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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To Stephen J. Solarz House Of Representatives

Information On Military Technician Conversions To Full-Time Active Duty Guard And Reserve

Almost 10,000 military technician positions in the Army and Air Force Reserve components have been converted from civilian to full-time, active duty Guard and Reserve since fiscal year 1979. The Congress directed more than half of these conversions to test Reserve components' ability to attract and retain qualified active duty Guard and Reserve personnel in full-time positions. The remaining conversions, which occurred after the test ended in June 1980, were intended to enhance readiness.

The Army now proposes almost 5,900 more conversions and increases of almost 25,000 in the number of its active duty Guard and Reserve personnel over the next 5 years. However, the Army is not sure if these proposals will improve its readiness.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-208369

The Honorable Stephen J. Solarz
House of Representatives

Dear Mr. Solarz:

This report responds to your February 26, 1982, letter and subsequent discussions with your office which asked us to determine the purpose and scope of the military technician program and review the conversion of 86 civilian positions to Army military positions at Fort Totten, New York. We were to determine whether these conversions were widespread in the armed services and what justifications and cost-benefit analyses were used in making the conversions.

The 86 conversions were among almost 10,000 military technician positions in the Army and Air Force Reserve components (the Navy and Marine Corps do not use military technicians) which have been converted from civilian to full-time, active duty Guard and Reserve since February 1979. About 5,400 of these conversions (including the 86 to whom you referred in your letter) were part of a congressionally directed test to determine Reserve components' ability to attract and retain qualified active Guard and Reserve personnel in full-time military positions. The remaining conversions, which took place after the test ended in June 1980, were initiated by the Department of Defense (DOD), with congressional approval, and were intended to enhance the Army's and Air Force's readiness in case of war or national emergency. (See app. I for detailed information.)

OBJECTIVES, SCOPE, AND METHODOLOGY

In addition to examining the conversions of 86 civilian positions to full-time military at the 77th U.S. Army Reserve Command (ARCOM) Headquarters, Fort Totten, New York, and its 121 subordinate units throughout New York State, we examined the (1) purpose and scope of the military technician program in Reserve components of the Army and Air Force, (2) extent of military technician conversions throughout the Army and Air

Force, and (3) justification for such conversions. We also examined functions and trends in Reserve components' full-time support personnel, which includes military technicians in DOD; legislative history and prior studies of military technicians and their conversions; and results of the congressionally directed test on military technician conversions to full-time military, active duty Guard and Reserve.

We conducted our review from April 1982 through June 1982. To obtain information on military technicians, the conversion program, and full-time support personnel, we reviewed DOD regulations, directives, and internal memoranda; relevant General Accounting Office (GAO) reports; legislative materials; and studies, reports, and other written materials from the Army, Air Force, and the Office of the Secretary of Defense (OSD). We interviewed representatives of various DOD organizations, including (1) Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, (2) National Guard Bureau, and (3) Offices of the Army Deputy Chief of Staff for Personnel, Chief of Army Reserve, and Army Inspector General.

To obtain information on the conversions at Fort Totten, we spoke with representatives of Headquarters, 1st U.S. Army; Headquarters, U.S. Army Forces Command; and Headquarters, 77th ARCOM. We also interviewed 13 people at Fort Totten (including 5 military technicians) who were involved with the conversion program. This review was conducted in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

BACKGROUND

Military technicians comprise 56,900 of the 126,100 full-time support personnel authorized in fiscal year 1982, DOD-wide. They are one of five personnel categories used to provide full-time support to the armed services' Reserve components.

Military technicians are dual status employees who perform in a civilian capacity the day-to-day duties required to maintain the operational and training status of Reserve units. In addition, they are required, as a condition of employment, to participate in military training drills one weekend a month and about 2 weeks annually as military members--drilling reservists--of their units. Military technicians in the Army National Guard and Air National Guard are required by statute, as a condition of employment and retention, to be members of the National Guard unit in which they work. However, those in the Army and Air Force Reserves are not. In the event of war or national emergency, all military technicians are to deploy with their units as military personnel.



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JUSTIFICATION FOR CONVERSIONS

The conversions of about 5,400 military technician positions to full-time military, active duty Guard and Reserve took place at Fort Totten and elsewhere because of a congressionally directed test to determine if Guard and Reserve members--drilling reservists--could be attracted to and retained in these positions on a full-time, active duty military basis. In June 1978, the House Committee on Appropriations directed the test because of various problems (such as unionization, management, and morale) which the committee and others had found with the military technician program. The October 1978 Conference Committee's Report included the committee's direction for the conversion test.

DOD conducted the test from February 1979 through June 1980 and reported the test results to the Congress on December 30, 1980, with recommendations. According to the report, the Army National Guard, Army Reserve, and Air National Guard filled all their converted positions, whereas the Air Force Reserve filled only 62 percent. DOD also reported that the test "had no discernible impact on readiness." Furthermore, the report noted that the difference in cost between converting and not converting all existing military technician positions would be insignificant (a 1% difference, which nonetheless would amount to almost \$20 million, DOD-wide).

DOD's report to the Congress recommended that the military technician program not be eliminated and that DOD and its Reserve components be authorized the flexibility to program and budget military technician and active Guard and Reserve positions in a way they believe would achieve the best combination of full-time support resources. The House Committee on Appropriations incorporated this recommendation in its November 1981 report on the fiscal year 1982 DOD Appropriation Bill (Public Law 97-114).

EXTENT OF CONVERSIONS

As a result of the congressionally directed test, 5,382 military technician positions were converted to active Guard and Reserve. Incumbents voluntarily sought conversion to military status in 72% of these positions.

Since the end of the conversion test in June 1980, 4,331 additional positions have been converted as a result of fiscal year 1982 reprogramming actions approved by the Congress. Thus, a total of almost 10,000 positions were converted in the Army and Air Force Reserve components from February 1979 through the end of fiscal year 1982.

