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COMMANDANT'S Bulletin

News

Reducing the work force 2

Faced with a shrinking budget, the Coast Guard is reducing the size of its enlisted, officer and civilian work forces when retention is at an all-time high. The performance-based Reduction in Force, High Year Tenure, reduced Opportunity of Selection for officer advancement, and the recently approved Voluntary Separation Incentive Payments or "buyouts" for civilians, are some of the programs being used to do this.

Coast Guard quality — 1994 6

Plastic to mold ATON future? 8

Features

Looking for RVB 1 and 2 18

In the 1960s, the Coast Guard registered recreational boats by issuing adhesive revenue stamps through the Postal Service. Now, these stamps are collector's items.

25 days to a model operation.....19

The Coast Guard played a major role in taking control of Saipan, Tinian and Guam from the Japanese in a naval assault that crossed more than 1,000 miles.

Squaring-up with Mother Nature 24

The *CGC Woodrush* recently recovered 211 discarded aids-to-navigation batteries from the waters around its moorings. A recent Massachusetts Institute of Technology study finds that the batteries pose less of a threat to the environment than originally feared.

Departments

In the News 10

People.....26

Personnel Notes 30

Bulletin Board 32

Coast Guard SDL No. 131

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
A	60	35	27		50	30	6	25	5	4	5	3	18	12	5	4	15	10	8		15	6				
B		50	60	6	400	60	35	210	80	11	50	152	70	280	34	16	12	171	45	50	50	5	60		11	
C	100	25	15	25	20	5	6		15	1	50	10	8		20	3	20	6	7	15	4	10	4	15	1	3
D	15	15	5	20	40		1	15	2	6	1	1	10	1	1	1	2	1	5	4	1	30	1	5		4
E	24	5			4	20	2	4		1	1	1		4	5		1	15	5	3		3	4	5		
F	5	1	5	5	2	5		5	1	3	5	2	5	3	5	1	1	1		1						
G	5	2	2																							
H																										

Front cover: The *CGC Thetis*, a 270-foot medium-endurance cutter homeported in Key West, Fla., practices night helicopter operations during a recent Caribbean patrol. PA1 Simone Adair

Back cover: The *CGC Mohawk*, a 270-foot medium-endurance cutter homeported in Key West, Fla., during a recent patrol. PA3 Robin Ressler

Reducing the work force

In an age of shrinking budgets the CG works to live within its means

During the past two years the Coast Guard has shrunk. These reductions have affected enlisted, officers and civilian work forces alike. This shrinking of the service is expected to continue in the near future.

The reduction is forcing the Coast Guard to change the way enlisted, officer and civilian work forces are managed. These changes are being designed to cause the least disruption as possible to the people of the Coast Guard.

Enlisted

On Dec. 10, ADM J. William Kime, commandant, issued an ALCOAST that announced an involuntary performance-based reduction-in-force of the active-duty enlisted work force. Many members are asking, "Why?" Others want to know if this RIF will improve enlisted advancement opportunities and "A"-School quotas or if another RIF is just around the corner.

For the past two years the enlisted work force has been reenlisting and extending at record rates. More people are choosing to make the Coast Guard a career. The annual percentage of enlisted people leaving the Coast Guard has dropped almost four percent since fiscal 1991, which means approximately 1,200 more people in the ranks than expected.

In fiscal 1991, 14.5 percent of the enlisted members in the Coast Guard departed the service and had to be replaced if the service was to remain at the same enlisted strength in fiscal 1992.

In fiscal 1992, 12.5 percent of the enlisted work force left the service. This sudden change was offset by reducing the number of people enlisting in the Coast Guard.

In fiscal 1993, separations fell to only 10.6 percent. That year, a further reduction in recruiting and a voluntary early-out program kept the service within budgetary limits, even though the year still ended with more enlisted people than billets.

Projections for fiscal 1994 showed that, without intervention, the enlisted separation rate was expected to drop to 10.4 percent. The recent performance-based RIF was necessary to stay within the fiscal 1994 budgetary constraints and preserve a reasonable enlisted recruiting flow. Voluntary early-outs and reduced recruiting alone would have failed to reduce the enlisted work force to the required size.

The performance-based RIF, and the voluntary early-out that followed, met the requirements for fiscal 1994. This is a temporary solution, however. It will not return advancements and "A"-School flows back to normal levels. In fact, this year there will be fewer "A"-School graduates than ever. "A"-School quotas are driven by projected petty officer billet vacancies. As the number of vacancies decreases, so do "A"-School quotas. With all ratings at strength, the need for "A"-School graduates diminishes and so do the opportunities for non-rates.

The upward mobility of the non-rate population is very important because these people are the future chiefs and petty officers of the Coast Guard. If non-rates cannot advance they will leave the service. If too many leave the service, there could be another non-rate shortage similar to what happened during the summer of 1991, which, in turn, could mandate a large increase in recruiting. As the number of people leaving the service returns to a stable condition, the "A"-School lists should start moving. In the meantime, non-rates should consider their options and look at second-, third- and fourth-choice schools.

