

GAO

## Testimony

Before the Subcommittee on Military Personnel,  
Committee on National Security, House of Representatives

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# GENERAL AND FLAG OFFICERS

## DOD's Draft Study Needs Adjustments

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Mr. Chairman and Members of the Subcommittee:

I am pleased to provide the preliminary results of our review of DOD's draft general and flag officer requirements report. I will discuss the process DOD and the services used to do their respective studies and areas where we believe the resulting draft DOD report and recommendations could be improved. DOD's draft report asks for more new active and reserve component general and flag officer positions above their current authorizations. I should stress the recommendations are preliminary and do not represent DOD's official position at this time.

Most of my remarks will deal with the results of the study of active component requirements. DOD has delayed release of its draft report until sometime after the release of the Quadrennial Defense Review (QDR) report, which is scheduled for May 15, 1997. We hope DOD views the delay as an opportunity to adjust its draft report to address our concerns. With that introduction, let me provide a brief overview of those concerns and then go back and discuss each of them in a little more detail.

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## Results in Brief

Variations of two job evaluation methodologies were readily available and were used on the 1997 general and flag officer studies. Both methodologies are based on subjective judgments about positions reviewed and allow management to subjectively override the results. To save time, the Office of the Secretary of Defense (OSD) permitted each of the services and the Joint Staff to independently and individually study its own general and flag officer requirements with the methodology they selected. Although using one methodology would have been a more consistent and comparable approach than using different methodologies, the individual study results would not necessarily have been much different with a single methodology, due to the inherent subjectivity involved. Accordingly, we do not believe that much would be gained by redoing the services' and Joint Staff's studies. We think that some adjustments to DOD's draft report are in order, however.

We have three concerns about DOD's draft report recommendations. We are concerned that (1) actual requirements are unknown since the service secretaries adjusted their respective service study recommendations on general and flag officer requirements without explanation, (2) 35 general and flag officer requirements were counted twice when OSD developed its draft consolidated recommendations, and (3) the service studies did not

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fully consider the potential to convert military positions to civilian positions that may not be military-essential.

If Congress provided the additional general and flag officer positions that DOD's draft recommendations call for, the estimated increase in cost would be about \$1.2 million annually for compensation paid to the new general or flag officers and assistants, a relatively small amount for the one-time purchase of new office furniture and other items, and \$713,000 annually for the 12 new general and flag officers provided to the Marine Corps in 1996. Our estimate is conservative because DOD provided no information about nine new active component general or flag officer positions and incomplete information about new reserve positions. In its draft report, DOD committed to eliminating as many colonels'/Navy captains' positions as it is creating for brigadier generals/rear admirals (lower half), although there is no mechanism that would cause that substitution to occur automatically.

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## Background

General and flag officer authorizations had remained constant from fiscal year 1981 to 1991, even as troop strength has changed. In 1981, with the defense build-up underway, general and flag officer authorizations dropped by 46 to 1,073. They remained at 1,073 for a decade even as the build-up continued and peaked, and as the drawdown began. In the National Defense Authorization Act for Fiscal Year 1991, Congress required DOD to reduce its general and flag officer positions in two increments, first to 1,030 by the end of fiscal year 1994 and secondly to 858 by the beginning of fiscal year 1995. That number was subsequently changed to 865. General and flag officer authorizations are set forth in title 10 of the U.S. Code.

In fiscal year 1996, a contractor studied Marine Corps general officer requirements and concluded that the Marine Corps had requirements for between 104 and 118 general officers (compared to the 68 authorized for the Marine Corps at that time). Using the study as justification, the Marine Corps requested 14 new general officer authorizations and Congress granted 12 (in the National Defense Authorization Act for Fiscal Year 1997), raising the DOD-wide ceiling to 877 general and flag officers.