Despite the conversion test's lack of support to show that active Guard and Reserve personnel enhance readiness more than military technicians, the Army plans to convert about 3,500 Army Reserve military technician positions to active Guard and

Reserve over 5 years, beginning in fiscal year 1984, as part of its program to increase units' operational readiness. The Army National Guard has proposed converting about 600 positions in fiscal year 1983 and about 1,700 at the division level and below, over a 3-year period, beginning in fiscal year 1984. Also, the Army has programed increases of almost 25,000 in the number of active Guard and Reserve personnel between fiscal years 1982 and 1987. The Army claims that enhanced readiness, not cost, should be the overriding consideration in determining the appropriate mix of full-time support personnel. However, it has no evidence that the move would improve readiness. Because of these proposed increases and conversions and because conversions did not improve readiness, the Army Chief of Staff directed the Army Inspector General in February of this year to assess the effect of all full-time support personnel on Reserve forces' readiness.

The Air Force Reserve wants all military technician positions to remain civilian to the extent feasible, and the Air National Guard plans to convert only about 600 specialized types of full-time support positions (e.g., weapons systems security) in fiscal year 1983.

CONVERSIONS AT 77TH ARCOM

To get insight into the effectiveness of the 86 conversions at the 77th ARCOM, we discussed them with 13 individuals at Fort Totten, all knowledgeable about the program. These 13 persons included 6 civilian employees of the Army who believed that the drilling reservists who filled vacant converted positions (1) were not qualified, (2) cost the Government more than military technicians, and (3) were not able to increase military readiness. Six persons interviewed were full-time, active duty military (including two who voluntarily converted; one who filled a vacant, converted position; and three active duty supervisors of military technicians and/or active Guard and Reserve), and one, the ARCOM Commander, was a drilling reservist. These military personnel disagreed with the civilians, saying that the civilians' statements were unfounded. Officials interviewed in Army Headquarters and the Office of the Secretary of Defense (OSD) agreed with the military personnel.

For example, although military technicians at Fort Totten have claimed that the 86 conversions cost the Government \$600,000 more than if they had remained civilian positions, we found that the cost analyses used to determine this cost differential was faulty. It excluded the civilians' direct and indirect Reserve costs for drills and annual training, as well as other indirect civilian costs paid by the Government (e.g., retirement, health benefits, workman's compensation). OSD and Army officials acknowledge that on a one-for-one basis, some active Guard and Reserve personnel may be more costly than military technicians

in the same positions (because of retirement benefits, for example), but other active Guard and Reserve personnel may be less costly (for example, Wage Grade military technician positions converted to active Guard and Reserve).

- - - -

As arranged with your office, we did not obtain official agency comments. However, we discussed the information paper in appendix I with OSD and Army officials. As arranged with your office, we are sending copies of this report to the Senate and House committees which have an interest in military personnel matters; the Directors, Office of Personnel Management and Office of Management and Budget; and the Secretaries of Defense, the Army, and the Air Force.

Sincerely yours,



Clifford I. Gould
Director



INFORMATION PAPER

CONVERSION OF MILITARY TECHNICIAN
POSITIONS FROM CIVILIAN TO FULL-TIME
ACTIVE DUTY GUARD AND RESERVE IN
ARMY AND AIR FORCE



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ABBREVIATIONS

AGR	active duty Guard and Reserve
ANG	Air National Guard
ARCOM	Army Reserve Command
ARNG	Army National Guard
COLA	cost-of-living adjustments
DOD	Department of Defense
FICA	Federal Insurance Contributions Act
FPCD	Federal Personnel and Compensation Division
FTS	full-time support
FY	fiscal year
GAO	General Accounting Office
GS	General Schedule
HAC	House Committee on Appropriations
MT	military technician
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
USAFR	U.S. Air Force Reserve
USAR	U.S. Army Reserve
USMCR	U.S. Marine Corps Reserve
USNR	U.S. Naval Reserve
WG	Wage Grade

I. FULL-TIME SUPPORT (FTS)A. FTS personnel functions

--Perform supply, maintenance, training, and operation functions at unit level, and administration at unit and headquarters level, for all Reserve components in all four services:

- Army National Guard (ARNG)
- U.S. Army Reserve (USAR)
- U.S. Naval Reserve (USNR)
- U.S. Marine Corps Reserve (USMCR)
- Air National Guard (ANG)
- U.S. Air Force Reserve (USAFR)

--Assure readiness of Reserve components to mobilize and initiate wartime operations rapidly and on short notice.

B. Five possible types of FTS personnel

- Active component: Regular military personnel on active duty, paid from services' active component military personnel appropriation.
- Active duty Guard and Reserve (AGR): Members of Reserve components--reservists--serving on full-time active duty in support of their Reserve component; paid from Guard and Reserve military personnel appropriation; also referred to as full-time military and full-time reservists.
- Military technicians (MTs): Federal Government civilian employees assigned to support Reserve units (only in the Army and Air Force) and concurrently required, as a condition of employment, to be military members of the Reserve component in which they are employed; also called civilian technicians and dual status technicians.
- Status quo technicians: Federal Government civilian employees in the Army and Air Force Reserve who occupy MT positions but are not military members of any Reserve component, primarily for reasons outside their control (e.g., military medical disqualification, mandatory removal from military due to age, failure to be promoted in military). Status quo technicians would not deploy with their units upon mobilization.

--Civil service personnel: Other Federal Government civilian employees who provide FTS to reserve components (e.g., secretaries).

C. Clarification and history of MT program

- MT program originates from National Defense Act of 1916 which authorized caretakers to feed federally owned horses issued to National Guard. Caretakers evolved into maintenance personnel and, just prior to World War II, were permitted to perform clerical duties. In 1956, authorization for employment of MTs, still classified as "caretakers and clerks," was included in title 32 of U.S. Code.
- National Guard Technicians Act of 1968 (Public Law 90-486) required that MTs be members of National Guard unit in which they work as condition of employment and retention, and be promptly separated from employment upon loss of National Guard membership. They are "excepted service" appointments and must have a military job compatible with MT position.
- Unlike the National Guard MT program, there is no statutory authority for MT program of the Reserves. MTs in the Air Force and Army Reserve come under general competitive civil service laws in title 5, U.S. Code, and are "competitive service" appointments.
- Army Reserve MT program was established in 1950. In July 1960, "dual status program" for USAR MTs was established by memorandum of understanding between Army and the former U.S. Civil Service Commission. Under this program, individuals who were either members of or eligible for membership in Reserves were primary recruitment source, and individuals not eligible for Reserve membership constituted secondary recruitment source when reservists were not available. In 1970, new memorandum of understanding was written, administratively requiring MTs to be members of Reserve unit in which they work, but only to the maximum practicable extent.
- Air Reserve MT program is based on a 1957 memorandum of agreement between Air Force and the former U.S. Civil Service Commission which provides for dual status of MTs: full-time MTs who are concurrently Air Force reservists and competitive civil service employees. The memorandum was revised in 1979.

