota and for ongoing research, development, production, and testing.

Other changes are listed below.

- The Chemical Corps will be abolished.
- A one-stop military personnel center will be created.
- The Strategic Communications Command (STRATCOM) will assume responsibility for base communications electronic support.
- A Health Services Command will be established to provide a single manager for Army medical activities in the United States. It will include all medical service schools and the medical training center.
- The size of the Army general staff will be reduced.

The following chart depicts the major changes in the Army organization in CONUS.

OVERVIEW

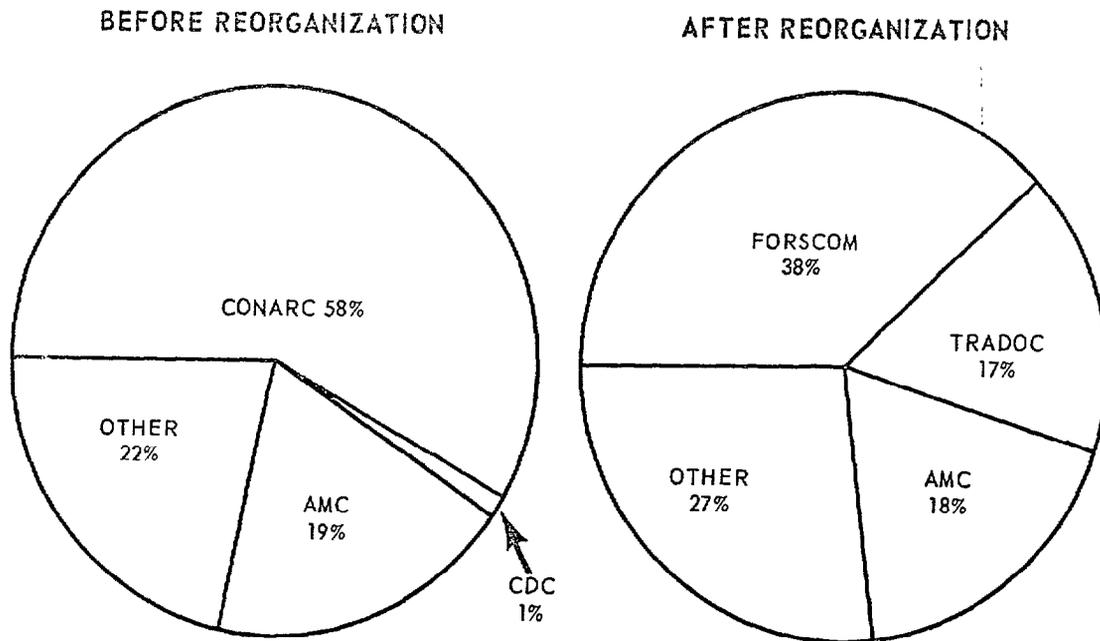


¹ Installations no longer report to CONUS armies but directly to TRADOC or FORSCOM. CONUS armies are responsible only for readiness of the Reserves.

PERSONNEL IMPACT

The CONUS reorganization is being accompanied by modifications in organizational structures, reductions in headquarters' size, and consolidations of activities. The chart below shows the distribution of jobs (military and civilian) before and after the reorganization.

COMPARISON OF MAJOR CONUS COMMANDS 1



1 Less students

The Army stated that its reorganization would eliminate 5,200 military jobs and 11,300 civilian jobs. However, the Army estimates that actual reductions in civilian personnel will be 13,518, as summarized below.

Summary of Personnel Actions
As of May 4, 1973

Reductions:	
Attrition	3,539
Reduction in force	4,051
Retirement	3,307
Decline transfers (separate)	<u>2,621</u>

Total reductions 13,518

Transfers to new location 4,117

Civilian personnel

Recognizing the potential turbulence from civilian personnel dislocations, the Army tried to lessen the reorganization's effects on its employees by:

- Holding early discussions with Civil Service Commission and union officials.
- Counseling affected employees to insure their understanding of benefits under the Department of Defense (DOD) Stability of Employment Program, Civil Service Commission Displaced Employee Program, and Re-employment Priority List.
- Promptly notifying personnel affected and avoiding delays in processing personnel actions.
- Giving the employees priority consideration for vacancies occurring where the employees are employed.
- Paying travel expenses for career employees who must be relocated to other areas.

To insure the smoothest possible transition, the Army established a Personnel Coordination Center at the Pentagon to monitor the status of civilian and military assignments. (Civilian reorganization actions are summarized in more detail in app. II.) GAO is evaluating the policies established and practices applied in reducing civilian positions and employment throughout the Government.

Military personnel

Converting military jobs to civilian jobs was not an objective of the reorganization. Army guidance to reorganization planners required that about the same military-civilian mix be retained at headquarters levels. However, the Army is involved in a major civilianization program which does affect the new structure.

In December 1972 the Deputy Secretary of Defense directed the Army to convert 10,000 military jobs to civilian jobs by the end of fiscal year 1974. The Army expects 1,000 of the jobs to be civilianized by the end of fiscal year 1973. CONUS commands are currently identifying positions to be civilianized under the new structure; these jobs will primarily be within support elements at the installation levels. Some military positions will be made available to civilians who lost their jobs in the reorganization.

Approximately one-third of the military job eliminations will result from elimination of 3d Army headquarters and reduction of the other CONUS Army headquarters. Most military functional transfers are associated with FORSCOM, TRADOC, and AMC.

As a general policy, the Army is seeking to minimize turbulence among military personnel by:

- Providing military personnel assigned to new headquarters greater stabilization than has been possible during recent years.
- Not relocating military personnel subject to imminent reassignment in any event.
- Permitting moves to be made during the summer whenever possible.

CONSTRUCTION IMPACT

Throughout the reorganization planning, the Army sought to minimize construction costs while insuring that essential construction was accomplished. The Army has requested authority to reprogram funds for essential construction projects in the fiscal year 1973 Military Construction Army (MCA) budget and has realigned the fiscal year 1974 MCA budget request.

About \$9.2 million will be required for reorganization-related construction in fiscal years 1973 and 1974. Reorganization-related family housing requests for fiscal years 1975-78 are expected to reach \$14.3 million for 444 housing units. Many of the planned construction projects that are no longer required will be eliminated to offset those requirements. For example, the Army estimates that \$21.3 million in planned MCA projects and \$27.5 million in family housing will no longer be required. The schedules below summarize the major construction costs of the reorganization and construction costs that are no longer required.

Construction Added By Reorganization

	Fiscal year						Total
	1973	1974	1975	1976	1977	1978	
	(000 omitted)						
MCA	\$4,880	\$4,269	\$3,377	\$ -	\$1,700	\$ -	\$14,226
Family housing	-	-	3,622 a(124)	3,441 a(111)	360 a(11)	6,871 a(198)	14,294 a(444)

^aNumber of housing units.

Reorganization construction is less than 1 percent of total Army major construction in fiscal years 1973 and 1974.

Construction No Longer Required

	Fiscal year						Total
	1973	1974	1975	1976	1977	1978	
	(000 omitted)						
MCA	-	\$2,503	\$10,316	\$2,637	\$4,607	\$1,228	\$21,291
Family housing	-	-	14,400 a(491)	-	5,010 a(153)	8,120 a(234)	27,530 a(878)

^aNumber of housing units.

The Army issued broad construction guidance for Army planners to supplement existing construction directives. To insure that only essential reorganization-related construction requirements were developed, the guidance directed planners to maximize use of existing facilities and to fully justify requested projects. Appendix I lists the installations that will be most affected by the construction.

CHAPTER 2

ASSESSMENT OF THE REORGANIZATION PROCESS:

ROADMAP FOR CHANGE

Although organizational change is an accepted method of improving management, improved management does not automatically spring from it. Because organizational change can cause turmoil, it should be approached carefully. It is imperative that much thought and planning be given to providing objective information on the relative effectiveness of organizational change.

We evaluated the Army's proposals in terms of the following four actions which we believe should be taken in any reorganization.

1. Diagnosing organizational problems.
2. Planning for change.
3. Launching organization change.
4. Following up on change.

We believe the Army conformed to the principles enunciated above in considering the CONARC-CDC portion of its reorganization, except that it did not provide for effectively following up and measuring the change. We believe the Army adequately diagnosed the problems of the AMC portion of the reorganization, but in many instances it has not documented why or how specific decisions were made. Although the other major segment of the reorganization--consolidating SAFEGUARD elements--was triggered by forces outside the Army, it was very carefully planned.

DID THE ARMY DIAGNOSE ITS ORGANIZATION PROBLEMS?

Determining if a problem exists and to what extent it exists is essential to any organizational analysis. This is essentially a job of drawing conclusions from a diagnosis of the situation. If an analysis is to be more than an academic exercise, it must determine:

The Army combined those studies and others with its combat and management experience of the 1960s and early 1970s. We analyzed these studies and found that they identified numerous problems within the CONARC-CDC structure and operations and had separately proposed various solutions.

The following excerpts from a statement by Robert E. Froehlke, Secretary of the Army at that time, explained the guidelines used in the reorganization.

- "Ensure the highest possible degree of combat readiness for active Army, Army Reserve and Army National Guard Forces and, if necessary, make drastic changes - if they will help the reserve components."
- "Ensure the optimum in individual training and schooling so that each man will know what he has to know with respect to tactics, techniques and skills."
- "Build in an effective method of defining new equipment and weapons requirements, and efficient processes in acquiring new systems."
- "Insure that only absolutely essential layers of management or if you prefer, headquarters - remain and that the function of those headquarters be restricted to what headquarters are supposed to do; that is, establish policy, make plans, and supervise execution. Headquarters should not do jobs that are supposed to be done in field. In other words, assure maximum decentralization."
- "Finally, do all this within anticipated budgeting and manpower constraints."

We believe that those guidelines established the rationale for reorganization.

AMC reorganization

Our review showed that the Army was aware of the specific AMC problems, the causes of these problems, and the opposing forces that would probably work for and against change. The following studies were considered by the Army, the Office of the Secretary of Defense (OSD), and AMC in diagnosing the AMC organization difficulties.

- "Study of the Functions, Organization and Procedures of the Department of the Army" (Hoelscher Report); resulted in creation of AMC.
- "The Army Supply Maintenance System (TASAMS)"; resulted in creation of national inventory control points at Commodity Commands.
- "OSD Project 60"; resulted in transfer of procurement functions to the Defense Supply Agency.
- "Study of CONUS Air and Ocean Terminal System."
- "Plan for the Merger and Realignment of AMC/SMC Headquarters."
- "Report Concerning the Elimination of HQ Mobility Command (MUCOM) and Elevation to MSC (Major Subordinate Command) Status of U.S. Army Aviation Materiel Command, U.S. Army Mobility Equipment Center, and U.S. Army Tank-Automotive Center."
- "Establishment of the Standard Commodity Commands."
- "The Optimum Army Materiel Command I."

The Army combined these studies and others with its combat and management experience from the Vietnam involvement to structure an organization that would satisfy its goals and objectives. We analyzed these studies and noted that they identified organization and operating problems within AMC.

One of the major activities of the Review and Analysis Division within the AMC Controller's office is to keep the AMC command structure informed on the effectiveness of performance of individual AMC organizational units. AMC had the data and justification necessary to launch a study group ("The Optimum Army Materiel Command I") which might or might not create a new organizational design.

We believe the Army was very thorough in diagnosing its organizational problems.

DID THE DEPARTMENT OF THE ARMY PLAN FOR CHANGE?

Once an organizational problem is diagnosed, the objectives or goals that are required to be met should be listed. After the key managers agree to these objectives, alternative organizational structures should be considered. Each alternative must then be analyzed against valid factors to enable the managers to select the best alternative for their mission. Finally, the plan for implementing the changes must be defined with appropriate and realistic milestones.

CONARC-CDC reorganization

We found that the changes were adequately planned.

1. After the Army diagnosed its organizational problems, it delineated the following goals for its organizational change:
 - Improve Active and Reserve Force readiness.
 - Increase the effectiveness of schools and training.
 - Improve methods of developing equipment and forces.
 - Streamline management and reduce overhead.
2. The Army considered at least three alternative organizational configurations for meeting its reorganization goals.
3. The factors that the Army used reasonably assessed important criteria. The Army developed a consensus from all the major studies done since 1962 and listed the most important factors. The Army did not independently check the validity of each factor but reasonably assumed that, if multiple studies highlighted a given factor, the factor was validly assessed. We could not find any negative bias or pressures that influenced the selection of these factors.

In view of (1) the dialogue within the Army before and after the reorganization announcement, (2) the participation of practically all commands in some aspect of the reorganization, and (3) the close monitoring during the reorganization, the plan for implementation seems reasonable. We noted some problems, but they are solvable when viewed in the context of the total reorganization. The relocation of civilian and military personnel is one area of major concern. We feel that this will be the Army's biggest hurdle and will have to be monitored closely. If not, the efficiency of the new organization may be adversely affected. Basically, however, implementation of the reorganization appears to have been well planned and is being monitored very closely.

AMC reorganization

We were unable to document or find a complete audit trail which would prove that the AMC reorganization was the best configuration to meet the Army's goals. The Army could not document what criteria it used to select the new AMC configuration.

We believed, and AMC and Army officials later confirmed, that, although they diagnosed their organizational problems, documentation did not exist to prove that different AMC organizational patterns had been examined. We could not determine and AMC could not provide the rationale used in consolidating, transferring, and closing AMC functions and installations. The Deputy Commanding General advised us that many of the decisions were based on conferences which had not been documented.

DID THE ARMY EFFECTIVELY LAUNCH ITS ORGANIZATIONAL CHANGE?

It is critical that any organizational change be carried out with the utmost sensitivity, since the organization's employees will greatly affect the success of the change. The employees must be convinced that changes are for the best and are rational. The integration of people with working environment must be carefully planned and monitored. The change must be implemented in a well-planned time sequence that will not disrupt required operations. If these requirements are not met, organizational changes, no matter how well engineered, will fail.