One of the reasons the effects of this sudden surge in retention have been so severe is that it came when the Coast Guard was reducing the size of its enlisted work force significantly.

This reduction was driven by the disestablishment of the sonar technician rating; loss of the E2C aircraft; loss of the aerostats; reserve training reductions; loran closures; disestablishment of the presidential security detail in Maine; efficiency savings from the HH-3F to HH-60 helicopter conversion; decommissioning of the surface-effect ships, and others.

Because billets and attrition have been decreasing, the enlisted work force is experiencing a general slowdown in advancements. Someone cannot advance to E-6 if there are already more people than billets in that particular rating's paygrade. Currently, all 23 enlisted ratings are at or above authorized billet levels. In the past, the

CWO outlook

The management of the chief warrant officer work force is comparatively very straightforward. CWO work force size is controlled by adjustments in accessions and attrition.

Attrition adjustments are limited to adjustments in opportunities of selection, both for temporary CWO4/permanent CWO3 and for permanent CWO4. Promotions to temporary CWO3/permanent CWO2 follow a "fully qualified" criteria.

CWO management is even more restrictive because, by law, Title 10, U.S. Code 560 states that CWO promotion OOS cannot fall below 80 percent.

Commencing in fiscal 1995, the Warrant Officer Management Act will impact CWO promotions. WOMA provides tools necessary to manage the warrant corps and make CWO promotions more consistent with officer promotions and enlisted advancements.

Sometime in fiscal '95, a cut in the CWO work force of 2 to 3 percent is anticipated. A clearer picture will be seen when the fiscal '95 budget approaches its final stages.

Coast Guard has adjusted the recruiting flow to compensate for changes in enlisted separations. In a steady state or growing environment, that works. But even then, there are limits to how far recruiting could or should be cut back or increased in any one year.

Due to the nature of a military work force, swings in recruiting will cause organizational flow problems for years to come. For example, if the Coast Guard stopped recruiting for one year to reduce the size of the work force, the effects of that decision would be felt for the next 20 years or more, most noticeably at four-year increments — the term of original enlisted contracts. Four years down the road there would be no first-term losses to replace, so recruiting for that year would have to be reduced. The same theory applies to a significant increase in recruiting, since the total number of losses would be expected to increase four years down the road; so more people would have to be recruited.

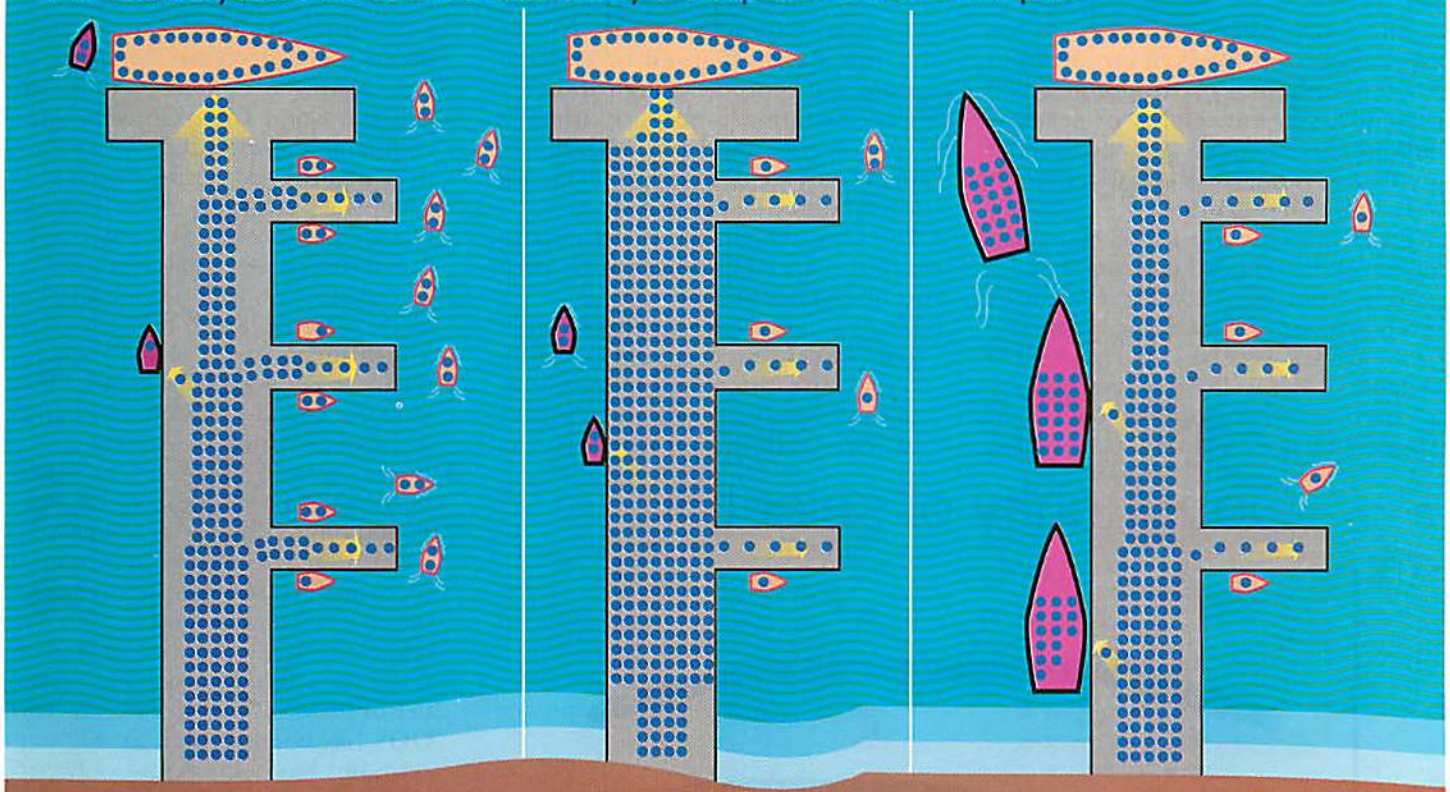
The ideal way to manage a military work force is to hold recruiting relatively constant and manage separations. The problem is, without being able to control how people leave the service, recruiting becomes the only adjustment tool.