--MTs perform in civilian capacity day-to-day duties required to maintain operational and training status of Reserve units. Examples of MT jobs: supervisory helicopter pilot, marksmanship information and training officer, equal opportunity specialist, administrative supply technician, public information officer, aircraft pilot, military pay clerk, budget analyst, electronics mechanic, parachute packer, artillery repairer, plumber.

--General MT policy (statutorily required for National Guard MTs, administratively required for Reserve MTs): military duties, responsibilities, and pay grade should be compatible with MT civilian duties, responsibilities, and pay grade.

--MTs are required, as a condition of employment, to participate in military training drills one weekend a month and about 2 weeks annually as military members--drilling reservists--of their units.

--MTs are placed on active duty upon mobilization, and they should deploy with their units as military personnel.

D. Proportion of Wage Grade military technicians

--MT positions can be either Wage Grade (WG) or General Schedule (GS).

--WG MTs comprise 51% (about 29,000) of all 57,000 MTs authorized in FY 1982 in Army and Air Force.

--Number and percent of WG MTs:

<u>Reserve component</u>	<u>Percent WG</u>	<u>FY 82 MT authorized end-strength</u>	<u>Number WG</u>
ARNG ¹	44	21,400	9,400
USAR	33	6,700	2,200
ANG	55	21,100	11,600
USAFR	<u>75</u>	<u>7,700</u>	<u>5,800</u>
Total	<u>51</u>	<u>56,900</u>	<u>29,000</u>

E. DOD FTS end-strengths, FY 1981-83, by type and Reserve component

<u>FTS type</u>	<u>FY 1981 (actual)</u>	<u>FY 1982 (authorized)</u>	<u>FY 1983 (projected)</u>
1. Active component:			
USAR	5,400	5,400	5,500
ARNG	1,600	1,600	1,600
USAFR	500	500	500
ANG	700	700	700
USNR	17,700	17,200	4,500
USMCR	<u>4,500</u>	<u>4,600</u>	<u>4,600</u>
Total	<u>30,400</u>	<u>30,000</u>	<u>17,400</u>
2. AGR:			
USAR	5,100	6,300	8,300
ARNG	10,100	11,400	14,400
USAFR	500	500	500
ANG	2,900	3,300	5,200
USNR	300	200	a/12,000
USMCR	<u>100</u>	<u>400</u>	<u>700</u>
Total	<u>19,000</u>	<u>22,100</u>	<u>41,100</u>
3. MT (including status quo technicians):			
USAR (note b)	6,700	6,700	6,700
ARNG	21,400	21,400	20,800
USAFR (note b)	7,100	7,700	7,900
ANG	20,800	21,100	22,100
USNR	-	-	-
USMCR	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>56,000</u>	<u>56,900</u>	<u>57,500</u>
4. Other civil service:			
USAR	5,900	6,100	5,900
ARNG	1,600	1,600	1,600
USAFR	3,300	4,100	3,300
ANG	2,300	2,400	2,200
USNR	2,400	2,700	2,600
USMCR	<u>100</u>	<u>200</u>	<u>200</u>
Total	<u>15,600</u>	<u>17,100</u>	<u>15,800</u>
5. DOD FTS Total	<u>121,000</u>	<u>126,100</u>	<u>131,800</u>

a/Includes Navy training and administration of the Reserve (known as TARs) personnel, who previously were included under active component personnel.

b/Includes about 1,100 status quo technicians in USAR in FY 1981 and 82 and 900 in FY 1983, and about 100 in USAFR each year.

Source: OSD (Manpower, Reserve Affairs and Logistics.) Armed services' FY 1983-87 Program Objective Memoranda (published June 1981), updated by FY 1983 DOD budget request (Jan. 1982.)

F. Differences among Reserve components
in providing FTS

- Army and Air Force use large numbers of MTs, supplemented by active duty personnel (both regular military and reservists).
- Navy and Marine Corps do not use MTs and rely on active duty personnel.
- All components use civil service personnel.
- Army Reserve and Air Reserve have status quo technicians.

G. MT and AGR end-strengths, Army and Air Force, FY 1978-87

Component	Actual				Authorized	Projected				
	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
----- (thousands) -----										
<u>ARNG</u>										
MT	27.1	25.4	23.7	21.4	21.4	20.8	20.5	20.0	20.0	20.0
AGR	2.1	3.2	6.2	10.1	11.4	14.4	17.6	20.9	22.5	23.7
<u>USAR</u>										
MT (note a)	6.5	6.0	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
AGR	1.9	2.6	4.0	5.1	6.3	8.3	10.4	11.7	14.1	15.0
<u>ANG</u>										
MT	21.8	21.8	21.2	20.8	21.1	22.1	22.6	23.1	23.2	23.1
AGR	0.5	1.2	1.6	2.9	3.3	5.2	3.6	3.6	3.6	3.6
<u>USAFR</u>										
MT (note a)	6.8	6.5	6.1	7.1	7.7	7.9	9.0	8.2	8.3	8.3
AGR	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>	<u>.5</u>	<u>.5</u>	<u>.5</u>	<u>.8</u>	<u>.8</u>	<u>.8</u>	<u>.7</u>
<u>Total</u>										
MT	62.2	59.7	57.7	56.0	56.9	57.5	57.8	58.0	58.2	58.1
AGR	<u>4.8</u>	<u>7.3</u>	<u>12.3</u>	<u>18.6</u>	<u>21.5</u>	<u>28.4</u>	<u>32.4</u>	<u>37.0</u>	<u>41.0</u>	<u>43.0</u>

a/Includes status quo technicians.