Congress has actually authorized more than 877 for fiscal year 1997. First, Congress has added 12 general and flag officer positions above the 877 and specified that they must be used for joint duty. These positions are controlled by the Chairman of the Joint Chiefs of Staff for allocation to the

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services and are commonly referred to as the “Chairman’s 12.” Also, Congress has permitted the services to “frock”—elevate the person in rank but not immediately provide the accompanying compensation increase—up to 75 colonels or Navy captains to the rank of brigadier general or rear admiral (lower half). Thus, in total, the title 10 active duty authorization, Chairman’s 12, and current frocking ceiling together provide for 964 general and flag officer positions. This total will drop to 912 by fiscal year 1999 because the Chairman’s 12 is a temporary authority that expires on October 1, 1998, and the frocking ceiling is scheduled to drop by 20 to 55 on October 1, 1997, and by another 20 to 35 on October 1, 1998.

I would like to make one other point about current authorizations. The joint community does not need congressional approval to change the number of general and flag officers it needs, it merely levies its requirements on the services. To help the services cope with the mandated reduction in general and flag officers in the early 1990s, the Chairman of the Joint Chiefs of Staff reduced joint community general and flag officer requirements from 280 to 218. However, in 1996, the joint community added 11 new general and flag officer positions, and in 1997, the joint community added another 15, for a total of 244. Since 1996, only the Marine Corps has been granted any new general and flag officer authorizations, and of the 12 positions authorized, the Marine Corps plans to commit only 4, or one-third, to joint activities. Thus, of the 26 new joint general and flag officers, the Army, Navy, and Air Force will have to provide 22 from existing authorizations.

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## The Services Used Various Approaches to Study General and Flag Officer Requirements

Since the mid-1980s, a number of studies of general and flag officer requirements have been done DOD-wide, for a specific service, or for the joint community. These studies have been done using one of two job evaluation methodologies.

The first methodology was developed by the Hay Group, Incorporated, and is proprietary. This methodology is most commonly used for studies of compensation practices in organizations, according to company literature. The Hay methodology requires panels of officials from the organization whose positions are being reviewed to score positions on the job factors of “know-how,” “problem solving,” and “accountability.” The methodology’s developers believe that these factors are the most significant in distinguishing among jobs. Using the panel scores, positions are ranked from most to least important. Hay Group officials told us that

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“natural cut points” usually become apparent and that these are the thresholds between ranks of the positions evaluated.

The other methodology was developed by Kapos Associates, Incorporated. The Kapos methodology groups positions into categories of positions with similar responsibilities (in effect creating different definitions of a general and flag officer for each group) and looks for up to 25 different attributes of a general or flag officer in each position evaluated. These attributes include the (1) rank of the official to whom the position reports, (2) number of personnel and commands under the position, (3) inventories controlled, and (4) duties involving representation before Congress.

To conduct its mandated study of general and flag officer requirements in 1997, DOD used a four-level study structure. The levels consisted of a Working Committee based in OSD; a Steering Committee made up primarily of the service personnel chiefs; an Executive Committee made up of senior civilian leaders in DOD; and the Secretary of Defense, who was the final approval authority. At DOD’s invitation, we attended meetings of the Steering and Executive Committees as observers.

DOD’s approach to its study had six steps—five of which have been completed. First, each service (including the joint community) did, or contracted for, a study of requirements. The Air Force used a version of the Hay methodology. The Joint Staff simply reported the number of joint community requirements determined by the Hay Group in 1994 and 1996, and supplemented that number by scoring additional positions on its own. The Army used a version of the Kapos methodology to do its study. The Navy contracted with Kapos in 1997 for its study. The Marine Corps reported the results of a Kapos-conducted study of Marine Corps requirements completed in 1996. Second, the service secretaries adjusted the study results and forwarded recommendations to the Working Committee. Third, the Working Committee compiled overall recommendations and wrote a draft consolidated report. Fourth, the Steering Committee accepted the draft report and forwarded it to the Executive Committee. Fifth, the Executive Committee approved the draft report and forwarded it to the Secretary of Defense. The process has stopped at this point while DOD awaits the recommendations of the QDR. DOD may adjust its recommendations for general and flag officer positions in light of QDR recommendations and complete the sixth and final step of approving and issuing the report at some time in the future.