We believe that the Army cannot be faulted on the engineering aspects of the reorganization. The use of time-phased schedules and other reports has allowed the Army to monitor most aspects of the reorganization at all key implementation milestones.

In our opinion, the Army has effectively launched its CDC-CONARC and AMC reorganizations. However, it might consider getting a more precise fix on employee attitudes, since the human element will play a major role in meeting reorganization objectives.

HAS THE ARMY MADE ADEQUATE PROVISIONS FOR FOLLOWING UP THE ORGANIZATIONAL CHANGE?

Following up organizational change is vital since it allows managers to fully weigh the benefits and costs of their decisions. It also permits the measurement of progress toward the stated goals. Finally, it gives those responsible managers the opportunity to refine their organization on the basis of the followup studies.

The success of all efforts involved with following up organizational change depends on the types of measurement that are used and the transmission of these measures to key managers for appropriate action. Top management may, therefore, choose to conduct a systematic evaluation of these change efforts, going so far as to use outside evaluators and control organizations for comparison.

One of the Army's four goals is "to provide better training in tactics, techniques, and skills." This goal requires that certain measures and approaches be enunciated; for example:

--What does the Army mean by "better"?

--What specific standard should be used for comparison?

--What specific tactics, techniques, and skills is the Army trying to enhance?

--Is there a specific minimum level of performance that the Army will accept?

TABLE

--Will all commands be expected to reach their goals during the same time frame?

We found that the provisions for following up the organizational change was the weakest link in the Army reorganization. It seems that the Army has not fully explored or developed ways to measure the effectiveness of the reorganization when it is completed. Unless adequate steps are taken to measure the reorganization's effectiveness, the Army probably will not be able to determine for itself or communicate to others the success or failure of the reorganization when it is completed.

Because the Army's time-phased schedule and other reports are implementation oriented, they do indicate how rapidly the reorganization is progressing; however, they do not indicate how effective it is.

We believe that one of the major defects of the 1962 reorganization was lack of control over the new institutions. The people who designed and implemented that reorganization were dispersed, and no organizational unit or responsibility was named to monitor that reorganization's achievement and progress. It seems likely that the same conditions could exist under this reorganization.

AMC has all the necessary components to establish a feedback system; however, AMC would have to link key organizational units and establish a formal evaluation plan to measure pertinent performance outputs. For example, AMC's Review and Analysis Division could be the nucleus of this linkage, since this group has the technical expertise to address the relevant output questions.

In our opinion, much work must be accomplished to formally establish those links before AMC will be able to effectively evaluate its new configuration.

CONCLUSIONS

We believe that the Army recognized the need for organizational change and accomplished that complex and difficult task of planning satisfactorily. The Army should establish a formal evaluation mechanism to measure the effectiveness of its new organization. Because there is a

lack of documentation supporting AMC's new organization, the Army should establish systems which would insure that adequate audit trails are kept for such actions as reorganizations.

It is imperative that the Army delve more extensively into the mechanics of evaluating its reorganization. The design, development, and implementation of evaluation measures are complex tasks. At a minimum, providing adequate leadtimes, monitoring milestones, and using appropriate methodology are required.

RECOMMENDATIONS

The Army should staff a high-level interdisciplinary group of specialists to insure that appropriate technical skills will be available to evaluate the reorganization. The group's findings should be available to the Army's key decisionmakers for periodic review. This should help insure that the reorganization goals and objectives are met.

- - - -

The Army is starting a program to develop methods of measuring effectiveness and plans to maintain continued monitorship and direction of the CONUS reorganization at the Chief of Staff level through the Assistant Vice Chief of Staff. Also, certain officers from the Office of the Project Manager for Reorganization (PMR) are to be transferred to the Comptroller of the Army to monitor the implementation and the measurement of the reorganization's effectiveness.

If those organizations are structured properly and perform effectively, they should be beneficial in evaluating the reorganization.

The following chapters will discuss what was wrong with CONARC-CDC, how the Army expects to improve its organization, and the details of the SAFEGUARD and AMC reorganizations.

CHAPTER 3YESTERDAY'S PICTURE AND PLANNING FOR CHANGE

The last major Army reorganization occurred in 1962 after a year of study by two successive committees. The establishment of AMC and CDC was the major result of that reorganization. Almost immediately the Army was faced with problems which worked against the success of that reorganization. In the past year the Army has outlined detailed plans for another reorganization, keeping in mind the problems which faced the previous reorganization.

In the late 1960s, study groups repeatedly noted some major management problems (such as the scope, complexity, and diversity of CONARC's missions and the lack of correlation of training and doctrine); however, the Army did not accept solutions to some of the problems until 1972.

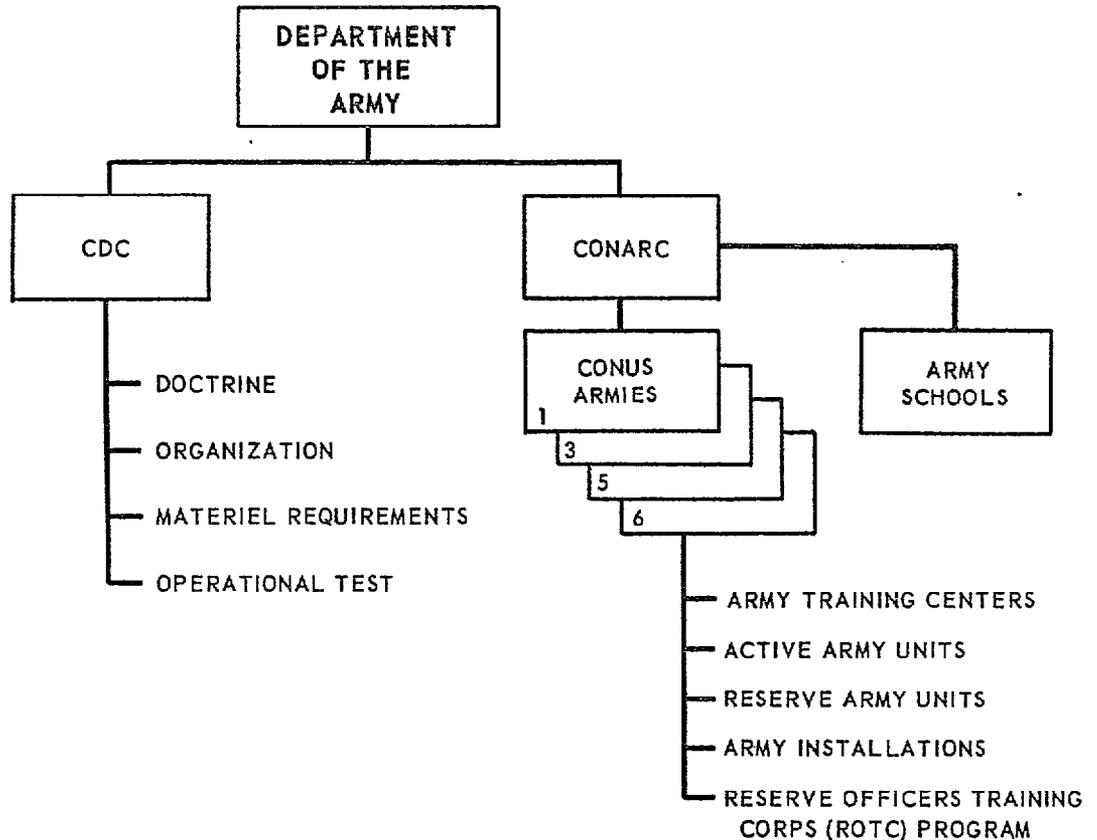
EVOLUTION OF THE REORGANIZATION

As the Army began to build up for action in Vietnam, the increased operational requirements--along with new concepts in special warfare, STRIKE Command, civil defense, family housing, and fair employment policy--increased the Army's workload. Because of the shifting emphasis to the conflict in Southeast Asia and the lack of continuity of the study groups responsible for the 1962 reorganization, the 1962 reorganization was never fully completed and the expected benefits were never fully realized.

Recognition of problems

As problems began surfacing in the mid-1960s, the Army formed boards and panels to study and solve the problems. Not all recommended solutions were accepted, nor were all those that were accepted implemented. By the end of the 1960s some of the problems still existed. Because of the phasedown in Vietnam and increased pressures from both outside and inside the military, the Army critically examined itself in late 1971 and early 1972. As a result of this examination, the Army developed reorganization concepts to enable it to adapt to the changing environment; it moved toward an all-volunteer force, decreased budgets, reduced military personnel ceilings, and pulled back many troops from Southeast Asia.

As early as 1965 the Army recognized that two of its most serious management problems were the overextension of CONARC and the lack of correlation of training and doctrine. The CDC and CONARC organization charts below indicate the problems.



The Army Board to Review Army Officer Schools (Haines Board) investigated CONARC activities that were not related to individual training. The Board noted that CONARC was involved in contingency planning; organization, training, and readiness of Active units; support of Reserve units and individuals; ROTC; major command support and housekeeping; and command of CONUS armies. The Board concluded that CONARC's activities were overextended and recommended that a study be made to consider reducing the scope of CONARC's activities.

Suggestions for change

Early in 1965 various reports and conferences on unit readiness stated that changes in the logistics system

organization had not improved logistics readiness and that it did not seem that materiel readiness would improve in the near future.

In 1965 the Army established the Board of Inquiry on the Army Logistics System (Brown Board) to analyze the logistics system, determine what changes were needed to make it more responsive to company-level materiel readiness requirements, and recommend corrective actions.

The Board concluded that responsibility for doctrine, tables of organization and equipment, personnel requirements, and training were fragmented and should be either vested in a single major CONUS command, such as CONARC with its vast school system, or integrated with CDC into a Combat Developments and School/Training Command. The latter would consolidate personnel and training functions with finalization of approved doctrine and related tables of organization and equipment changes and mid-term and long-range doctrinal studies. The Board further concluded that it would be least disruptive and most logical to temporarily establish a School and Training Command under CONARC and to later transfer it to Army headquarters as a major command called the Army Personnel Command.

In July 1970 the Blue Ribbon Defense Panel presented some alternatives to the then-existing methods of doing things. Among these alternatives were several relating to areas considered during the Army reorganization. The Panel suggested (1) establishing a defense test agency, particularly emphasizing operational test and evaluation, (2) transferring class II (operating) activities of the service headquarters to existing field commands, and (3) devising a new method for weapons system development.

In 1969 the Special Review Panel on Department of the Army Organization (Parker Panel) was asked to review the current Army organization, except for tactical organizations or joint military areas, on the basis of experience gained since the last reorganization.

The Panel recognized that the Army's environment and management methods had changed since the 1962 reorganization and that, for the next few years, the Army would be faced with increasingly serious management problems (e.g., how to maintain a combat-ready Army of adequate size, with

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suitable equipment and quality personnel, in the face of declining resources). The Parker Panel recommended that the Army establish a Combat Developments and Schools Command to include the functions of CDC; CONARC service schools, excluding installation command and associated staff supervisory elements; the Army War College; and Project MASSTER (Modern Army Selected System Test, Evaluation and Review) and to be combined with the CDC Experimentation Command. Action on this recommendation was deferred pending evaluation of ongoing CONARC and CDC internal actions.

The Parker Panel also recommended that CONUS Army headquarters be surveyed to (1) determine if administrative, logistical, or other functional channels should bypass headquarters, (2) develop long-range goals of headquarters reconfiguration, if appropriate, (3) determine if streamlining was possible, or (4) reconfirm headquarters' current role.

After examining the missions and structure of his command, the commanding general of CONARC in November 1971 issued a report entitled "CONARC 72" which stated that several alternatives for command structuring were considered. These included:

- Retaining the current structure.
- Reducing the four CONUS armies to two.
- Establishing a functional command.
- Eliminating CONARC headquarters.
- Eliminating the CONUS armies.

The commanding general of CONARC recommended that the CONARC command structure not be changed.

At about the same time, the Director, Management Information Systems, studied bypassing the CONUS armies in certain key areas.

In January 1972 he issued a report showing that headquarters levels could be bypassed in various functional areas and that personnel spaces could be saved.

Impetus for change

In January 1972 the Army developed a concept paper entitled "Impetus for Change" which synthesized the results of

the Army's various studies in the preceding 6 years. The paper proposed organizational concepts designed to improve the Army's management.

The Chief of Staff and the Secretary of the Army concluded that the paper's concepts were worthy of further development and established the office of PMR to study the proposals. In February 1972 the Secretary of Defense was informed of the broad outline for the reorganization study and of the intent to develop plans for its validation.

Late in 1971 the Army realized that certain factors were compelling it to reorganize. External factors included the desire of the Congress and OSD to improve the ratio of combat to support. Senate hearings on DOD's budget in 1971 were concerned with the increasing costs of manpower and weapon systems and operational test and evaluation of equipment. OSD's program-budget guidance called for a major reduction in headquarters strength in CONARC and initiated a drive to eliminate activities in the Washington area.

Internal factors reinforced these external pressures.

- During the Vietnam war, the Army's attention shifted from training for the full spectrum of war to fighting a particular type of war.
- Many of the troops that had been stationed outside CONUS were then moving back to CONUS.
- Active Forces were emphasized at the expense of the Reserves.
- The part of the Army not in Vietnam became a sustaining base to train and provide individual replacements for Vietnam.
- The materiel system was oriented to combat consumption--defense budget constraints were relaxed, and in many cases, the system for materiel development had been short-circuited.
- Maintaining deployable forces in a high state of readiness became increasingly important with a higher proportion of the Army in CONUS.

- A smaller Active Army increased reliance on Reserve Forces and individual training to more fully develop each soldier's potential.
- Highly constrained resources increased the difficulty in developing and fielding new organizations, weapons, and doctrine.

The Army recognized that the Parker Panel had perceived several problems and had made major recommendations which were not adopted and that the problems perceived by the Parker Panel 2 years ago were now facing the Army. The Army reasoned that the following functions would increase in importance.