Source: OSD (Manpower, Reserve Affairs and Logistics).

(1) For actual/authorized data (FY 1978-83): Armed services' FY 1983-87 Program Objective Memoranda (published June 1981), updated by DOD's FY 1983 budget request (Jan. 1982).

(2) For projected data (FY 1984-87): Armed services' FY 1983-87 Program Objective Memoranda.

H. Congressional and DOD policies on using military versus civilian personnel

- MTs are counted against DOD's civilian end-strength ceiling set by the Office of Management and Budget (OMB) and Congress.
- As military members of Reserve components, MTs are also counted in DOD's Selected Reserve authorization.
- Authorization for MTs is separately shown--for civilian end-strength and funding--in the operations and maintenance appropriation for the respective Reserve components.
- It is not clear how DOD and congressional policies on using military versus civilian personnel apply to MTs because of the dual status of MTs.
- In 1975, Public Law 93-365 (DOD Appropriation Authorization Act of 1975) directed DOD to "use the least costly form of manpower that is consistent with military requirements and other needs of the Department of Defense:

"It is the sense of Congress that the Department of Defense shall use the least costly form of manpower that is consistent with military requirements and other needs of the Department of Defense. Therefore, in developing the annual manpower authorization requests to Congress and in carrying out manpower policies, the Secretary of Defense shall, in particular, consider the advantages of converting from one form of manpower to another (military, civilian, or private contract) for the performance of a specified job."

--DOD's directives to the services on using military versus civilian personnel are more than a decade old.

--DOD Directive 1100.4, dated 8/20/54, states:

"Civilian personnel will be used in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation or combat readiness, which do not require a military background for successful performance

of the duties involved, and which do not entail unusual hours not normally associated or compatible with civilian employment."

--DOD Directive 1400.5, dated 1/16/70, reaffirms DOD's policy to use civilians in positions which do not require military personnel and explains this policy:

"Use of civilian employees affords abilities not otherwise available, assures continuity of administration and operation, and provides a nucleus of trained personnel necessary for expansion in any emergency."

--Some DOD officials maintain that these DOD policies do not apply because of

--dual status of MTs and

--11/16/81 House Committee on Appropriations (HAC) direction to DOD that "Each reserve component will be free to determine the appropriate mix of full-time military and military technicians." (See this Information Paper's legislative history section.)

I. 1983 Army Inspector General study of FTS

--In February 1982, Army Chief of Staff directed Army Inspector General to assess FTS program effectiveness to enhance readiness of Reserve forces. Implementation phase scheduled to begin in January or February 1983.

II. LEGISLATIVE HISTORY AND PRIOR STUDIES OF MT CONVERSION PROGRAM

A. 4/76 Defense Manpower Commission, "Defense Manpower: The Keystone of National Security, Report to the President and Congress"

--MT program has been subject of controversy for many years.

--Controversy was accelerated by publication in 1976 of Defense Manpower Commission report.

--Concluded that replacing all MTs with AGR could save more than \$270 million annually in FY 1975 costs (direct pay only).

- Defense Manpower Commission's cost methodology has been criticized for many reasons (e.g., not including indirect costs).
- Recommended replacing MTs with AGR under well-conceived program of transition, providing MTs with opportunity to convert immediately to active duty military status in their unit or continue in civilian capacity for "a fair and equitable time."

B. 6/1/77 House Report 95-451 of House Appropriations Committee on DOD's FY 1978 Appropriation Bill

--Identified or concurred with the following problems on MTs noted in previous major studies:

1. Cost - AGR could perform same tasks and responsibilities at considerably less cost than MTs (e.g., estimated FY 1978 savings in direct salary costs and reserve drill pay of \$353 million) with no loss in effectiveness or readiness.
2. Retirement costs - MTs can receive three, and in some cases four, retirement checks for performing essentially one job (i.e., civil service, military, social security, and State retirements). Using AGR instead of MTs would eliminate dual pay and retirement for what in essence is same job. (Note: MTs voluntarily converting to AGR would still receive more than one retirement check, if they convert after attaining a vested interest in civil service retirement.)
3. Lack of statutory authority for Army and Air Reserve MTs - No statutory authority exists for requiring MTs in Army Reserve and Air Reserve to be members of their units. As a result, some civilian employees holding MT positions who are supposed to be available to mobilize with their Reserve units are no longer Reserve members. These status quo technicians reduce mobilization effectiveness.
4. Unionization - Labor union activities in MT force may dilute military command authority and adversely affect the responsiveness and discipline of Guard and Reserve units.

5. Management problems - Split supervision of civilian and military personnel over one MT can create situations where conflicting views of MT's responsibilities may cause different demands on MT's time.
6. Reserve morale problems - Part-time drilling reservists often feel MTs have unfair advantage over them (e.g., on promotions, travel, schooling, additional training) because MTs work full time and therefore unit commander must rely on them more.
7. Stagnation of military experience - Because MTs are assigned to a single Reserve unit for extended periods, this permits them to perfect a particular skill but limits their ability to broaden their knowledge and experience. This reduces usefulness to DOD's "Total Force" because MTs, unlike AGR, are not assets which can be utilized in variety of positions and operations.
8. Navy and Marine Corps experience - Neither Navy Reserve nor Marine Corps Reserve uses MTs; instead, they rely on regular active duty military personnel and AGR.

--For these and other reasons, Committee proposed phasing out MT program and prohibiting employing or replacing MTs after 10/1/77. Proposed legislation was not enacted because other studies dealing with same subject were underway.

C. 6/78 DOD "Report on Full-Time Training and Administration of the Selected Reserve" ("Gerard Study")

--Study was generated principally by (1) Defense Manpower Commission Report conclusions and (2) 6/24/76 House Committee on Armed Services report which directed DOD to reexamine Navy's AGR program (called Training and Administration of the Reserve, or TARS) to determine whether it continued to be most viable way of meeting Navy's Reserve training needs.