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Job evaluation is an inherently subjective process, and the use of job evaluation methodologies cannot overcome subjectivity. In our review of the scholarly literature on job evaluation techniques, the theme of subjectivity was repeated in a number of ways. For example, the factors selected for measurement are based on subjective judgment, and the factors chosen can influence the results. The process of scoring the positions is subjective, as is the overriding of the results by management. Judgment comes into play throughout the process. As a result, while we believe that a single methodology, consistently applied, would have been a better approach than using different methodologies, we have no reason to believe that the recommendations would have been much different. Accordingly, we do not believe that the services and Joint Staff necessarily need to redo their studies.

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## The Service Secretaries Adjusted Their Respective Recommendations Without Explanation

The service and joint community study results do not track to the recommendations made by the service secretaries, and the discrepancies are unexplained in DOD's draft report. Overall, the service studies concluded in the aggregate that 1,118 general and flag officers were needed to meet service-specific and joint needs. However, the service secretaries recommended only 995 general and flag officers be authorized, a difference of 123.

The service secretaries respectively overrode their service's study results in developing their recommendations but did not explain the basis for the adjustments. For example, Kapos Associates concluded that the Navy had flag officer requirements of 328 (compared with the 220 currently authorized<sup>1</sup>) but the Secretary of the Navy only recommended 249<sup>2</sup> flag officers be approved. DOD's draft report and other documents that we had access to indicated that "pragmatic decisions" were made to reduce the service studies' recommendations because it would be difficult to convince Congress that so many general and flag officers were needed. The unexplained adjustments raise questions regarding the services' actual requirements.

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## Some Requirements Were Counted Twice

The service secretaries and Chairman of the Joint Chiefs of Staff developed their recommendations and provided them to the Working Committee. Once the Working Committee had the five reports and

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<sup>1</sup>Section 526 of title 10 authorizes 216 flag officers for the Navy and the Navy has 4 of the Chairman's 12.

<sup>2</sup>The Navy recommended a title 10 ceiling of 240 plus frocking authority of 9.

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recommendations, it had to compile them into a single DOD report and set of consolidated recommendations. However, the manner in which the consolidated draft report handled the recommended new title 10 ceiling, Chairman's 12, and frocking, led to the double-counting of 35 positions.

First, the Working Committee accepted the service secretaries' title 10 ceiling recommendations without modification, which in effect made them the draft DOD recommendations on title 10 ceilings.

Second, the service studies, assuming the repeal of the Chairman's 12, created 12 new requirements. Their logic was that if the Chairman's 12 was repealed and the services still had to fill these joint positions, they had to ask for more general and flag officer positions and did so by including them in their recommended respective title 10 ceilings. However, DOD's draft proposed legislative changes did not recommend repeal of the Chairman's 12 at the time that the first recommendation on the title 10 ceiling would be adopted. Without concurrent repeal, the services would, in effect, have increased their title 10 ceilings to account for the loss of the Chairman's 12, and the Chairman's 12 would remain available until expiration on October 1, 1998. To avoid double counting, either the Chairman's 12 would have to be repealed at the time title 10 authority is increased, or the new ceilings would have to become effective on or after October 1, 1998. We briefed the Working Committee on our observation that 12 positions had been double counted. We were told that the count was an oversight and DOD would recommend repeal of the Chairman's 12 in the final proposed legislative change to avoid double counting. Because DOD has not finalized its recommendations, we do not know whether the repeal has been included.