- Maintaining forces in readiness.
- Training individuals in tactics, techniques, and skills.
- Developing new force structure and materiel systems.

How the Army will solve the problems

Recognizing the need for better performance in readiness, training, and force development, the Army presented the following criteria for reorganizing.

- Reduce the number of CONARC-controlled activities.
- Emphasize training, readiness, and contingency planning for deployable forces.
- Emphasize individual training.
- Integrate development of doctrine with schools.
- Rationalize the combat and force development process.
- Simplify the test and experimentation process.
- Keep the reorganization manageable and marketable-- fulfill Army CONUS geographic responsibilities.
- Combine responsibility and resources.

The Army analyzed and tested three alternative organizational concepts against the above criteria. It concluded that only one alternative would meet the criteria; this

alternative divided CONARC along the lines of the two principal missions--forces and individual training. The Army assumed a force command over Active and Reserve Forces, a doctrine and training command over schools and combat development agencies, an AMC for logistics, an agency reporting to Army headquarters for conceptual force design and determination of requirements for major weapons systems, and an agency reporting to Army headquarters for independent operational testing and evaluation of major weapons systems and equipment. (See p. 7.)

CONARC's management was complicated by its many varied activities. CDC was organizationally separated from (1) factors that influenced force design and development of materiel needs, (2) resources for operational test and evaluation, and (3) teaching. To correct these problems, the Army proposed to:

- Reduce the variety of activities for which the major commanders would be responsible.
- Emphasize both readiness and unit training and individual training and doctrine.

For the forces mission, the Army proposed to:

- Retain the full management concept at installation level; thus responsibility for management of the installation would be coupled with command of the required resources.
- Reduce the CONUS armies from four to three, remove them from the chain of command, and reduce them drastically in size.
- Hold the CONUS armies responsible only for commanding Army Reserves, supervisory National Guard training, and other nonforce responsibilities.

For the individual training teaching mission, the Army proposed to:

- Transfer command of schools located on other commands' installations and individual training installations to a major functional headquarters (doctrine and training command) which has no intermediate headquarters.

REORGANIZATION PLANNING PROCESS

After the Secretary of the Army and the Chief of Staff decided to further develop the concepts for reorganizing, and OSD approved the action, they appointed a Director, Special Project, to direct and manage planning. Planning was to be accomplished through a decentralized process in three phases. Major commands and staffs involved were appointed as principal planners to:

1. Determine the feasibility of the broad concepts.
2. Develop detailed plans, insure coordination, and resolve issues.
3. Revise detailed plans and plan for implementation.

On April 24, 1972, the PMR was appointed. He was to report directly to the Chief of Staff, and he was to have direct access to other staff agencies, the Army Secretariat, major commands, and OSD. His mission was to develop and manage a program for improving the organization of the Army at major command and higher headquarters levels. To accomplish this mission, the PMR was to survey existing or potential organizational problem areas, recommend a program for improving the organization, plan and coordinate implementation of organizational changes directed by the Secretary of the Army, and validate plans for reorganization and their implementation. The PMR selected for his staff about 20 officers with expertise in the functional areas which would be affected by the reorganization.

Feasibility and outline planning

On April 5, 1972, the principal planners received outline plan guidance which set forth the reorganization's objectives. The guidance called for an organizational concept, an operational concept, a concept for transferring functions and responsibilities, information for program objectives memorandums, and a description of the present concept of organization and operation. Additionally, it requested the planners to recommend measures of effectiveness to compare the functioning of the existing and proposed organizations.

A tentative reorganization schedule called for submission of the requested outline plans by May 5, 1972; submission of detailed plans by July 15, 1972; issuance of a reorganization directive by August 15, 1972; establishment of the four new organizations and disestablishment of the two commands by July 1, 1973; and completion of the reorganization by December 31, 1973.

The principal planners were the Assistant Chief of Staff for Force Development, who was to plan for the concepts and analysis agency and the operational test and evaluation agency; the Commanding General, CDC, who was to plan for transferring functions from CDC to the new organizations; and the Commanding General, CONARC, who was to plan for the new doctrine and training command and force command.

The outline plans were received by May 5, 1972; were evaluated by the PMR's analysts and the Army staff; and resulted in much interaction among the analysts, planners, and the Army staff in identifying principal issues for consideration.

After reviewing the outline plans and the functional analyses of installations and CONUS armies, the Secretary of the Army and the Chief of Staff judged the concept to be feasible and the reorganization objectives to be achievable.

Validation and detailed planning

On June 15, 1972, after the Army approved the reorganization planning, it issued guidance to the three principal planners. By this time, however, other agencies which had ongoing reorganization, realignment, or management improvement actions which would significantly affect the Army reorganization had been included in the advance planning process.

The Army also provided this guidance to agencies which would be affected by, or would affect, the reorganization. For instance, during the survey of ongoing actions, the PMR became aware of a study of telecommunications management in DOD that the Office of the Assistant Secretary of Defense for Telecommunications had conducted. The Army recognized that STRATCOM's complex organization made it a timely target for review. Consequently, the PMR requested STRATCOM to develop an optimum organization and consider assuming responsibility for all CONUS communications. STRATCOM developed two

organizational structures that would be compatible with reorganization efforts. The vertical structure, which was adopted, placed programing and management of all nontactical communications under a single manager; this structure paralleled the major Army commands.

Principal planners were advised to closely coordinate their work with that of other parties involved in change--STRATCOM which had submitted a proposed communications command structure for CONUS, the Deputy Chief of Staff for Personnel who was preparing a detailed plan for consolidating personnel operating activities, the Surgeon General who was developing a detailed plan to establish a medical command for all CONUS medical activities, and AMC whose organizational plans could affect other reorganization actions.

When most of the detailed plans had been initially analyzed, the Acting Chief of Staff announced to Army staff agencies and major commands on October 2, 1972, that (1) the detailed plans for the reorganization had been carefully considered, (2) the reasons for reorganization had been validated, (3) the plans for reorganization were determined to be sound, and (4) preparation of implementation plans for reorganization should be expedited. He stated that the organizations should be operational by the beginning of fiscal year 1974.

Inclusion of ongoing actions

On February 5, 1973, the PMR issued guidance for implementing the reorganization. By this time, the general guidance had been broadened to include--in addition to the proposed TRADOC, FORSCOM, CAA, and OTEA--many other reorganization actions.

The PMR was required to survey existing or potential organizational problems to (1) identify the ongoing actions and their interrelationships, (2) assess their impact on the reorganization, (3) monitor the actions so that necessary adjustments could be made during the planning process, (4) keep informed of the reorganization's progress, and (5) identify gaps in concept development and planning.

The ongoing actions that were surveyed and eventually incorporated into the reorganization planning process included the:

- Criminal Investigation Command study.
- Optimum Army Materiel Command study.
- Study of Telecommunications Management Manpower in DOD.
- Air Defense Command reorganization (also a part of Priority Project II).
- SAFEGUARD system realignment.

In most instances, the PMR monitored the progress of those planned reorganizations, but in other cases he guided the planning and implementation of the new organization.

Monitoring implementation

From the onset of the reorganization planning, the Army recognized the need to synchronize the numerous reorganization actions. The Secretary of the Army, the Chief of Staff, and the PMR formed general guidelines for a time-phased control schedule during joint discussions; the principal planners developed criteria. If one or more organizations had a coordination requirement or if the event was of sufficient concern to Army headquarters, the PMR would include the event on the schedule.

The PMR monitored the schedule during the advance planning process; he constantly revised the schedule to maintain only those events of current interest. The Secretary of the Army, the Chief of Staff, the PMR, and concerned activities used the schedule to detect delays in planned events that might adversely affect other reorganization planning actions. The Chief of Staff then directed appropriate agencies to take corrective actions.

Early in the planning process Army officials and the PMR discussed the need for measures of the accomplishment of objectives and goals. In the initial planning guidance of April 1972, principal planners were requested to recommend measures to compare the existing and proposed organizations. Only one or two outline plans specifically recommended such measures. The PMR and the principal planners are developing selected factors to measure the effectiveness of the reorganization.

CONCLUSIONS

In the late 1960s, the Army recognized that it was not realizing the full benefits of the 1962 reorganization and decided to reorganize again. We believe that the Army correctly assessed its inability to cope with future missions and took orderly steps to reorganize.

Although the initial plans of the Army involved only CONARC and CDC and the development of materiel requirements, the Army soon realized that these plans did not go far enough. The Army expanded the reorganization to include other ongoing or planned reorganizations into one implementation schedule. We believe that the consolidation should avoid drawn-out turbulence.

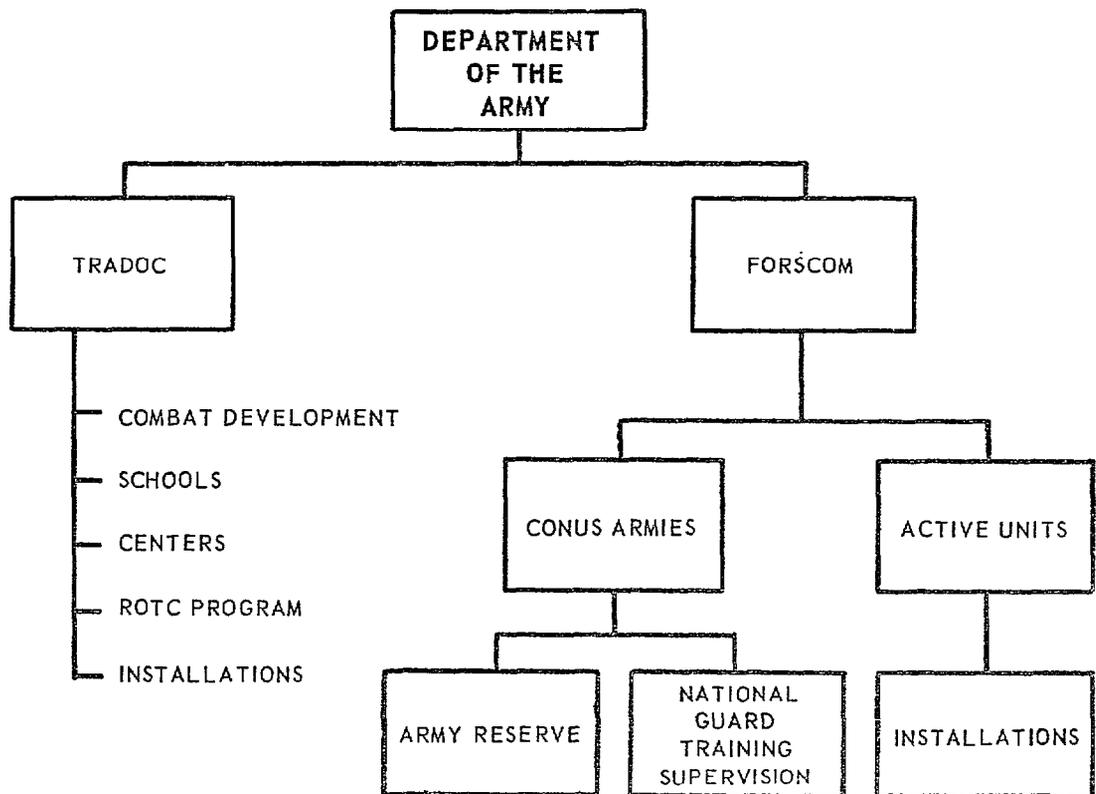
CHAPTER 4

WHAT THE ARMY IN CONUS WILL LOOK LIKE TOMORROW

The Commanding General of CONARC is responsible for maintaining forces in readiness, for conducting individual training, and for disseminating Army doctrine. Although the Army recognizes that developing and disseminating doctrine are related functions, they are currently separated; CDC is responsible for only developing doctrine.

The Army considered several organizational concepts and designs and selected an organization which combined CDC, the service schools, the training centers, and the ROTC Program under one major command and the combat forces (both Active and Reserve Forces) under another major command.

An organization chart of the two new commands follows.



TRAINING AND DOCTRINE COMMAND

The TRADOC Commander will:

1. Command the training centers, service schools, combat development functional centers, and training-oriented installations.
2. Integrate the functional centers into the school system.
3. Provide CONUS area support through his installations as directed.
4. Provide direction for training and education programs.
5. Manage the ROTC Program.

In establishing TRADOC the Army will combine CDC's doctrine, organization, and materiel requirement agencies with the service schools and continue the CONARC mission of individual training.

Training

As the Army's primary mission becomes preparing for war rather than fighting one, training will emphasize developing the full potential of each soldier. Therefore, training given in the schools must be well planned, presented, and coordinated. The Army believes that the skills which are taught in the training centers, improved in the schools, and reinforced in the units must come from a coordinated body of doctrine which, ideally, should be developed and disseminated by the same organization.

Doctrine

TRADOC will be solely responsible for all individual training and education and for developing and disseminating doctrine.

The Army created three midmanagement functional centers to guide and direct the service schools in formulating new concepts, doctrine, and organization. The three centers, which will assist TRADOC headquarters, are (1) the Combined

Arms Center at Fort Leavenworth, Kansas, (2) the Logistics Center at Fort Lee, Virginia, and (3) the Administration Center at Fort Benjamin Harrison, Indiana. These Centers will be responsible for integrated testing, experimentation, evaluation, education, organization, and doctrine of new concepts.

Although the Centers will not command the schools, TRADOC headquarters will delegate tasking authority over the schools to Center commanders for combat development activities within their functional areas.

To insure that combat development activities will not be relegated to a secondary function, each school will be assigned a deputy commandant with sole responsibility for combat and training development.