--Included comprehensive cost analysis of MT costs versus AGR costs.

--Factors included in computing MT costs:

MT: civilian costs

- Base pay
- Holiday and Sunday pay
- Hazardous and environmental differential pay
- Premium and night differential pay
- Severance pay
- Cost-of-living adjustments (COLA) for
General Schedule employees
- Lump-sum leave payments
- Government share of life insurance
- " " " health benefits
- " " " civil service retirement
- " " " Federal Insurance Contribu-
tions Act (FICA)
- " " " State retirement for National
Guard MTs
- Operations and maintenance support costs (train-
ing, suggestions and awards, permanent change-of-
station moves, etc.)
- Workman's compensation
- Unemployment compensation
- Civil service retirement (24.7% of base pay)

MT: part-time reservist costs

- For 15 days annual training and 48 training
assemblies:
 - Base pay
 - Quarters allowance
 - Subsistence allowance
 - COLA
 - Additional miscellaneous training/drill
allowances
 - Flight pay
 - Government share of FICA
 - Military retirement costs
(23.2% of base pay)
 - Income tax adjustment
 - Support costs

AGR: full-time reservist costs

- Factors included in computing AGR costs:
 - Base pay
 - Quarters allowance
 - Subsistence allowance
 - Miscellaneous compensation (e.g., uniform
maintenance allowance, death gratuities)
 - Lump-sum leave for terminated MF
 - COLA

- Variable housing allowance
 - Flight pay
 - Government share of FICA
 - Support costs
 - Dependency indemnity compensation
 - Unemployment compensation
 - Income tax adjustment
 - Military retirement costs (38% of base pay for officers; 39% for enlistees)
- Cost figures were applied to 10/31/76 inventory of MTs to compare differences in costs of each system if MTs were converted on a one-for-one basis to AGR. Cost computations were based on variety of assumptions, including using average pay step, by pay grade; average years of service, by grade, within each Reserve component; OSD-developed actuarial factors, etc.
- Overall employment costs of MTs and AGR were roughly comparable; cost of AGR was \$2 million more than MTs, DOD-wide.
- Cost comparison did not consider additional manpower requirements generated by base operating support and relative productivity factors for Air Force aircraft maintenance MTs.
- Costs differed significantly by service component:
- AGR force cost \$47 million less than MT force in Air National Guard, and \$27 million less in Air Force Reserve (primarily because a large percentage of Wage Grade MTs is in Air Force Reserve components and no compatible linkage exists between enlisted personnel pay grades and Wage Grade pay grades).
 - AGR force cost \$51 million more than MT force in Army National Guard and \$20 million more in Army Reserve.

D. 6/21/78 House Report 95-1398 of House Appropriations Committee on DOD's FY 1979 Appropriation Bill

- Committee stated that little action had been taken to resolve MT program problems reported in 6/1/77 House Report 95-451, nor was there much likelihood problems would be resolved in the near future.
- Committee recommended test within Army's and Air Force's four Reserve components with MTs to determine ability of Reserve components to attract and retain qualified AGR by:

"Filling all vacancies which occur in positions currently held by 'status quo' technicians with full-time reservists on active duty."

"Filling all positions not manned at the end of fiscal year 1978 and all new positions added to the structure in fiscal year 1979 with full-time active duty military support /i.e., AGR/. Although dual-status technician vacancies can continue to be filled by dual-status technicians, the Committee believes that the Chiefs of the Reserve forces should also attempt to fill some of these vacancies with full-time military support."

--10/11/78 Conference Report 95-1764 included HAC's recommendation for conversion test.

E. 9/20/79 House Report 96-450 of House Appropriations Committee on DOD's FY 1980 Appropriation Bill

--Directed termination of conversion test (from MT to AGR) on 6/30/80, so that 6-month DOD evaluation and review could take place before submitting evaluation report to the Congress.

--Required detailed report to Committee by 12/31/80, summarizing test results and including specific recommendations on desirability of eliminating MT positions either completely or only for certain Reserve components, cost-effectiveness of MTs versus AGR, impact on readiness, etc.

--12/1/79 DOD Appropriation Act, 1980 (Public Law 96-154) included these HAC requirements.

F. 2/26/79 GAO Report to Secretary of Defense (FPCD-79-18)

--Reported that Army's MT program was not fully achieving its objective of increasing mobilization readiness of Army Reserve, because 26% of MTs were assigned as drilling reservists to military positions in units other than the one in which they were employed and an additional 20% were actually status quo technicians who were not qualified to hold military positions.

--Recommended legislative action to convert MT positions from competitive to excepted civil service in

the Reserves, so that as statutory condition of continued employment as civil servant, they must be members of military units for which their MT positions are authorized.

G. 9/11/80 House Report 96-1317 of House Appropriations Committee on DOD's FY 1981 Appropriation Bill

--Directed that no additional MT positions could be converted to full-time reservists before 3/31/81, to allow sufficient time for review of DOD's evaluation report due to the Committee on 12/31/81; after 3/31/81 positions could be converted only if approved through normal approval reprogramming process.

--Directed that, pending review of test results, additional full-time reservists (AGR) could be recruited only to fill new positions authorized for employment after 9/30/80 or new positions resulting from conversions in weapons systems or mission changes.

H. 11/16/81 House Report 97-333 of House Appropriations Committee on DOD's FY 1982 Appropriation Bill

--After DOD submitted evaluation of conversion test 12/30/80, Subcommittee on Defense conducted extensive hearing on MT conversion program on 5/6/81 because of reprogramming requests from USAR, ARNG, and ANG.

--On the basis of 5/6/81 hearing, DOD evaluation report, and other information, Committee report included the following directions to DOD:

"Each reserve component will be free to determine the appropriate mix of fulltime military /I.e., AGR/ and military technicians.

"Fulltime military and military technicians will have a mobilization assignment with the unit they support and be mobilized and deployed with that unit.

"Military technicians will, when directed by competent authority, travel on military aircraft on official business whether traveling in a military or civilian capacity."