Finally, the Army has handled the frocking ceiling differently from the other services. Only the Army recommended that the DOD-wide frocking ceiling be frozen at 75 to avoid the loss of 17 of its authorizations over the next 2 years and developed its recommended title 10 ceiling with that in mind. On the other hand, the other services made no recommendations on frocking and would have permitted the DOD total to drop to 35 on schedule, a loss of 23 frocking authorizations from the Navy, Air Force, and Marine Corps. With the reduction in frocking ceilings in mind, the Air Force and Navy (in 1997) and Marine Corps (in 1996) recommended increasing their title 10 active component ceiling to counteract the loss. The Working Committee had to reconcile the Army's recommendation to maintain the frocking ceiling at 75 with the other services' willingness to let frocking drop to 35 and make up the difference with higher title 10 ceilings. The

Working Committee opted to recommend that frocking be maintained at 75 but did not adjust the Navy's, Air Force's, or Marine Corps' recommended title 10 ceiling downward to account for the greater frocking authority they would have under the recommendation. Therefore, OSD's frocking recommendation counts 23 positions twice because the Navy, Air Force, and Marine Corps had recommended new title 10 ceilings to account for the loss of 23 frocking authorizations, while OSD's draft recommendations would prevent the loss of the 23 frocking authorizations, if accepted by Congress.

Table 1 displays current general and flag officer limits, the services' study results, service secretaries' recommendations, and DOD's recommendations.

**Table 1: Breakdown of General and Flag Officer Requirements Under Current and Proposed Levels**

| <b>Service</b> | <b>Current title 10 ceiling of 877 plus the Chairman's 12 and current frocking limit of 75</b> | <b>Results of the services' studies</b> | <b>Service secretaries' recommendations</b> | <b>DOD's draft recommendations</b> |
|----------------|--|---|---|------------------------------------|
| Army           | 336  | 353                                     | 355   | 355                                |
| Navy           | 242  | 328                                     | 249   | 262                                |
| Air Force      | 299  | 319                                     | 308   | 314                                |
| Marine Corps   | 87   | 118                                     | 83  | 87                                 |
| <b>Total</b>   | <b>964</b>   | <b>1,118</b>                            | <b>995</b>                                  | <b>1,018</b>                       |

Note: If all of OSD's draft recommendations were adopted as currently written, DOD would actually have 1,030 general and flag officers until October 1, 1998, due to double counting of the Chairman's 12, and 1,018 on and after that date.

The services also studied reserve component general and flag officer requirements. DOD's draft recommendations would increase reserve component general and flag officers by 35 to 457, excluding those serving as state adjutants general, assistant adjutants general, or serving in the National Guard Bureau. Congress has exempted general officers serving in those positions from the ceilings, allowing for another 178 general officers, as of March 1997. We did not find evidence of double counting of reserve requirements. It should be pointed out that frocking and other exemptions available for active force management are not available in the reserves.

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## Some Positions Could Be Candidates for Military-to-Civilian Conversion

The services may be able to reduce their need for new general and flag officer authorizations by converting some non military-essential positions to civilian status and transferring the incumbents to military-essential jobs. A number of positions that we examined may be candidates for conversion. In 1996, we examined the possible military-to-civilian conversion of officers in the ranks of colonel and Navy captain and below and developed criteria to use for our evaluation.<sup>3</sup> Our criteria were closely based on DOD Directive 1100.4, which provides the characteristics of military-essential positions.

Using our criteria, we identified 12 general and flag officer positions for conversion opportunities. For example, the position of the Army's Director of the Center for Military History is filled with a brigadier general. Using our criteria, we believe that position may be a candidate for conversion. The other services have similar positions but use civilians to fill them. Also, the Army, Navy, Air Force, and Defense Finance and Accounting Service together use seven general and flag officers ranked as high as major general or rear admiral (upper half) in various financial management positions, that are potential candidates for conversion based on the criteria. We asked the services and Joint Staff why these positions are military essential. The explanations ranged from military regulations—but no laws—requiring the position be military to the individual's travelling to foreign countries periodically on official business. But military regulations are not impediments to conversion because the military issues its own regulations and can modify or repeal them. Likewise, the need for foreign travel on official business is not an impediment. Federal civilian employees and contractors routinely travel to foreign destinations on official business.

The Army was the only service that identified positions for conversion. The Army converted three positions in the acquisition area and one in base operations at its Training and Doctrine Command. Other general and flag officer positions in all the services and the joint community may also be conversion candidates.