ROTC Program

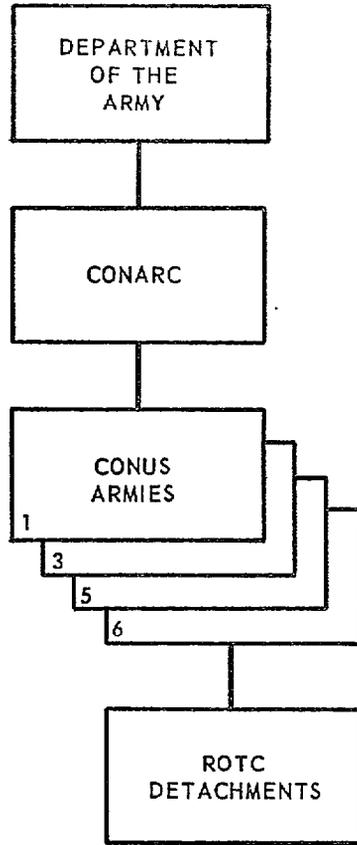
The ROTC Program, which began in 1819, is a program of military instruction offered in 291 colleges and universities in the United States. The Army said that the ROTC Program provides about 65 percent of its new officers. The TRADOC Commander will be responsible for managing the ROTC Program. The program is currently being managed by the Commanding General, CONARC, through the CONUS armies.

Campus turmoil of the past few years created problems for the ROTC system. To cope with these problems, the Army revamped its ROTC curriculum, provided a series of optional educational and training programs, and changed its organizational structure. Even with these changes, however, the Army still felt that the present organization contained two major problems: (1) the layering of command and (2) the span of control of the CONUS armies.

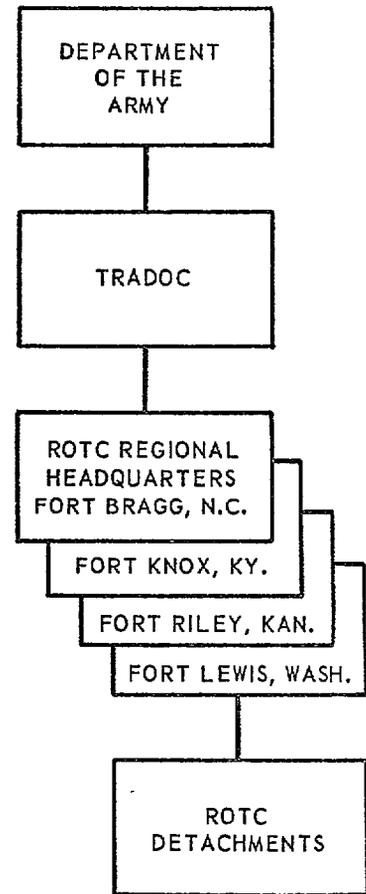
The following chart depicts the current and proposed ROTC organizational chains of command.

ROTC ORGANIZATION

CURRENT



PROPOSED



Although the two organizational chains of command appear similar, they differ in program management. The Army concluded that the proposed organizational structure will have many advantages over the current structure.

- The new chain of command should alleviate the layering of command problems. The proposed regional headquarters are exclusively dedicated to the ROTC Program; under the old concept, ROTC was a staff function within the CONUS armies.

--Each of the four regional headquarters will be commanded by a brigadier general who will report directly to the Deputy Chief of Staff, ROTC, at TRADOC headquarters. The regional commanders will also serve as the commanding generals of the ROTC summer camps and thereby provide continuity to the ROTC Program. The summer camp locations will also serve as the sites of the ROTC regional headquarters.

--The new organization will improve the span of control problem by assigning a sufficient number of colonels to each ROTC region to oversee the ROTC detachments. The new organization proposes that no more than 15 ROTC detachments be under the supervision of one colonel. Previously, one colonel could be required to supervise as many as 156 ROTC detachments.

However, this structure also has certain disadvantages.

--There is competition for personnel and resources for a relatively narrow mission.

--Overall command representation in the ROTC regions is lower than under the CONUS armies (three-star generals under the CONUS armies as opposed to one-star generals under the regions).

FORCES COMMAND

The Commanding General, FORSCOM, will be responsible for (1) commanding the Strategic Army Forces and Army Reserves in CONUS, (2) providing direction to the Army National Guard, (3) commanding the Army component of the U.S. Readiness Command, (4) commanding forces-oriented installations, and (5) executing mobilization plans, CONUS land defense, CONUS 'survival measures, and other geographic responsibilities which the Army assigns.

The reorganization will split this command into two components--active combat forces (the Strategic Army Forces corps and divisions and their combat support/services forces) and Reserve Forces (the Army Reserve and the National Guard).

This new structure eliminates one management layer between the Commander, FORSCOM, and the Army's major active tactical units by removing the numbered armies from the chain of command in the Active Forces and from installation management. The structure also allows direct communications between Strategic Army Forces unit commanders and the FORSCOM Commander.

Active Forces

As the demands of Vietnam diminished, the Army assumed different missions. With more of the Active Forces stationed in CONUS, it was essential to keep these deployable forces in a high state of readiness. Because the Active Army was smaller, greater reliance was placed on the Reserve components.

The proportion of the Army's combat forces stationed in CONUS will continue to increase as units return from overseas areas. The Army feels that the restationing of these units in CONUS will be accompanied by a reduction in the size of the Active Army. Therefore, the responsiveness and readiness of the Reserve Forces must be increased, which means they must be linked closer to the Active Army.

With an increased proportion of the Army stationed in CONUS, contingency planning, particularly in the area of deployment, will assume a greater role. Maintaining a high state of readiness for the forces will require emphasis on unit training and exercises for both the Active and the Reserve Forces.

Readiness of Reserve Forces

The readiness status of the Reserve Forces has been a nagging problem in the Army for many years. The CONUS armies are responsible for improving this status.

The Reserve Forces have not had adequate (1) training, (2) training facilities and support availability, (3) modern weapons and equipment, or (4) coordination between the various Active and Reserve Army commands. Several organizational systems were implemented to cope with such problems, but they were subsequently discarded.

Reserve component battalion commanders need and want more Active Army assistance. Under the proposed reorganization, nine Army readiness regions, commanded by major generals, will be established as part of the CONUS army headquarters to assist the Reserve components. Four readiness regions will be established in the 1st Army, three in the 5th Army, and two in the 6th Army.

Each region commander will be responsible for assisting the reserve component commanders in identifying and correcting readiness deficiencies.

Readiness groups with branch and functional teams will be established within the readiness regions to assist and instruct Reserve Forces. The Army believes that these teams will provide more expertise than the dedicated advisors can now provide under the present system. For this reason, dedicated advisor positions (except for those positions assigned to division, brigade/group levels, and selected high-priority or isolated battalions) will be eliminated. The Army estimates that, of the projected strength of approximately 4,400 advisory positions below Army headquarters level, about 900 positions will be retained as advisors.

To assist the Reserve Forces in obtaining Army support (which could include supplies, equipment, facilities, etc.), each major Army installation in CONUS will have a directorate or division of from one to eight to provide full-time Reserve component assistance. This directorate will be responsible for coordinating Reserve component support required from Active Army installations.

To reduce the span of control of the CONUS army commanders, the 14 general officer commands that previously reported directly to the CONUS army commanders will be placed under the Army Reserve commands. This action will reduce the number of commanders reporting directly to the CONUS army commanders from 48 to 34.

According to the Army, the proposed reorganization should:

- Provide the Reserve Forces with the resources (both personnel and expertise) to support the Active Army.

- Replace an advisory system which is not presently effective.
- Provide a basis for valid evaluation of unit readiness.
- Provide a base system to solve Reserve component readiness problems.
- Assign a wider range of Active Army officers and enlisted men to support Reserve components' training and readiness.
- Improve use of personnel assigned to Reserve component duty.
- Establish responsibility for Active Army support for the Reserve components.

The only disadvantage the Army recognized is that the loss of the battalion advisors may be perceived by the Reserve component units as a reduction in Active Army support.

REDUCED NUMBER OF ECHELONS AND
SIZE AND NUMBER OF HEADQUARTERS

The reorganization was to reduce the number of intermediate echelons and the size and number of Army headquarters. To a large extent this objective was accomplished; Active Army installation commanders will now report directly to their respective major Army commanders (TRADOC or FORSCOM) instead of going through the CONUS armies as under the old organization. The Army also has extended its concept of management by exception. For example, when requesting personnel replacements, the request will now go directly from the installation commander to the Department of the Army. Under the old organization the request went from the installation commander to the CONUS army commander to CONARC to the Department of the Army. Commanders of FORSCOM and TRADOC will not become involved in routine matters like that unless problems arise.

The following chart compares the size of the present headquarters organization with the proposed headquarters organization.

Headquarters Strengths

<u>Present organization</u>		<u>Proposed organization</u>	
CDC	493	TRADOC	2,215
CONARC	1,902	FORSCOM	1,914
1st Army	1,886	1st Army	793
3d Army	1,431	3d Army	(a)
5th Army	2,073	5th Army	694
6th Army	<u>1,319</u>	6th Army	595
		ROTC regions	<u>355</u>
Total	<u>9,104</u>	Total	<u>6,566</u>

^aEliminated.

Although CDC and CONARC have been replaced by TRADOC and FORSCOM and the 3d Army has been eliminated, four new ROTC region headquarters have been established. Although the number of headquarters has been increased, each now has a reduced span of control. For example, the CONUS armies are dedicated to improve Reserve Force readiness, the four ROTC regions are dedicated to the Army ROTC Program, TRADOC is dedicated to individual training and combat development, and FORSCOM is dedicated to combat readiness.

CONCLUSIONS

The principal objectives of the Army's reorganization were to improve combat readiness, improve coordination of the entire Army training effort, couple training needs more productively with Army doctrine, and reduce the number of intermediate echelons and the size and number of Army headquarters.

In our opinion, the Army has set in motion an organizational structure that should, for the most part, meet these objectives. Although the total number of headquarters has increased, the increase is attributable to the establishment of four ROTC regions having few personnel spaces and narrow missions.

In theory, the goals set by the Army appear to be reasonable and, if properly implemented and adequately followed up, should be attainable.

CHAPTER 5

AMC DEPOT REALIGNMENT

AMC--AN OVERVIEW

AMC was initially composed of (1) commodity commands to produce materiel, (2) a command to test and evaluate materiel, and (3) a command to distribute and maintain materiel. AMC had numerous other activities, such as procurement districts and laboratories.

AMC's goal is to provide sufficient and reliable materiel at a minimum cost. To do this, AMC uses a staggering amount of resources. For example, in fiscal year 1973 AMC

- employed 141,000 people,
- spent \$8.5 billion,
- had a \$28.3 billion inventory, and
- had \$7 billion worth of land and buildings.

AMC now functions through 8 subordinate commands, 19 depots, and about 104 other activities. AMC's major task was to form its resources into an integrated supply system. The influences of old service procedures and an uncertainty as to how the organization should be structured hampered this task.

CHANGING TIMES AS IMPETUS FOR CHANGING DEPOT SYSTEM

The current trend toward diminishing defense resources, the reduction in the Army's force structure, and the advent of sophisticated computer systems have created an environment that demands that AMC change its existing depot system to increase effectiveness and efficiency.

The depots receive, classify, store, issue, maintain, procure, manufacture, assemble, research, salvage, and dispose of materiel. In fiscal year 1973, the depots employed over 42,000 people and spent over \$575 million.

In a 1971 study we noted that as early as March 1970 AMC was working on plans for restructuring its depots and had proposed a concept known as depot complexing. This concept envisioned three complexes, each consisting of a

headquarters depot and several member depots, in the west, central, and east sections of the country. This system was to orient management's attention and skills to a specific region of operation and to improve supply and maintenance performance. AMC set aside this concept when it concluded it could achieve complexing benefits with the service center concept, without incurring the overhead command-layering costs that complexing would introduce. (See p. 49.) Unlike depot complexing, the service center concept does not require a headquarters depot or additional command organizations.

PLANNING PROCESS

The decision to realign the depots was a result of an AMC study entitled "The Optimum Army Materiel Command." This study, completed in July 1972, called for several AMC reorganizations and included conceptual plans beyond fiscal year 1974 which have not been approved and which are not included in the announced Army reorganization.

Advance planning

On January 17, 1972, an AMC task force was formed to:

1. Develop an optimum AMC depot system, including a command and control system, for fiscal years 1972-76. The system was to operate at minimum cost in peacetime and be capable of expanding during mobilization.
2. Prepare a 5-year depot master plan to implement the optimum depot system.

The 5-year depot master plan study concentrated on (1) distribution and maintenance workloads because distribution and maintenance are the basic requirements for the depot system and (2) the potential of the service center concept because the Army felt that application of this concept offered the opportunity for significant savings.

We believe that the advance study of the effects of realigning the depots was adequate.

Alternatives considered

We found no documentary evidence that alternatives to the depot plan were considered. (See ch. 2.) Salient points of the 5-year depot master plan study were included in "The Optimum Army Materiel Command" and were then forwarded to the Department of the Army for approval. The Army approved the study and incorporated it into the Army's reorganization plan.

At this point it is necessary to qualify two points. First, the depot portion of the study was made primarily to improve internal management and to reflect anticipated workload reductions. It was not to be a part of the Army's 1973 reorganization. Even if the Army had not reorganized, the AMC depot system would have changed.

Second, the study's depot realignment was modified during the Army's review; depot operations at the Atlanta Army Depot were discontinued and the Umatilla Army Depot, Oregon, was subordinated under the Tooele Army Depot, Utah. We attempted to document these actions, which were dictated by a series of telephone calls and meetings between the Army and AMC, but documentation is not available. The Army requested that the depot plan be restudied to find out where additional cutbacks could be made. The actions relating to the Atlanta and Umatilla Army Depots were initiated in response to that request.

AMC personnel said that, although no detailed studies were made, several alternatives--in addition to realigning the depots--were discussed and rejected as being less than optimum. These alternatives basically dealt with the depot command and control system, which in our opinion is not an alternative to realigning depots. To reach a final decision, AMC compared its current depot system with the suggested changes necessary to reduce workloads.

We agree that realigning the depots seems to be a logical way to save money because it will reduce overhead at those depots where workloads will be severely curtailed. However, documentation on how certain decisions were reached is not available.