"Military technicians will occupy government quarters based on military grade when in a

travel status. DOD will take steps, including submission of any necessary legislative proposals, to clarify the authority of the states over military technicians serving in the National Guard not on active duty in a federal status."

"As a policy, similar skills within a reserve component will be standardized as either military technicians or fulltime military."

III. RESULTS OF CONGRESSIONALLY DIRECTED TEST ON MT CONVERSIONS TO AGR

A. Test evaluation

- Test was conducted from February 1979-June 1980.
- DOD provided overall guidance in October 1979 to services to use in developing evaluation plans.
- Each Reserve component evaluated its own test results and forwarded them to parent service.
- Army and Air Force active components made their own evaluations and forwarded them to Office of the Secretary of Defense (OSD) on 9/1/80.
- OSD contracted with Management Consulting and Research, Inc., to analyze and summarize service and Reserve component reports independently and make recommendations. Contractor submitted study (TR-8018-1) to OSD in November 1980.
- OSD separately reviewed service and Reserve component reports and developed conclusions and recommendations.
- DOD submitted report to the Congress on "Test Conversion of Civilian Technicians" on 12/30/80, based on two OSD-level evaluations, whose conclusions were generally the same.

B. Test results

- AGR personnel hired as result of MT conversion test:

	<u>FY 79</u>	<u>FY 80</u>	<u>Total</u>
ARNG	1,098	2,120	3,218
USAR	726	550	1,276
ANG	365	381	746
USAFR	<u>12</u>	<u>130</u>	<u>142</u>
Total	<u>2,201</u>	<u>3,181</u>	<u>5,382</u>

--Of almost 5,400 AGR hired as result of conversion test:

--300 (5%) filled new positions.

--Almost 3,900 (72%) filled positions vacated by MTs (primarily because of voluntary conversions).

--Almost 1,200 (22%) filled positions vacant at start of test.

--ARNG, USAR, and ANG filled all their converted positions. USAFR filled only 62% of its converted positions (56% WG and 78% of GS positions) because:

--To greater extent than other Reserve components, it selected MT test positions in manner representative of its total MT structure. WG MTs comprise 75% of USAFR MT force, highest proportion of any Reserve component.

--Unlike other Reserve components, USAFR did not substitute GS MT positions for WG MT positions which could not be filled when converted to AGR.

--All components reported difficulty in converting WG MT positions to AGR because civilian WG pay is usually substantially higher than military pay for a comparable position.

--Due to small numbers involved and short duration of the test, DOD reported no discernible impact on unit readiness.

- The qualifications of those in AGR status were essentially the same as those in MT status, according to the DOD report.
- There were no substantial incidents where union activity affected readiness to a significant degree.
- Morale problems were reported because of MT/AGR program job security uncertainties.
- A reduction of 169 status quo technicians occurred in USAR, but DOD reported that it was not clear that this reduction was a test result because such persons legally could not convert to AGR since they were not Reserve members.
- The difference in cost, considering all entitlements (including retirement pay) between converting all MT positions to AGR or maintaining the then existing MT positions was reported to be insignificant, although supporting documents developed by a DOD contractor show the cost still amounted to almost \$20 million DOD-wide. No cost calculations were computed for converting only part of MT force to AGR.
- Although cost differences varied by component, overall cost difference to Government of maintaining or converting entire MT force, DOD-wide (not only those who actually converted), was roughly 1 percent, according to DOD contractor's evaluation report. Converting entire MT force to AGR would be more costly for Army National Guard than any other Reserve component. Because of high proportion of WG MTs in the Air National Guard and Air Reserve, conversions from MT to AGR would be least costly in Air Force, although DOD reported that additional incentives might be necessary for such a conversion to be successful.

--Cost difference 1/ between total MT force and total AGR force (i.e., converting all MTs to AGR at their present military grade, regardless of whether their Reserve military position was not comparable to their civilian position):

<u>Component</u>	<u>AGR cost</u>	<u>MT cost</u>	<u>Difference</u>
ARNG	\$ 699,387,559	\$ 664,271,036	\$35,116,523
USAR	202,785,229	175,405,837	27,379,392
ANG	596,752,256	624,332,074	(27,579,818)
AFR	<u>174,357,027</u>	<u>189,786,271</u>	<u>(15,429,244)</u>
Total	<u>\$1,673,282,071</u>	<u>\$1,653,795,218</u>	<u>\$19,486,853</u>

--Factors used by OSD contractor to calculate costs were essentially those used in 1978 "Gerard Study," including but not limited to:

MT: military reserve costs

- Base pay
- Quarters allowance
- Rations allowance
- Additional training assemblies
- Retirement costs
- Support costs
- Income tax adjustment
- Flight pay costs
- FICA

MT: civilian costs

- Base pay
- Other pay
- Retirement
- Life insurance
- Health benefits
- Workman's compensation
- Terminal leave
- Unemployment compensation

AGR: full-time reservist costs

- Base pay
- Quarters allowance
- Retirement
- Support costs (medical, commissary, exchange)
- Training
- Dependency and indemnity compensation
- Unemployment compensation
- Income tax adjustment

1/Costs were developed by DOD contractor, Management Consulting and Research, Inc. and included in its November 1980 "Evaluation of the Reserve Components Technician Position Conversion Test." Costs were not validated by DOD.

--DOD's 12/80 report to the Congress concluded that (1) MTs should be retained as part of FTS, (2) increasing the number of MTs would not be feasible unless policy of constraining the number of Federal civilian employees is changed, and (3) necessary FTS increases can be achieved only by increasing active component regular military personnel or AGR.

--DOD's 12/80 report to the Congress recommended that (1) MT program not be eliminated and (2) DOD and its components be authorized flexibility to program and budget MT and full-time military positions in type and mix they believe will achieve best combination of FTS resources.

C. Constraints on MT end-strength during test

--From FY 1978-80, MT actual end-strength decreased by 5,100:

--Only 3,900 of decrease resulted from conversion test because MTs in these 3,900 positions voluntarily converted to AGR. (Although about 5,400 AGR were hired as result of test, 300 persons filled new AGR positions and 1,200 persons filled MT positions which were vacant at start of test and then were converted.)