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<sup>3</sup>DOD Force Mix Issues: Converting Some Support Officer Positions to Civilian Status Could Save Money ([GAO/NSIAD-97-15](#), Oct. 23, 1996).

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## **DOD's Draft Recommendations and Actions Already Taken Would Cost About \$1.9 Million**

We estimate that the annual cost increase will be about \$1.2 million if the Congress accepts all of DOD's draft recommendations plus about \$713,000 annually for the 12 new general officers already provided to the Marine Corps. The annual cost includes (1) an increase in military compensation for the new general or flag officers; (2) compensation for officer aides and civilian assistants such as secretaries; and (3) entertainment (to which some but not all general or flag officers are entitled). In addition, the joint community would incur one-time costs for the purchase of office furniture and other equipment. Our estimate is conservative because DOD provided no information for nine new joint general and flag officer positions.

Our total cost estimate assumes that the services would reduce the number of colonels'/Navy captains' positions by the same number of added general and flag officer positions, as DOD's draft report said would happen. If not, added costs could be much higher. For example, the Marine Corps retained 12 colonel positions and deleted 6 first lieutenant's, 5 captain's, and 1 major's positions to account for its 12 new general officer positions in 1996. The Marine Corps will incur additional military compensation costs of about \$713,000 per year with 12 new general officers over what it would have been with the 12 lower ranked officers. As demonstrated by the Marine Corps example, the promised decrease in colonels/Navy captains is not automatic. The numbers of colonels/Navy captains are governed by limits in the Defense Officer Personnel Management Act (P.L. 96-513, Dec. 12, 1980) and are related to the overall size of the commissioned officer corps, not the number of general and flag officers. Thus in the absence of a mechanism that would cause a one-to-one substitution for existing colonels/Navy captains to occur automatically, the services would have to take specific action to reduce the colonel/Navy captain positions.

It should be noted that permitting a higher frocking ceiling, rather than increasing title 10 ceilings, would not cost additional money because frocked officers do not receive the pay of the higher grade until promoted.

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## **Waiting for the QDR Before Changing General and Flag Officer Authorizations Is Prudent**

The services' force structure, roles and missions, deployment strategies, and other matters are periodically reassessed and changed to meet emerging threats and missions. For example, the bottom-up review strategy has led to changes in the force structure that were projected, at the time, to take up to 6 years to implement, although general and flag officer authorizations did not change in response. More recently, Congress required DOD to conduct the QDR and issue a report by May 15, 1997. The

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report is mandated to include (1) the threats examined in doing the QDR, (2) the defense strategy and force structure needed to execute the strategy, (3) the effect on the force structure of participation in peace operations and operations other than war, (4) the anticipated roles of the reserves, and (5) the appropriate ratio of combat-to-support forces and a number of related issues. As with the bottom up review, the QDR may recommend changes in roles and missions, force structure, and other defense strategies. Such changes could result in a change in the numbers or ranks of general or flag officers needed to lead military organizations. Thus, we concur with DOD's decision to wait until the QDR results are known before submitting a final report on general and flag officer requirements. This will allow DOD flexibility to adjust its draft recommendations in light of QDR recommendations. It also provides DOD an opportunity to address the areas of concern that we have raised. To that end, we offer the following recommendations.

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## Recommendations

Before the final report on general and flag officer requirements is sent to the Congress, we recommend the Secretary of Defense modify the current draft report to include

- an explanation of the criteria used by the service secretaries to modify the results of the services' studies, and a statement about whether the numbers represent the actual requirements for general and flag officers,
- an adjustment to the consolidated draft recommendations to eliminate double-counting,
- an evaluation of the potential to convert non military-essential general and flag officer positions to civilian status, and
- an explanation of the mechanism to ensure that the number of colonel's/Navy captain's positions are reduced by the same number of added general and flag officers.

This concludes my statement and I would be pleased to answer your questions.

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