AMC depot realignment

The requirements of the AMC logistics mission for national security determine the number, type, and location of depot activities. The requirements include a standard computerized system used for mission-oriented and management systems.

To fully benefit from a computerized management information system, AMC has initiated the service center concept in the depot system because it (1) provides for centralized automatic data processing (ADP) support without disrupting command responsibilities and (2) saves manpower resources.

At present, the service center concept is limited to the ADP system. All ADP records for an area will be centralized at one depot. Through remote terminals, other depots will be tied to the central computer for immediate access to records. Centralizing the records is expected to eliminate many managerial and administrative positions in the ADP field.

AMC is using the service center concept at the Sacramento Army Depot service center. The Sharpe and Sierra Army Depots in California have computer terminals which they use in storing and retrieving data from the main computer at Sacramento. The Sharpe and Sierra Army Depots are referred to as "activities being service centered."

ORGANIZATION OF DEPOT SYSTEM

In the beginning of fiscal year 1973, the AMC depot system included 16 Army depots, 2 maintenance activities, and 1 depot activity.

Depots

Anniston, Alabama
Atlanta, Georgia
Charleston, South Carolina
Letterkenny, Pennsylvania
Lexington Bluegrass, Kentucky
New Cumberland, Pennsylvania
Pueblo, Colorado
Red River, Texas

Sacramento, California
Savanna, Illinois
Seneca, New York
Sharpe, California
Sierra, California
Tobyhanna, Pennsylvania
Toocle, Utah
Umatilla, Oregon

Maintenance activities

Army Support Center, Richmond, Virginia
Aeronautical Depot Maintenance Center,
Corpus Christi, Texas

Other

SAFEGUARD Depot Activity,
SAFEGUARD Logistics Command (SAFLOG)

In fiscal year 1973, SAFLOG and its depot at Glasgow, Montana, were abolished and all logistics support was placed under the SAFEGUARD Command. (See ch. 8.)

The basic concept of the maintenance realignment plan is to consolidate maintenance workloads at the most cost-effective locations. This will reduce overhead costs by (1) reducing the number of supervisory and administrative support personnel, (2) reducing requirements for duplicate storage of maintenance repair parts at several locations, and (3) allowing the use of high-volume production line repair techniques which cost less per unit.

Costs and savings

The case studies justifying the changes state that one-time costs estimated at \$30.5 million will be required to realign the depots and that, thereafter, annual savings of approximately \$30 million will be realized.

Although we did not verify the computation of these costs and savings, we examined the factors used and their bases and concluded that they should provide reasonable cost and savings estimates. Because all the anticipated savings will result from a reduction in civilian jobs, the amount of savings depends on the number of jobs actually eliminated.

Details of the organization changes follow.

Savanna, Seneca, and Sierra Army Depots

AMC determined that the declining workloads of the ammunition receipt, storage, and issue missions of these depots require that these locations be placed in reserve status, as was done successfully at other ammunition depots. Also, the ammunition maintenance program would be virtually eliminated.

The reduced workloads will result in eliminating 808 jobs and releasing 334 people. The projected savings are \$717 million annually, after one-time costs of about \$2.7 million have been absorbed.

Atlanta Army Depot

The reduced workload at this depot would result in an inefficient operation because overhead support costs increase substantially when compared with direct costs of a smaller workload. Therefore, AMC decided to discontinue the depot's operation. This will eliminate 910 jobs, release 1,394 people, and transfer 1,324 jobs to the following organizations.

Tooele Depot	179
New Cumberland Depot	169
Tobyhanna Depot	81
Anniston Depot	41
Defense Supply Agency	<u>854</u>
Total	<u>1,324</u>

The projected savings are \$16.9 million annually, after one-time costs of \$24.3 million have been absorbed.

Pueblo Army Depot

On the basis of its maintenance realignment plan, AMC decided that all combat vehicle, automotive, mobility, artillery, and fire control maintenance workloads would be transferred from Pueblo to the Anniston, Letterkenny, and Red River Army Depots. Pueblo will retain its prime missile maintenance capability and workload. The transfer of

for computer support by depots and headquarters activities, have overtaken the SPEED concept, so the Army has established a new project called SPEEDEX (SPEED extended).

SPEEDEX incorporates many new management techniques and provides increased ADP capability that will totally utilize remote computer input-output devices in the appropriate depot functional areas (e.g., distribution, transportation, and maintenance directorates).

One aspect of the realignment which is dependent on the SPEEDEX concept is the ADP service center plan for forming three ADP service centers in CONUS by fiscal year 1976 to satisfy total depot ADP requirements. The three centers are the Sacramento Army Depot in the West, the Red River Army Depot in the central area, and a depot to be selected in the Northeast.

The realignment of AMC depots does not include the concept of depot complexing, but the AMC Office of Depot Management continues to study this area.

CONCLUSIONS

The Army's decision to realign the depots was based on adequate advance study, even though we found no documentary evidence that the Army had considered alternatives. Although we did not verify the computations, we believe the bases used in factoring the Army estimates for one-time costs and annual savings were reasonable. Furthermore, implementing the depot service center concept for ADP operations appears to be feasible. It is consistent with current trends in ADP technology to utilize central data bases to service a variety of locations through remote terminals having access to the central processor. Because of the reduced workload, the drawdown of forces in Southeast Asia, and projected force structures, the changes seem to be reasonable. However, the real impact of these changes cannot be assessed until they are made.

To measure the benefits of the reorganization, the Army should devise a system of measurements to compare the effectiveness of the new AMC organization against the effectiveness of the old AMC organization. In this way, the Army will be able to determine whether additional changes in the organization are needed.

CHAPTER 6CONSOLIDATION OF THE ELECTRONICS COMMAND

The Electronics Command (ECOM) was organized in 1962 to research, design, develop, procure, manage, and maintain communications and electronics equipment.

ECOM's headquarters and three¹ of its four principal directorates are in Fort Monmouth, New Jersey. The fourth directorate--the Materiel Management Directorate, which is responsible for managing and controlling communications and electronics inventories and for responding to worldwide requirements for these inventories--is in Philadelphia.

AMC assigned first priority under its reorganization to consolidating ECOM. AMC believes that separating the Materiel Management Directorate has (1) decreased effectiveness in mission performance and intracommand operations, (2) caused duplication in support services, and (3) resulted in time-consuming travel for key personnel. AMC concluded that ECOM could function successfully only if the Materiel Management Directorate were moved to Fort Monmouth. It estimated that the reorganization, which would begin in August 1973 and should end by July 1974, should save about \$9.4 million annually, after a one-time cost of about \$10 million.

As of June 1972, ECOM had 10,000 civilian jobs, 2,500 of which were in Philadelphia. Only 1,400 of the Philadelphia jobs were in the Materiel Management Directorate. AMC concluded that, if the Materiel Management Directorate moved to Fort Monmouth, many of the remaining 1,100 jobs shown below could be eliminated.

¹The Research, Development, and Engineering Directorate; the Procurement and Production Directorate; and the Maintenance Directorate.

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Jobs at LCOM Philadelphia
June 1972

Materiel Management Directorate	1,393
Production and Procurement Directorate	430
Comptroller	220
Management Information Systems Directorate	220
Headquarters and Installation Support Activity	142
Personnel and Training	41
Command and Staff	20
Product Assurance Directorate	19
Legal Office	8
Security Office	4
Small Business Advisory Office	3
Equal Opportunity Office	2
Information Office	2
Safety	<u>1</u>
Total	<u>2,505</u>

There are two other ECOM agencies that are not at Fort Monmouth--the Television-Audio Support Agency, Sacramento, California, and the Communications Security Logistics Agency, Fort Huachuca, Arizona. Both agencies are relatively small in size and employ in total about 250 civilians.

ECOM's Fort Monmouth organizations are dispersed over several different areas of the Fort. A new offpost office building is being constructed to house the command staff and the Procurement and Production, Maintenance, and Materiel Management Directorates; it is expected to be completed in November 1973. The new building will be leased for about \$2.9 million annually.

PLANNING FOR THE CONSOLIDATION

AMC has wanted to consolidate ECOM since 1962 but it never did because it did not want to interrupt ECOM's operation during the Vietnamese conflict.

The planning process for the announced consolidation was done in three phases: (1) the conceptual analysis, (2) detailed planning, and (3) implementation planning.

Conceptual analysis

Since the consolidation was to improve the effectiveness of ECOM, the conceptual analysis phase should have evaluated various alternatives for achieving that objective. AMC officials presented studies from 1965 which showed that one of the alternatives considered at that time was moving the Philadelphia elements to Fort Monmouth.

AMC officials informed us that they did evaluate various alternatives before making a final decision. Working papers prepared in March 1972 discussed two alternatives.

1. Leaving the Materiel Management Directorate in Philadelphia with a small supporting staff and moving the other jobs to Fort Monmouth.
2. Moving ECOM headquarters and all directorates, except Research and Development, to Philadelphia.

AMC rejected the first alternative because it would not resolve the problems associated with the physical separation of the Materiel Management Directorate. It rejected the second alternative because (1) sufficient space was not available at the Philadelphia location, (2) about 6,000 people would have to be relocated, and (3) the cost of this move would be significantly higher than the cost of a move from Philadelphia to Fort Monmouth.

Although these alternatives may have been evaluated in March 1972, we noted that December 1971 documentation showed that AMC planned to move all Philadelphia elements to Fort Monmouth and to eliminate about 478 jobs.

Because AMC did not have sufficient documentation, we could not determine how AMC assured itself that the consolidation was justified in terms of costs, savings, and the impact on civilian personnel. AMC officials stated that it was impossible for them to document every analysis and that the improvements in ECOM's effectiveness following consolidation involved subjective factors which were not susceptible to measurement.

Detailed planning

The detailed planning phase began in March 1972 and was completed by July 1972. AMC said it did not make a final decision on the consolidation until after the detailed planning was completed. However, we observed that the detailed planning began with the concept that the Philadelphia elements should move to Fort Monmouth. The planning did not evaluate the propriety of that concept, but it dealt with the effects of the consolidation on manpower, cost, and savings. The detailed planning also covered the availability of housing and the transportation facilities in the Fort Monmouth area.

The impact of the consolidation was evaluated under three different alternatives.

- The Signal Center at Fort Monmouth would remain there.
- The Signal Center would move and no other organization would replace it.
- The Signal Center would move and would be replaced by the Defense Language Institute.

Although the consolidation did not depend on the move of the Signal Center, if the Signal Center did move--and even if it were replaced by the Defense Language Institute--more permanent building space would become available at Fort Monmouth for ECOM and other activities. Also, almost 300 old, temporary buildings could be destroyed and leases for offpost building space could be canceled. Elimination of the Signal Center would reduce general support-type costs and would eliminate additional civilian jobs. However, when the Army's reorganization was announced in January 1973, no mention was made of the Signal Center's move. On April 17, 1973, the Secretary of Defense announced that the Signal Center would be moved to Fort Gordon, Georgia, and that the Defense Language Institute activities would be relocated to Fort Monmouth.

Implementation planning

Although the reorganization is to be officially completed by June 30, 1974, the details of the implementation

plan concerning when specific groups will transfer to Fort Monmouth were still being formulated as of May 1, 1973.

Overall planning

Consolidating the various organizations of ECOM should save money and improve mission performance, but we found no evidence that AMC has established specific objectives for the consolidation or has created a system to compare the effectiveness of the present and proposed organizations.

IMPACT ON CIVILIAN PERSONNEL

According to the official announcement, the ECOM consolidation would eliminate 493 civilian jobs. There was no reduction in military jobs. The plan ECOM initially submitted to AMC showed that the consolidation could eliminate 250 jobs, of which 80 were jobs in Philadelphia that duplicated jobs at Fort Monmouth. However, AMC rejected ECOM's original plan because AMC thought the consolidation should eliminate about 500 jobs. The final civilian personnel job reductions proposed by ECOM under each of the three alternatives mentioned previously were:

<u>Alternative</u>	<u>At Philadelphia</u>	<u>At Fort Monmouth</u>	<u>Total</u>
If the Signal Center did not move	80	386	466
If the Signal Center moved and was not replaced	80	441	521
If the Signal Center moved and was replaced by the Defense Language Institute	80	413	493

The plans estimate that, of the 2,500 employees in Philadelphia as of June 30, 1972, only 800 will actually transfer to Fort Monmouth, 700 will retire, and 1,000 will either transfer to other Federal agencies or quit. About 44 percent of these employees are at the GS-7 level and below, and AMC estimates that only about 10 percent of them will move.

In April 1973 the Philadelphia employees were requested to declare whether they would transfer. As of May 4, 1973, 604 out of 2,162 said they would not. Those who declined to transfer will be separated on the date their unit is moved. Those employees who elected to transfer but do not receive a specific offer at Fort Monmouth will remain in Philadelphia at their present salary until March 24, 1974, when they will be separated. Employees in this category, as well as those who declined to transfer, will be placed on job registers and will be given priority for Federal reemployment.

Between June 30, 1972, and April 30, 1973, the number of employees at Philadelphia dropped from 2,512 to 2,162. ECOM officials stated that, because of the accelerated attrition and the number of retirements, all Philadelphia and Fort Monmouth employees will have jobs if they want them, although the new jobs may be at lower grade levels or in different functions.

COST AND SAVINGS RESULTING FROM CONSOLIDATION

The Army estimated that the consolidation will cost about \$10 million in fiscal year 1974. This cost should be offset by estimated savings of about \$9.3 million in fiscal year 1975 and \$9.4 million each year thereafter. Most of the savings relate to the elimination of 493 civilian jobs.

One-time costs

About \$9 million of the costs are for moving civilian and military personnel, for separating those civilians who do not transfer, and for converting a barracks and a classroom at Fort Monmouth into administrative space.

We did not analyze the cost factors in detail, but we reviewed the rationale for various assumptions and the data supporting the estimates. Although we believe the cost estimates are reasonable, they are probably understated in some instances and overstated in others.