--Constraints imposed by services on MT strength caused additional decrease of 1,200 MT positions during test period (i.e., same number vacant at start of test.)

D. Total MT conversions to AGR to date

<u>Component</u>	<u>Conversions during test (2/79-6/80)</u>	<u>Conversions since test (7/80-present) (note a)</u>	<u>Total</u>
ARNG	3,218	2,633	5,851
USAR	1,276	363	1,639
ANG	746	1,335	2,081
USAFR	<u>142</u>	<u>b/ 0</u>	<u>b/ 0</u>
Total	<u>5,382</u>	<u>4,331</u>	<u>9,571</u>

a/As a result of FY 1982 reprogramming actions approved by the Congress.

b/USAFR converted these 142 MT positions to AGR during conversion test and then converted them back to MT after the test.

--DOD's 12/80 report to the Congress recommended (1) MT program not be eliminated and (2) DOD and its components be authorized flexibility to program and budget MT and full-time military positions in type and mix they believe will achieve best combination of FTS resources.

--There is a statutory ceiling of 53,100 for National Guard MTs (Public Law 90-486, amended by Public Law 92-119).

--FY 1978 actual end-strength (at beginning of conversion test) was 48,900.

--FY 1983 projected end-strength (after start of substantial increases in AGR) is 42,900.

--During annual authorization and appropriations process, Reserve components individually justify MT end-strengths and staff-year requirements to appropriate congressional committees.

--Reductions in civilian strengths and civilian hiring freezes cause reductions in MT strength, according to DOD officials.

IV. 77th ARMY RESERVE COMMAND (ARCOM)A. Authorized personnel by FTS type (FY 1982)

	77th ARCOM headquarters (Fort Totten)	77th ARCOM (headquarters & 121 subordinate units)
MTs	12	186
Status quo technicians	6	53
AGR	8	86
Other civil servants	<u>11</u>	<u>8</u>
Total	<u>37</u>	<u>333</u>

B. Number of MT conversions throughout 77th ARCOM
(FY 1979-82)

FY 1979	39
FY 1980	26
FY 1981	21
FY 1982	<u>0</u>
Total	<u>a/86</u>

a/Almost 1/3 of 272 MT positions previously authorized were converted to AGR.

C. Civilian grades of MT positions converted to AGR
(FY 1979-82)

<u>Grade</u>	<u>Number of converted positions</u>	<u>Percent of total converted positions</u>
GS-12	1	1
GS-11	4	5
GS-10	4	5
GS-9	5	6
GS-8	3	3
GS-7	<u>11</u>	<u>13</u>
Total	<u>28</u>	<u>a/33</u>
GS-6	26	30
GS-5	29	34
GS-4	1	1
GS-3	<u>2</u>	<u>2</u>
Total	<u>58</u>	<u>a/67</u>
Total	<u>86</u>	<u>100</u>

a/Despite claims by some MTs at 77th ARCOM that most converted positions were in higher pay grades, this table shows that more than two-thirds of the MT positions converted were GS-6 and below.

D. Military ranks of AGR positions converted from
MT positions (FY 1979-82)

<u>Rank (pay grade)</u>	<u>Number of positions</u>	<u>Percent of total</u>
Colonel (06)	<u>a/1</u>	1
Lieutenant colonel (05)	2	2
Major (04)	7	8
Captain (03)	9	11
Warrant officer (WO)	<u>6</u>	<u>7</u>
Total	<u>25</u>	<u>29</u>
Sergeant major (E-9)	1	1
Master sergeant (E-8)	1	1
Sergeant 1st class (E-7)	39	45
Staff sergeant (E-6)	16	19
Sergeant or specialist 5 (E-5)	3	3
Specialist 4 (E-4)	<u>1</u>	<u>1</u>
Total	<u>61</u>	<u>71</u>
Total	<u>86</u>	<u>100</u>

a/A GS-11 MT position was converted to AGR at a colonel's rank. The armed services do not have military ranks always equivalent to comparable GS or WG positions. Instead, the military rank of a civilian position depends upon the particular position's duties and responsibilities.

E. Number of persons interviewed by GAO at 77th ARCOM headquarters (FTS type and grade range)

<u>Type</u>	<u>Number</u>	<u>Grade range</u>
<u>Full-time support:</u>		
MT	5	GS-4 thru GS-13 (note a)
Status quo technician	1	GS-12
AGR	3	WO thru LTC (note b)
Active component	3	Major thru LTC
Other civil service	-	--
<u>Drilling reservist:</u>	<u>1</u>	Major General (note c)
<u>Total</u>	<u>13</u>	

a/Includes President of Local 2739, American Federation of Government Employees Union.

b/Includes two voluntary conversions from GS-9 and GS-11 and one who filled vacant position converted from GS-12.

c/77th ARCOM Commander, required to serve in the military only 1 weekend a month and about 2 weeks a year.

F. Typical 77th ARCOM MT complaints about conversion program/typical OSD and Army responses

--Cost

--Complaint: AGR personnel are more costly than MTs they replaced.

--Response: Cost comparisons by 77th ARCOM headquarter staff excluded civilians' Reserve costs (direct and indirect) for drills and annual training and also other indirect civilian costs paid by Government (e.g., retirement, health benefits, workman's compensation, unemployment compensation, etc.) On one-for-one basis, some AGR personnel may be more costly (e.g., depending on retirement benefits), but others are less costly than MTs (e.g., WG MT positions converted to AGR usually cost less as military than civilian positions).

--Qualifications

--Complaint: Military replacements filling vacant converted positions frequently are unqualified.

--Response: On balance, drilling reservists who become AGR are much more qualified and more productive than MTs they replaced (e.g., MTs generally have only high school education; 29% of AGR in 77th ARCOM are officers/warrant officers who are college educated; work experience and education of AGR applicants were considered together with primary or secondary military occupational specialty; in cases where primary occupational specialty was not relevant to AGR position, potential to learn specialty was more important than proven ability in specialty; recent yearly evaluation reports of AGR who filled vacant MT positions--who some MTs say are unqualified--are highly complimentary.