For example, the study assumes that only 800 people will actually transfer. If more people transfer, moving costs will be higher but severance pay and terminal leave

payments will be lower. The cost estimate does not include expenses for recruiting and training replacements for the employees who do not transfer. Payments associated with retirements at Philadelphia and Fort Monmouth are all charged to the consolidation, although some employees would be retiring even if ECOM was not consolidating.

Annual savings

The Army estimated annual savings of \$9.4 million from:

--Eliminating 493 civilian jobs--\$6.1 million.

--Reducing travel, transportation, rent and utilities, contractors' services, supplies, and equipment costs--\$3.3 million.

Our examination of the data supporting the economic analysis disclosed that about \$1.4 million of the savings were not attributable to the ECOM consolidation. For instance, 27 of the 493 jobs were associated solely with the move of the Signal Center and its replacement by the Defense Language Institute. Many job reductions would have resulted from the declining workload even if ECOM was not consolidated.

We found that \$1.1 million of the \$3.3 million would result from reduced support costs to the Signal Center and reduced leased family housing costs for military personnel assigned to the Signal Center.

HOUSING IMPACT

The cost of housing in Monmouth County, New Jersey, is significantly higher than it is in Philadelphia. A Monmouth County Planning Board survey indicated the median cost of a new, single-family residence was \$38,000. (Single-family homes are the predominant type of housing in Monmouth County.) There is also a shortage of adequate housing. Apartment rentals range from \$170 for a one-bedroom to \$250 and higher for a three-bedroom apartment.

Because 95 percent of the Philadelphia employees are GS-12s and below, many of them will probably have difficulty finding adequate housing that they can afford. The Monmouth County Planning Board stated that no new housing was available

in prices that even middle-income families could afford. Although Army officials said the housing problem was considered in the decisionmaking process, we believe it was not considered to be a critical factor because (1) the Army estimated that only one-third of the Philadelphia employees would transfer and (2) the housing vacated by the military and civilian personnel moving with the Signal Center would be available for ECOM employees. The result of the ECOM and Defense Language Institute activities' moving to Fort Monmouth and the Signal Center's moving out would be a net reduction of 400 civilian and military positions.

CONCLUSIONS

We believe that the Army's decision to consolidate ECOM should eliminate duplications in supporting services and time-consuming travel for key personnel.

The planned move from Philadelphia to Fort Monmouth will affect hundreds of ECOM employees in Philadelphia who may lose their jobs if they do not relocate. We believe that because of the human aspects of the consolidation, the Army should consider the housing situation and specifically the impact and action required if the Signal Center does not move at the same time as the ECOM consolidation occurs.

CHAPTER 7CREATION OF THE ARMAMENT COMMAND

Before the Army reorganized, the Weapons Command (WECOM) managed weapons and the Munitions Command (MUCOM), which included the Ammunition Procurement and Supply Agency (APSA), managed munitions. These commands, activated in 1962, report to AMC in Alexandria, Virginia.

In January 1973 the Army announced plans to merge MUCOM and WECOM and to designate the new command the Armament Command (ARMCOM), to be located at Rock Island, Illinois.

PHYSICAL MAKEUP OF ARMCOM

Most WECOM personnel are at Rock Island Arsenal. About 140 jobs are at Frankford Arsenal, Philadelphia, but most of these jobs will not be moved when ARMCOM is established. WECOM's principal mission is to provide the research, design, development, procurement, and logistics backing for artillery and infantry weapons for tanks and gun-type armament for aircraft and fire control devices for all of these weapon systems. Authorized strength totals about 2,300 jobs--about 2,200 civilian and 100 military. As of December 31, 1972, WECOM employed 2,203 civilians.

MUCOM units are at Picatinny Arsenal, Dover, New Jersey; Joliet Army Ammunition Plant, Joliet, Illinois; and Edgewood Arsenal, Maryland. MUCOM's principal mission is to provide research, design, development, procurement, production, shipment, supply, inventory, and maintenance management of nuclear and nonnuclear munitions. Authorized strength of MUCOM and APSA totals about 2,800, including about 200 military jobs. About 550 of the civilian jobs are in Dover; about 35 are at Edgewood Arsenal; and the remaining 2,015 are in Joliet. As of December 31, 1972, MUCOM and APSA employed 2,452 civilians.

ARMCOM responsibilities will include the mission and functions of the Small Arms Systems Agency (SASA), Aberdeen Proving Ground, Maryland, which will be discontinued. SASA, which has about 30 civilian employees, is responsible for managing small-arms systems and related new ammunition.

ARMCOM, as currently envisioned, will be an AMC subordinate command and will include about 3,400 civilian and about 300 military jobs (a reduction of about 1,400 jobs from the former command structure). This reduction consists almost entirely of civilian jobs. Only 15 military jobs are scheduled to be eliminated because significant cuts in military jobs would cause a shortage of military middle managers and wholesale logisticians.

AMC initially estimated that ARMCOM would be completed by August 1973. The February 1973 implementation plan shows that personnel will be relocated during July, August, and September 1973. At the time of our review it was estimated that ARMCOM would be activated on July 1, 1973, and that WECOM and MUCOM would be deactivated on September 30, 1973.

All personnel assigned to the former commands and agencies will be able to transfer to ARMCOM when missions are transferred.

ARMCOM's objective is to more effectively manage armament materiel and save resources. The Army estimates that, after completing programmed fiscal year 1974 actions and incurring one-time costs of \$16.2 million, it will save about \$26 million annually.

PLANNING PROCESS

The decision to create ARMCOM was a result of "The Optimum Army Materiel Command" study completed in July 1972. On March 9, 1972, AMC had directed that a case study be completed by April 15, 1972, justifying the merger of MUCOM and WECOM. The directive stressed that no decision had been made to implement the merger but that the case study would determine if such a decision was appropriate. A small group of MUCOM and WECOM personnel from Rock Island prepared the study.

AMC previously decided to locate ARMCOM at Rock Island after discussions with MUCOM and WECOM personnel and other interested parties. WECOM submitted a justification to AMC for the Rock Island location, and MUCOM submitted a proposal suggesting six east coast locations. In January 1972 AMC prepared worksheets showing estimated cost savings at the following locations for ARMCOM: (1) Rock Island Arsenal, (2) Picatinny Arsenal, (3) Aberdeen Proving Ground, and

(4) Joliet. The forecasts showed that during fiscal years 1975-80 locating ARMCOM at Rock Island instead of at Joliet, its closest competitor, would save \$74 million.

According to AMC, Rock Island offered greater cost savings for two reasons.

--The merger could be implemented earlier because present facilities needing only minor refurbishing could house the new command, whereas new facilities would have to be constructed at the other locations.

--Fewer personnel would have to be moved.

Locating ARMCOM headquarters at Joliet would have also involved minimal personnel movement but would have required greater cost for constructing facilities and would have resulted in later implementation.

The Army approved the case study and justification for ARMCOM in November 1972 and included it in the overall Army reorganization.

We believe the advance study of the effects of ARMCOM was adequate; however, we were unable to find documentation showing consideration of alternative organizations or the reasons for selecting ARMCOM over other organizational set-ups.

AMC said that, although it had not prepared detailed studies of alternatives or economic and performance analyses, it had discussed several alternatives and had rejected them as less than optimum. These alternatives included (1) combining the management of weapons and munitions without combining locations, (2) merging MUCOM, WECOM, and the Missile Command, and (3) reducing personnel of both WECOM and MUCOM.

AMC rejected the first alternative because it would separate the working level by organizational structure and by geographic distance. Furthermore, it would not reduce the total number of national inventory control points and national maintenance points. AMC rejected the second alternative because it would result in a large organization with a scope of authority that would greatly task the abilities of the commander in accomplishing his missions. AMC ruled out the third alternative because a reduction in force would not provide better management.

ARMCOM was selected because it should (1) combine weapons and their ammunition, (2) provide the commander with a manageable organization, and (3) achieve the goal of reducing the total number of national inventory control points and national maintenance points. ARMCOM should consolidate management and bring about savings. But to insure better management, the Army should establish specific objectives for the reorganization and should create a feedback system to compare the effectiveness of the present and proposed organizations. (See ch. 2.)

The Army did not identify what elements of management ARMCOM would improve and said it had established no special reporting for management to analyze ARMCOM's effects. The AMC Command Management Review and Analysis Office intends to measure command performance. These reviews will provide some data on the effectiveness of ARMCOM that could be used as input to an overall study; however, the reviews will not provide adequate data to determine whether ARMCOM has improved management.

IMPACT ON CIVILIAN PERSONNEL

Locating ARMCOM at Rock Island will reduce civilian personnel at Joliet and Dover and increase personnel at Rock Island.

The Army estimates that over 2,000 civilian employees at Joliet will be affected, as follows: 450 will retire, find new jobs, or quit; another 700 will be involved in a reduction in force; and 861 will transfer to ARMCOM. In addition to contractor personnel, 69 civilian employees will remain at Joliet.

The Army estimates that 535 civilian employees at Dover will be affected: 170 will retire, quit, or find new jobs; 192 will be involved in a reduction in force; 173 will transfer to ARMCOM; and 6,392 civilian employees are expected to remain at Dover as of October 1973.

About 23 of the 60 persons at Edgewood Arsenal and Aberdeen Proving Ground are expected to transfer to ARMCOM. When ARMCOM is created, civilian jobs at Rock Island will increase by about 1,400. The Army estimates that the 3,390 civilian positions at ARMCOM will be filled as follows:

Transfer from WECOM	1,990
Transfer from other locations (primarily Joliet and Dover)	1,057
Newly hired	<u>343</u>
Total	<u>3,390</u>

IMPLEMENTATION

The milestones for civilian personnel actions shown in the February 2, 1973, implementation plan approved by AMC on March 28, 1973, have slipped as shown below.

	<u>Target date</u>	<u>Status as of May 8, 1973</u>
Precanvass briefing	Jan. and Feb. 1973	Completed Feb. 1973
Canvassing	Feb. 19, 1973	Completed Feb. 1, 1973
Merger of retention registers	Feb. 23, 1973	Completed Mar. 2, 1973
Job description preparation	Mar. 23, 1973	Completed Apr. 13, 1973
Table of distribution and allowance revision	Apr. 2, 1973	Completed Apr. 2, 1973
Reduction-in-force plotting	Mar. 14 to Apr. 25, 1973	Began Apr. 2, 1973; estimated to be completed May 18, 1973
Job offers	Apr. 27, 1973	Scheduled for May 21 and 22, 1973
Effective dates of moves	1st quarter of fiscal year 1974	Scheduled for 1st quarter of fiscal year 1974

COSTS AND SAVINGS

Although the Army did not make a cost-benefit study of ARMCOM, it did arrive at certain cost and savings conclusions. The Army estimated that one-time costs of \$16.2 million would be required and that, thereafter, \$26 million would be saved annually. These costs and savings will depend largely on adhering to the proposed size and structure of the new command.

One-time costs

The one-time costs shown in the Army study are primarily related to civilian personnel costs (\$12.1 million) and costs to modify facilities at Rock Island (\$3.5 million). The civilian personnel costs include estimated terminal leave payments, severance pay, relocation costs, per diem, transportation costs, and overtime. The construction costs include two proposed fiscal year 1975 MCA projects to provide more office space.

We did not independently validate the computation of the costs, but we examined the factors and their bases and concluded that the estimate of one-time costs was reasonable. However, we did note several minor discrepancies. Some reorganization costs were not included in the Army estimate, and some included costs possibly should not have been included. AMC said that:

--The costs, estimated at \$162,000, to provide temporary office space were not included because, when the study and justification were prepared, the permanent facilities were estimated to be completed by July 1974.

--The costs, estimated at about \$2.2 million, to move three Project Management Offices from Dover to Rock Island were not included because, when the study was prepared, AMC did not know how many of the six offices at MUCOM would transfer to Rock Island.

Most of the cost (\$2.6 million) for rehabilitating facilities is for air conditioning of three administrative areas; this is not scheduled until ARMCOM is fully operational. In our opinion, this project has little to do with forming ARMCOM and possibly should have been excluded from the estimate.

On April 6, 1973, AMC estimated that one-time costs would total about \$19.1 million. The primary cause of the \$2.9 million increase is the inclusion of \$2.2 million for moving the three Project Management Offices. However, if the fiscal year 1975 MCA projects were eliminated, one-time costs would total about \$15.9 million.

Annual Savings

The Army estimated that the following amounts would be saved by creating ARMCOM.

<u>Fiscal year</u>	<u>Amount</u>
1973	\$ 2.2 million loss
1974	10.7 million savings
1975	26.7 million savings
1976	28.9 million savings
1977	28.1 million savings
1978 and later	25.9 million savings

We obtained the basis and rationale for the elements making up the recurring savings of about \$26 million for fiscal year 1978 and later and agree that the basis used should provide a reasonable estimate. However, we could not verify the amounts in this estimate because most supporting workpapers were not kept. Most of the savings, about \$19.9 million, would result from a reduction of about 1,360 civilian jobs. Actual savings depend on the number of civilian jobs eliminated and on strict adherence to the reduced grade structure proposed for ARMCOM.

CONCLUSIONS

The Army's decision to create ARMCOM was preceded by adequate advance study. However, we found no documentation indicating whether alternatives were considered or why ARMCOM was selected. We had to depend on the memories of AMC officials to obtain that data. In our opinion, the Army's estimates for one-time costs and annual savings were reasonable; but again, because sufficient supporting workpapers were not available, we were unable to audit the computations.

The Army has not identified what elements of management ARMCOM will improve or the extent of the expected improvements. Furthermore, it has not established any special reporting requirements for management to analyze the reorganization's effects and compare its effectiveness with that of the previous organizations. Such feedback reporting is necessary to determine whether ARMCOM has improved management.

CHAPTER 8

SAFEGUARD CUTBACK

Production and deployment of a 17-site antiballistic missile (ABM) system, designated as SENTINEL, was authorized in November 1967. In 1969 the system, renamed "SAFEGUARD," was cut back to 12 sites. Organizations dedicated to only SAFEGUARD were established. They included the Central Training Facility, Fort Bliss, Texas; a Government depot; and a logistics command. In the latter part of calendar year 1972, after the Congress ratified the Treaty on the Limitation of Anti-Ballistic Missile Systems, the system was cut back to only one site. However, the organizational structure established to support the 17-site deployment still remained.

By direction of the Secretary of the Army, a reorganization plan was prepared which identified those major actions needed to realign SAFEGUARD in fiscal years 1973-75 and to achieve economies and balance in ballistic missile defense (BMD) programs. The SAFEGUARD reorganization was coordinated with the Army Reorganization Office and was announced as part of the overall CONUS 1973 reorganization.

ABM TREATY

The President signed the treaty with the U.S.S.R. on May 26, 1972, and the Congress ratified it on October 3, 1972. The treaty limited SAFEGUARD deployment to no more than two sites. It also contained the configuration of the two permitted sites and limited the type of BMD research and development program which could be undertaken. The Secretary of Defense directed the following immediate actions to implement the treaty.

1. Continue deployment at Grand Forks, North Dakota.
2. Suspend construction at Malmstrom, Montana, and begin preparation for dismantling equipment there.
3. Suspend all work at the remaining sites.
4. Initiate planning to cancel the 12-site SAFEGUARD program.

5. Initiate planning to deploy an ABM defense of the National Command Authority (NCA) near Washington, D.C., within the provisions of the treaty and as fast as possible.
6. Suspend all ABM research and development programs which are prohibited by the ABM treaty.

The fiscal year 1973 budget request was amended to conform to these actions. The Congress approved the Grand Forks deployment, provided a portion of the additional funds for site defense,¹ but prohibited planning for deployment of a SAFEGUARD NCA defense.

PLANNING PROCESS

Adequacy of advanced planning

On July 10, 1972, the Secretary of the Army directed a study to recommend responsibilities, organizations, and procedures for managing the BMD program. On the same day the Army Chief of Staff directed the SAFEGUARD System Manager to study BMD system designs and related development programs. As a result, the BMD Management Study, completed in September 1972, and the BMD System Design Review became the basis for the BMD reorganization plan of January 1973. These studies contain the alternatives considered in making the major reorganization decisions and the recommended actions to be taken in the 1973-75 time frame.

The study of SAFEGUARD support concepts had been under consideration for some time before the BMD Management Study and System Design Review. On December 18, 1970, the SAFEGUARD System Commander requested the weapon system contractor to study the major task areas and to recommend cost-reducing changes. In November 1971 the weapon system contractor was again asked for such recommendation.

In January 1972 the contractor's limited review of early support concepts indicated a need for more in-depth

¹Site defense is a system designed to protect the Minuteman missile system against a more severe threat than SAFEGUARD can handle.

study. In March 1972 the contractor was authorized to make a study which was published in June 1972. The SAFEGUARD System Command (SAFSCOM) used this study in the BMD System Design Review.

Management Study

The objective of the BMD Management Study was to recommend revisions in the assignment of responsibilities and functions that would give the most effective and economical management under austere conditions. The study contained three organizational alternatives and suggestions for consolidating and streamlining activities.

--Alternative 1 was structured most nearly like the current BMD organization. It would create less personnel turbulence and would be able to handle a large BMD mission in the near future.

--Alternative 2 was designed for a direct vertical structure which could adjust to changing BMD missions. It would not retain a sizable reserve force, as would alternative 1, but would scale down both the central and the field offices. The System Manager would be moved to Huntsville, Alabama, and consolidated with SAFSCOM.

--Alternative 3 would eliminate the System Manager. A project manager would be established, and the reduced organization would serve under AMC. This alternative would produce the most serious personnel turbulence and would impose the greatest risk if the BMD mission suddenly increased.

Alternative 2 was approved because it would be (1) more economical, (2) better suited because of its vertical structure to accommodate the Site Defense, Advanced Technology, and SAFEGUARD Project Offices, and (3) more likely to match the size of the BMD mission in the next few years.

The consolidating and streamlining actions recommended for fiscal year 1973 included:

--Imposing a hiring ceiling and freeze.

- Eliminate the SAFEGUARD Central Training Facility.
- Reducing the SAFEGUARD System Office, the SAFEGUARD System Evaluation Agency, and the Huntsville Engineer Division.
- Folding the SAFEGUARD Communications Agency into its parent organization, the Strategic Communications Command.
- Merging the Advanced Ballistic Missile Defense Agency in Washington with the SAFEGUARD System Office.

System Design Review

The BMD System Design Review analyzed the design for BMD systems; it addressed the design, configuration, and deployment of BMD programs to meet the objectives as visualized after the treaty and congressional action.

Some of the recommendations of the review were that:

- BMD sites be manned by military personnel with contractor maintenance support.
- The deferred maintenance concept be used at Grand Forks.
- The SAFEGUARD Central Training Facility be discontinued and the residual function of BMD training for command and control and for missile warhead maintenance personnel be continued in the Army Air Defense School.

Site manning options

To reduce manning of SAFEGUARD sites and the cost of operations, the System Design Review recommended that (1) deferred maintenance be done by oncall manning and (2) selected maintenance and operational tasks be done by contractors rather than Government personnel.

Deferred maintenance with oncall manning was recommended because about 300 manpower spaces could be saved without a significant difference in system availability. Deferred maintenance requires maintenance personnel to work the prime

shift and repairmen to be on call the balance of the day for emergencies.

Before deciding to use contractor maintenance support, the review considered 10 alternatives, using both 1-site and 2-site deployment options in various configurations. We were provided these 10 alternatives and cost data on a mix of contractor-Government maintenance support. (See app. III.) The review recommended contractor maintenance support because it was determined to be most cost effective and because the Army wanted to retain a nucleus of contractor personnel in the ABM program.

The review pointed out that, because a few personnel are needed to support the one-site program, the contractor personnel who installed and tested the system could maintain the SAFEGUARD deployment site. The military would retain control of site tactical operations and custody of nuclear weapons but would rely on contractors for all other support.

By using the contractor for supply and maintenance, the training and logistics support base could be eliminated and the Government could avoid future commitments for about 1,800 offsite personnel to support about 1,600 onsite personnel.

For selecting a particular maintenance support concept, the Army considered site operations (including salaries and costs for family housing and nontactical materiel), the training base (including costs for training equipment, classrooms, and instructors), and logistical support (including costs of supplying and maintaining tactical equipment and repair parts). Cost data showed that the Government could provide logistical support, including offsite and on-site operations, for about \$99 million less than the contractor. However, if the Government contracted for all maintenance support, its cost for training would be reduced by about \$127 million or a net savings on total support of \$28 million for fiscal years 1973-88 as shown in the following schedule. The schedule is based on the latest (January 1973) revised cost data.

	<u>Government</u>	<u>Contractor</u>	<u>Difference</u>
	(000,000 omitted)		
Logistics support (onsite and offsite)	\$ 905	\$1,090	\$-185
Training base	184	57	+127
Onsite operations	<u>219</u>	<u>133</u>	<u>+ 86</u>
Total	<u>\$1,308</u>	<u>\$1,280</u>	<u>\$+ 28</u>

Contractor maintenance support would also save one-time costs of about \$9.6 million from reductions in housing requirements at Grand Forks, reductions in the prime contractor's installation and test effort at the Central Training Facility, and the deletion of a planned elementary school at Grand Forks in support of Government personnel.

The Army stated that the decision to contract for maintenance support was in accordance with the Government's general policy of relying on the private enterprise system as set out in Office of Management and Budget Circular A-76.

We did not validate the Army's computation of costs, but we did examine the factors used and concluded that the contractor option chosen by the Army was the most cost effective.

Reasonableness of implementation plans

Most of the major reorganization actions that reduce the number of jobs, eliminate commands, and realign organization were to occur before June 30, 1973. The reorganization will:

- Eliminate SAFLOG by merging it with SAFSCOM to include the redesignation of the SAFEGUARD Army Depot as the SAFEGUARD Supply and Maintenance Center, operated on a Government-owned, contractor-operated basis.
- Eliminate the SAFEGUARD Central Training Facility.
- Realign SAFSCOM to a project-office-type orientation.
- Reduce authorized strength from 5,795 to 2,691 by June 30, 1973 (to be reduced to 2,045 by June 30, 1975).

SAFLOG had been established to provide tactical logistics support only to SAFEGUARD. When the number of sites was cut back to one, the Army recognized that it was unnecessary to keep a Government logistics system only to support SAFEGUARD. Since SAFSCOM (1) was responsible for assigned development, acquisition, and installation functions, (2) is the principal operating element of the SAFEGUARD system organization, and (3) supervises the weapon system contractor, the Army decided to merge SAFLOG with SAFSCOM to use SAFLOG talent for contractor management.

The Central Training Facility was established to provide training for only Government employees assigned to operate and maintain SAFEGUARD. With a cutback in the number of SAFEGUARD sites, the training organization was not needed.

Discontinuing the SAFEGUARD Communications Agency is the major action to be accomplished from July 1, 1973, to June 30, 1974. After June 1974 STRATCOM will provide communication support for SAFEGUARD.

From July 1, 1974, through June 30, 1975, the Advanced Ballistic Missile Defense Agency will merge with SAFEGUARD to complete the consolidation of all BMD activities. The resulting organization will be redesignated the "Ballistic-Missile Defense Organization."

SAFEGUARD officials stated that all reorganizational milestones had been achieved as of March 1973 and that the remaining milestones were realistic.

Implementation control

SAFEGUARD officials told us there was no mechanism for measuring the effectiveness of the new organization, although SAFSCOM intends to monitor the implementation of the BMD reorganization by reports from the various SAFEGUARD organizations. We believe the only weakness, if any, in the SAFEGUARD reorganization is in this area. Organization change is too important to be carried out without some means of knowing whether the actions taken improve operations.

IMPACT ON PEOPLE AND OTHER COST ASPECTS

The BMD reorganization plan provides for reducing the authorized staffing level from 5,795 in October 1972 to 2,045 by June 30, 1975. Annual savings, based primarily on military and civilian job reductions, were estimated at about \$38.2 million, and one-time costs for implementing the reductions were estimated at \$7.9 million. About 2,900 people would be dislocated as the result of the reorganization.

CONCLUSIONS

The reorganization of SAFEGUARD was prompted by events other than the overall Army reorganization. The BMD management structure and system design were extensively studied before the formal implementation plan was developed. Various alternatives were considered, and decisions were based generally on those alternatives which were most effective and which coincided with the reduced number of sites.

The Army selected contractor, rather than Government, maintenance support because contractor maintenance would be more cost effective for one site, or even for the additional site provided for by the treaty if the more sophisticated site defense components are used, and because the ABM program would retain trained contractor personnel.

We believe the planning and the consideration of alternatives were adequate. The implementation plans seem reasonable and attainable. Although there is some feedback, there is no formal mechanism to provide data on the effectiveness of the new organization compared with the old organization. We think that increased emphasis should be placed on measuring the attainment of goals to insure the success of the reorganization.

PLANS FOR ARMY BRANCHES AND OTHER ACTIONS

ARMY BRANCHES

Because Army branches¹ are established by law (10 U.S.C. 3063 and 3064), congressional action is required to disestablish them. In its reorganization, the Army proposed an amendment to title 10 of the United States Code which would disestablish the Chemical Corps and transfer its functions and missions to other branches, primarily the Ordnance Corps.

The Army based its decision to disestablish the Chemical Corps on several of its studies.

--"Consolidation of Chemical Corps Functions" examined alternatives that would improve management and career opportunities for Chemical Corps officers and, at the same time, maintain the Army's capability to discharge its responsibilities.

--"Study of Army Logistics System" (1967) concluded that removal of the supply and maintenance functions from the Chemical Corps would significantly reduce that branch's responsibilities.

--"Officer Personnel Management System I" (1971) recommended disestablishing the Corps because officer positions were insufficient to maintain a viable career structure.

¹Army branches include the Infantry, Adjutant General's Corps, Corps of Engineers, Finance Corps, Quartermaster Corps, Air Defense Artillery, Field Artillery, Armor, Ordnance Corps, Signal Corps, Chemical Corps, Military Police Corps, Transportation Corps, Military Intelligence, Corps of the Army Medical Department, Chaplains Corps, and Judge Advocate General's Corps.

"Military Training Station, Ordnance, Chemical, and Quartermaster" (1967) examined alternatives for disposition of the Chemical Corps; it recommended against disestablishment in view of national chemical, biological, and radiological requirements.

The Army examined alternative sites for residual chemical functions--Redstone Arsenal, Alabama; Aberdeen Proving Ground, Maryland; and Fort Belvoir, Virginia. The Army considered training requirements, cost effectiveness, availability of facilities and housing, and community impact.

Aberdeen Proving Ground was selected as the location for most Chemical Center and School functions and for activities of CDC's Chemical, Biological, Radiological Agency, primarily because of its excellent training facilities. Consolidating these activities with those of the Ordnance Center and School would enhance development goals. Redstone Arsenal was selected for several chemical courses on accident control and ordnance disposal. Fort Belvoir was rejected because it was unable to absorb chemical training activities and moving a sizable activity into the Washington, D.C., region was undesirable.

Other Army branches

The remaining branches were not examined in detail during reorganization planning because of their direct relationship to an ongoing Army study, "Officer Personnel Management System II," which was studying ways to improve professionalism in command, staff, and specialty areas.

Impact of action

The Chemical Corps disestablishment will affect 569 military jobs and 173 civilian jobs at Fort McClellan, Alabama; 452 military jobs and 59 civilian jobs will be transferred. The remaining 117 military jobs and 114 civilian jobs will be eliminated, as shown in the following schedule.