--Readiness

--Complaint: Conversions do not increase military readiness because they perform same functions and work same hours as MTs.

--Response: Military readiness--a term which DOD officials have not defined objectively--is increased because (1) military aspect of job becomes primary, (2) military are required to be mobile, (3) only one personnel management system is needed, if entire MT force converts to AGR, (4) duties and grade are not restricted or affected by military job description, (5) it is easier to remove military AGR for cause, (6) AGR personnel are not subject to restrictions on overtime, (7) AGR personnel are immediate mobilization assets in all cases, in contrast to MTs, some of whom will not mobilize with unit they support as MTs because they are drilling reservists in other units, (8) in military, there is single consistent chain of command, whereas MTs sometimes report to civilians who in turn report only to drilling reservists, and (9) enhanced readiness, not cost, should be primary consideration.

G. Personal concerns of 77th ARCOM MTs--Loss of employment:

If Army converts all MT positions, some MTs would lose jobs because (1) they would not want to convert to military, and they would be unable to find civil service positions for which they would be eligible and which they would want, or (2) their existing military grade as reservists would be inconsistent with maximum military grade authorized for that position, and they would be unable to find another military position for which they would be eligible and which they would want.

--Loss of career progression/upward mobility opportunities:

For every higher graded MT position converted to AGR, MTs lose the potential to be promoted into that civilian position.

--Loss of stability:

Conversions to AGR may require assignment and location rotations after several years and may uproot families, resulting in loss of institutional and job knowledge.

V. PROJECTED INCREASES IN FULL-TIME SUPPORTA. Background

--In 1980, in response to congressional concern about readiness of Reserve components, OSD directed ARNG and USAR to increase substantially the number of FTS personnel to increase their readiness to same levels as the other Reserve components.

--Army contemplates increase in FTS personnel for the National Guard and Reserve of approximately 4% to bring FTS to 7-8% of the Total Force.

--In Army National Guard and Reserve, FTS increase will occur at unit level with only slight increase at support levels for necessary administration of expanded force.

--Because of civilian manpower reductions and extended hiring freezes, some Reserve components believe they would be better off with military personnel instead of civilians. Result (according to 10/81 OSD contractor report): conversions of MT positions to AGR and programing of additional military personnel to meet need for increased FTS.

B. Increases in AGR end-strength

--Army has determined that, at unit level, AGR and regular military active component personnel provide closest linkage to Active Force.

--Since FY 1980, Army has programed substantial increases in AGR end-strength:

FY 1979 (actual): 5,800
 FY 1980 (actual): 10,200
 FY 1981 (actual): 15,200
 FY 1982 (authorized): 17,700
 FY 1983 (projected): 22,700
 FY 1987 (projected): 38,700

--Air Force has programed smaller increases in AGR end-strength:

FY 1979 (actual): 1,500
 FY 1980 (actual): 2,100
 FY 1981 (actual): 3,400
 FY 1982 (authorized): 3,800
 FY 1983 (projected): 5,700
 FY 1987 (projected): 4,300

C. Increases in MT end-strength

--Between FY 1981 and 82, DOD programed very small increases in MT end-strength (900 increase, DOD-wide). Increases from FY 1982 authorized end-strength to FY 1983 programed end-strength total 600 DOD-wide:

<u>Reserve component</u>	<u>FY 1982 (authorized)</u>	<u>FY 1983 (projected)</u>	<u>Change from FY 82-83</u>
USAR	6,700	6,700	--
ARNG	21,400	20,800	(600)
USAFR	7,700	7,900	200
ANG	<u>21,100</u>	<u>22,100</u>	<u>1,000</u>
Total	<u>56,900</u>	<u>57,500</u>	<u>600</u>

D. Appropriate FTS mix determinations

--As directed by H.R. 97-333, each Reserve component will determine appropriate mix of full-time military (AGR and active component) and MTs "that will provide the best readiness and meet mission requirements," in words of OSD's Deputy Assistant Secretary for Reserve Affairs.

--OSD has contracted with Management Consulting and Research, Inc., to conduct comprehensive organizational review and analysis of National Guard and Reserve FTS requirements, including detailed examination of existing manpower requirements and development of methodology for projecting future requirements.

--Positions which could have high priority consideration for filling by AGR personnel include those with high MT turnover (e.g., administrative supply technicians), hard-to-fill (e.g., base security guards and aircraft operational security guards), others requiring high degree of military expertise (e.g., instructor pilots), and new positions.

E. Proposed additional MT conversions

--In June 1982, Army Chief of Staff approved recommendations by U.S. Army Forces Command for additional MT conversions to AGR (at unit level) beginning in FY 1984, as part of full-time unit support program to bring USAR units to higher levels of operational readiness.

--U.S. Army Forces Command, which is the Army major command headquarters which commands USAR units, has proposed militarizing all MTs at USAR unit level, except for about 450 civilian resource management and clerical nondeployable positions at major U.S. Army Reserve Command headquarters, and about 2,600 personnel at maintenance facilities.

- USAR full-time unit support proposal would phase out 3,537 MT positions over 5 years:
 - An estimated 800 MTs would be eligible for and willing to convert to military status (AGR).
 - An estimated 970 would be eligible for optional retirement over 5-year period.
 - An estimated 1,130 MTs would be eligible for discontinued service retirement.
 - An estimated 200 to 300 MTs would have to be terminated at end of fifth year.
- ARNG full-time unit support proposal would continue mixed force of MTs and AGR and convert about 600 MT positions to AGR in FY 1983. ARNG has programed 1,740 MT conversions between FY 1984 and 1986 at the division level and below. No conversions are planned in fiscal years 1987 and 1988.
- Air Force Reserve wants all MT positions to remain civilian to the extent feasible because it has concluded MT program is effective, and converting to AGR would not be cost beneficial.
- Air National Guard plans to convert only certain specialized types of FTS positions (e.g., weapons systems security) to AGR. Otherwise, it wants to maintain MT program which it has found to be basis for efficient and effective system of maintaining readiness.

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