Impact

<u>Installation</u>	<u>Military</u>	<u>Civilian</u>
Fort McClellan (note a)	-569	-173
Redstone Arsenal	+41	+1
Fort Belvoir	-	+1
Aberdeen Proving Ground	+196	+57
Fort Benning	+215	-

^aA planned relocation of the Military Police Community from Fort Gordon, Georgia, would add 964 military jobs and 297 civilian jobs.

The change will have a greater impact on civilian jobs than on military jobs; 66 percent of civilian jobs but only 21 percent of the military jobs will be eliminated.

Economic Impact

Annual saving	\$3,400,000
One-time costs	1,300,000
Major construction cost avoidance (note a)	1,900,000
Family housing cost avoidance (note b)	3,400,000

^aBachelor officers' quarters and an academic building were planned but are no longer required. However, relocation of the Military Police Community from Fort Gordon to Fort McClellan will require MCA construction at Fort McClellan and negate the cost avoidance.

^b97 planned housing units will no longer be required. However, relocation of the Military Police Community to Fort McClellan will require 322 housing units and will negate the cost avoidance.

The Army study indicates that consolidating the Chemical and Ordnance Centers and Schools could eliminate as many as 121 additional military jobs.

CHANGES IN MUNITIONS TESTING

Before the Army reorganization, munitions were accepted tested at (1) Aberdeen Proving Ground, (2) Jefferson Proving Ground, Indiana, and (3) Yuma Proving Ground, Arizona.

BEST DOCUMENT AVAILABLE

The Army reorganization transferred acceptance testing from Aberdeen to Jefferson. This transfer, which is scheduled to be completed by June 30, 1974, will eliminate 142 civilian positions at Aberdeen and will add 73 civilian positions at Jefferson, a net reduction of 69 jobs.

The transfer was to realign and reduce civilian positions related to the consolidation of ammunition acceptance testing at the most cost effective facility. This transfer will also negate the encroachment problem at Aberdeen caused by firings over and into the surrounding water. Test firings of up to 20,000 meters are possible without exceeding reservation boundaries; however, firing beyond this range closes off the mouths of the Bush and Gunpowder Rivers. In recent years public pressure has forced a reduction in long-range firings at Aberdeen.

The Army estimates that, upon completion of the transfer, annual savings of \$794,000 will be realized, after one-time costs of \$692,000.

Planning and impact of action

The decision to transfer acceptance testing of ammunition from Aberdeen to Jefferson was also a part of "The Optimum Army Materiel Command" study. This action will effect a reduction of 136 persons at Aberdeen--79 persons will be lost through attrition, 40 will transfer to Jefferson, and 17 will be reassigned at Aberdeen. No jobs will be eliminated by a reduction in force.

The January 29, 1973, plan approved by AMC on March 9, 1973, calls for an implementation date of November 30, 1973. By this time, most of the workload should be transferred, and only minor actions should extend beyond this date. The plan calls for the following civilian personnel transfers.

Identify people involved in transfer	July 2 to 31, 1973
Issue canvass letters	August 1 to 15, 1973
Provide Jefferson with a list of interested Aberdeen eligibles	August 15 to 20, 1973
Merge Jefferson retention register with Aberdeen transfers	August 20 to September 28, 1973

Issue job offers	September 28, 1973
Issue separation notices	September 28, 1973
Response to job offers required	October 8, 1973
Notice of personnel action decisions	October 8, 1973
Transfer personnel	November 30, 1973
Miscellaneous followup actions	November 30, 1973, through June 30, 1974

An April 13, 1972, study, "Assessment of Munitions and Weapons Testing at Aberdeen, Jefferson, and Yuma Proving Grounds" prepared by the Army Test and Evaluation Command, was used to select Jefferson. The study was to determine the most efficient way to accomplish the munitions and weapons testing missions assigned to Aberdeen, Jefferson, and Yuma. The study concluded that ammunition testing at Aberdeen should be gradually shifted to Jefferson.

CONCLUSION

Although we did not analyze in detail the studies prepared in conjunction with the transfer or perform a detailed audit of the costs figures included in the studies, we believe that, if current plans are followed, this action should provide savings approximating the Army's estimate with minimal personnel turbulence.

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CHAPTER 10

SCOPE OF STUDY

At Army, AMC, and SAFEGUARD headquarters we examined the plans and studies dealing with the need for change in the Army reorganization since 1966. We also studied plans, guidance documents, and management decisions relating to feasibility and implementation of the organization. We discussed those decisions and actions with Army officials responsible for or knowledgeable of them.

We visited Army field locations which were involved in planning for the reorganization or which will be subjected to organizational turbulence, interviewed officials there, and examined documentation relating to cost studies or other organization change data.

Such locations included Fort Monroe, Virginia, previously headquarters for CONARC and now TRADOC headquarters; ECOM activities in Philadelphia and Fort Monmouth; MUCOM activities in Dover and Joliet; APSA in Joliet; the old WECOM and new ARMCOM in Rock Island; the SAFEGUARD System Command in Huntsville; and Army depots involved with the new service-center concept at the Sacramento and Sierra Depots.

Because of an early reporting target we accepted the Army's cost figures without auditing them, but we closely scrutinized the factors used in the studies as a basis for management decisions. We also evaluated management's reorganization plans, decisions, and actions against management principles which we believe should be applied in considering organizational change.

We conducted continual dialogue with officials from the office of the PMR, Office of the Army Chief of Staff, AMC, SAFEGUARD System Manager, and the Office of the Secretary of the Army to obtain their reactions to our findings and conclusions. We evaluated their comments and, where appropriate, incorporated them in this report.

MCA FUNDS TO BE REQUESTED FOR REORGANIZATION

AS OF JUNE 15, 1973

<u>Installation</u>	<u>Description</u>	<u>Estimated Cost</u>
Fiscal year 1973:		
Redstone Arsenal, Ala.	Chemical training facility	\$ 299,000
Fort McPherson, Ga.	3 FORSCOM projects	770,000
Fort Sheridan, Ill.	Alterations for U.S. Army Recruiting Command and Reserve component management	408,000
Rock Island Arsenal, Ill.	Alterations for Armament Command	525,000
Fort Knox, Ky.	Facilities for Reserve component management	325,000
Lexington-Blue Grass, Ky.	Administrative space for Maintenance Support Agency	293,000
Fort Hamilton, N.Y.	Facilities for Reserve component management	86,000
Fort Detrick, Md.	Facilities for Army Medical Materiel Agency	426,000
Fort Meade, Md.	Facilities for Army Intelligence Command	509,000
Indiantown Gap Military Reservation, Pa.	Facilities for Reserve component management	475,000
Dugway Proving Ground, Utah	Facilities for Desert Test Center	123,000
Memphis Defense Depot, Tenn.	Medical storage facility for DSA	^a 187,000
Fort Lee, Va.	Facilities for Logistics Center	180,000
Fort Monroe, Va.	Facilities for TRADOC headquarters	<u>274,000</u>
Total fiscal year 1973		<u>4,860,000</u>
Fiscal year 1974:		
Atlanta Army Depot, Ga.	Security fencing	119,000
Fort Knox, Ky.	Facilities for ROTC Regional headquarters	250,000
Fort Meade, Md.	Military Academy Prep School facilities	1,521,000
Fort Bragg, N.C.	Facilities for ROTC Regional headquarters and Reserve component management	708,000
Fort Dix, N.J.	Facilities for Reserve component management	339,000
Fort Monmouth, N.J.	Facilities for LCOM	1,205,000
Tobyhanna Army Depot, Pa.	Medical equipment maintenance facility	^b 127,000
Total fiscal year 1974		<u>4,269,000</u>
Total		<u>\$9,149,000</u>

^a\$456,000 for a Medical Equipment Maintenance Facility in the fiscal year 1974 MCA realignment request will not be required. The \$187,000 for a Defense Supply Agency Medical Storage Facility may be funded by other than Army funds or by minor MCA in fiscal year 1974.

^bMinor MCA funds to be requested in fiscal year 1974.

CIVILIAN EMPLOYEES OF THE DEPARTMENT OF THE ARMY

AS OF MAY 4, 1973

Organization or activity	Jobs eliminated	Transfers with function	Actual impact on employees				
			Reductions				
			Total	Attri- tion	Reduction in force	Retire	Decline transfer
CONARC, Fort Monroe, Va.		85	91	60	15	10	8
1st Army, Fort Meade, Md.		23	172	61	81	25	5
3d Army & FORSCOM, Fort McPherson, Ga.		39	168	64	64	28	12
5th Army, Fort Sam Houston, Tx.	751	24	184	89	58	31	6
6th Army, Presidio of San Francisco, Ca.		19	304	32	207	33	32
CDC, Fort Belvoir, Va.		765	346	71	67	27	181
CONARC-CDC total	751	955	1,265	377	490	154	244
SAFEGUARD total	2,084	26	1,509	376	1,033	100	0
ARMCOM	1,403	1,057	1,583	245	18	430	890
ECOM	493	800	2,151	650	60	741	700
Depots	3,585	65	3,605	264	2,098	1,155	88
Other	1,240	272	1,318	331	144	425	418
AMC, total	6,721	2,194	8,657	1,490	2,320	2,751	2,096
Other reorgani- zation actions total	1,744	942	2,087	1,296	208	302	281
Total	11,300	4,117	13,518	3,539	4,051	3,307	2,621

DESCRIPTION AND COSTS OF
 10 SAFEGUARD MAINTENANCE SUPPORT ALTERNATIVES
 FOR FISCAL YEARS 1973-81
 USING THE FULL MAINTENANCE CONCEPT

<u>Alter- native</u>	<u>Description of alternative</u>	<u>Phase A</u>	<u>Phase B1</u>
		Grand Forks only (SAFEGUARD components)	Grand Forks plus an NCA configuration (SAFEGUARD components)
		(millions)	
1	Consists of a dedicated Government logistics command to include a national inventory control point, a national maintenance point, dedicated automatic data processing support, and a dedicated supply and maintenance depot.	\$847.4	\$990.5
1A	Same as alternative 1, except that logistics command would combine with SAFSCOM.	825.5	967.7
2	Would use a dedicated logistics command including national inventory control point and national maintenance point functions and an Army depot; a contractor would perform depot-level maintenance.	837.0	995.1
3	A contractor would perform national inventory control point, national maintenance point, and depot functions, as well as onsite supply and maintenance functions. A small Government organization would monitor and administer the contract, and the Army Air Defense Command would accomplish warhead activities.	759.1	925.0
4	No logistics command; Missile Command would control national inventory control point and national maintenance point functions; Missile Command personnel would perform depot-level supply and maintenance functions; Army Air Defense Command would perform onsite supply and maintenance.	815.6	968.0
5	Would use logistics command; its personnel would accomplish depot-level supply and maintenance onsite; Army Air Defense Command would perform normal onsite supply and maintenance.	834.1	985.9
6	No logistics command; Missile Command would perform national inventory control point and national maintenance point functions; existing Army depot would perform depot-level supply and maintenance on a priority response basis; Army Air Defense Command would accomplish onsite supply and maintenance.	809.0	947.2
6A	Same as alternative 6, except SAFSCOM would perform national inventory control point and national maintenance point functions.	805.8	943.0
7	Would use Government support (alternative 1A) with a site defense augmentation at Grand Forks for a one-site deployment and a site defense augmentation at NCA for a two-site deployment.	-	-
8	Would utilize contractor support (alternative 3), with a site defense augmentation to SAFEGUARD at Grand Forks for a one-site deployment and a site defense augmentation at NCA for a two-site deployment.	-	-

<u>Phase B2</u>	<u>Phase B3</u>	<u>Phase B4</u>	<u>Phase C1</u>	<u>Phase C2</u>	<u>Phase C2 (MOD)</u>
Grand Forks plus an NCA configuration (SAFEGUARD components)	Grand Forks plus an NCA configuration (SAFEGUARD components)	Grand Forks plus an NCA site (defense components at NCA)	Grand Forks plus site defense augmentation	Grand Forks plus site defense augmentation	Grand Forks plus site defense augmentation
(millions)					
\$1,103.3	\$1,129.2	\$ -	\$ -	\$ -	\$ -
1,081.2	1,107.1	-	-	-	-
1,093.1	1,121.3	-	-	-	-
1,147.8	1,172.6	-	-	-	-
1,080.3	1,106.2	-	-	-	-
1,098.2	1,124.1	-	-	-	-
1,059.8	1,085.7	-	-	-	-
1,055.6	1,081.5	-	-	-	-
-	-	977.3	943.7	936.9	946.8
-	-	863.8	828.3	827.1	834.1

PRINCIPAL OFFICIALS OF THE
DEPARTMENT OF DEFENSE AND THE
DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE
ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

		<u>Tenure of office</u>	
		<u>From</u>	<u>To</u>
<u>DEPARTMENT OF DEFENSE</u>			
SECRETARY OF DEFENSE:			
James R. Schlesinger	June 1973	Present	
William P. Clements, Jr. (acting)	May 1973	June 1973	
Elliot L. Richardson	Jan. 1973	Apr. 1973	
Melvin R. Laird	Jan. 1969	Jan. 1973	
DEPUTY SECRETARY OF DEFENSE:			
William P. Clements, Jr.	Jan. 1973	Present	
Kenneth Rush	Feb. 1972	Jan. 1973	
<u>DEPARTMENT OF THE ARMY</u>			
SECRETARY OF THE ARMY:			
Howard Calloway	May 1973	Present	
Robert F. Froehlke	July 1971	May 1973	
UNDER SECRETARY OF THE ARMY:			
Kenneth E. Belieu	Sept. 1971	Present	
CHIEF OF STAFF (ARMY):			
Gen. Creighton W. Abrams	Oct. 1972	Present	
Gen. W. C. Westmoreland	July 1968	June 1973	
COMMANDING GENERAL, AMC:			
Gen. H. A. Miley, Jr.	July 1969	Present	

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF THE ARMY (continued)

SAFEGUARD SYSTEMS MANAGER:

'Lt. Gen. W. P. L. Leber

Apr. 1971 Present

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