This is how the Coast Guard managed its enlisted work force for years. This worked when budgets and work forces were growing, but in a declining budget environment it does not.

To better manage the enlisted work force, more ways to control the composition of the work force were needed. High Year Tenure was the first program put into place to do this.

The service is also pursuing Centralized First Term Re-Enlistment Review

Enlisted downsizing. The current crowding of the enlisted ranks has been caused by fewer members voluntarily leaving the service during the last few years. In the graphic below, Coast Guardsmen (blue dots), move down the pier as they advance in their career. People who voluntarily leave the service are shown on the spar-colored boats on the right side of each pier. Members involuntarily separated are shown on the purple boats on the left side of each pier, and voluntary retirements are indicated by the ship at the end of the pier.



Pre-1993 management
The Coast Guard used managed the size of the enlisted work force by adjusting recruiting and hoping that enough people left the service each year to maintain the upward mobility of the work force. This caused large swings in recruiting, which further complicated work-force management.

The current problem
Beginning in 1991, fewer people left the service than were required to in order to maintain the personnel flow. Promotions soon slowed to a crawl and orders to "A" School became almost non-existent. The pier had become too crowded for anyone to move forward.

The solution
New involuntary-separation programs, including High-Year-Tenure, the performance-based RIF, and proposed legislation, will help the Coast Guard clear the pier and maintain personnel flow even if voluntary separations do not increase. Promotions and "A"-School orders should return to normal.

Boards and Enlisted Selected Early Retirement Boards. In addition, the service has asked for legislative authority to offer, at the Coast Guard's option, Voluntary Separation Incentive/Special Separation Benefits (VSI/SSB) and 15-year retirements.

The goal is to produce work-force management controls that will enable the service to shape the enlisted work force while holding recruiting relatively constant. In the interim, the enlisted work force will face some tough times.

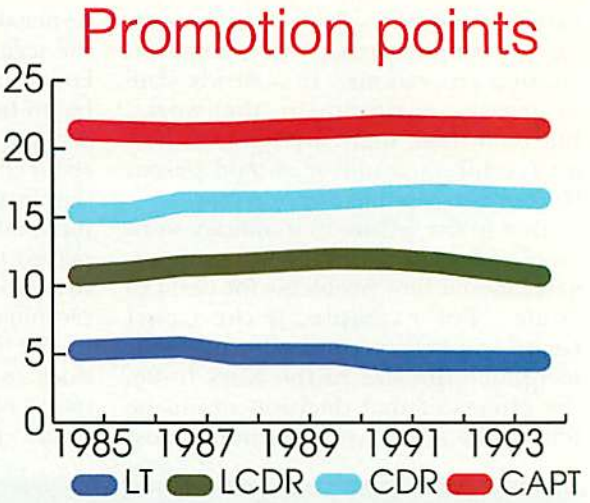
The fiscal 1995 budget looks as if it will include more reductions. The Coast Guard is doing its best to try to manage the situation to minimize the damage to the service and pain to its members. The cold fact is, the Coast Guard cannot afford to keep people it does not have jobs for.

Officers

The commissioned-officer corps has experienced four years of growth from 5,600 people in 1991 to about 5,900 currently. Recent budget projections indicate this trend has stopped and the number of commissioned-officer billets will decline in fiscal 1995.

Projections for fiscal 1995 show that billets will be reduced between 2 and 3 percent from fiscal 1994 levels. Billet levels will not be decided until the Coast Guard receives its fiscal 1995 budget. Billet reductions may equate to further personnel reductions. These reductions will not occur immediately after the billets are cut because the Coast Guard is required to provide sufficient notification to an officer who is involuntarily separated.

The Coast Guard has acted to position the reserve officer corps for the reductions in fiscal 1995. Reserve officer extension board opportunities of selection have been reduced from 100 percent in fiscal 1993 to 90 percent in July 1993, and to 75 percent in January 1994. Most retired recall officers have been released, and the lieutenant continuation program has not been used this fiscal year.

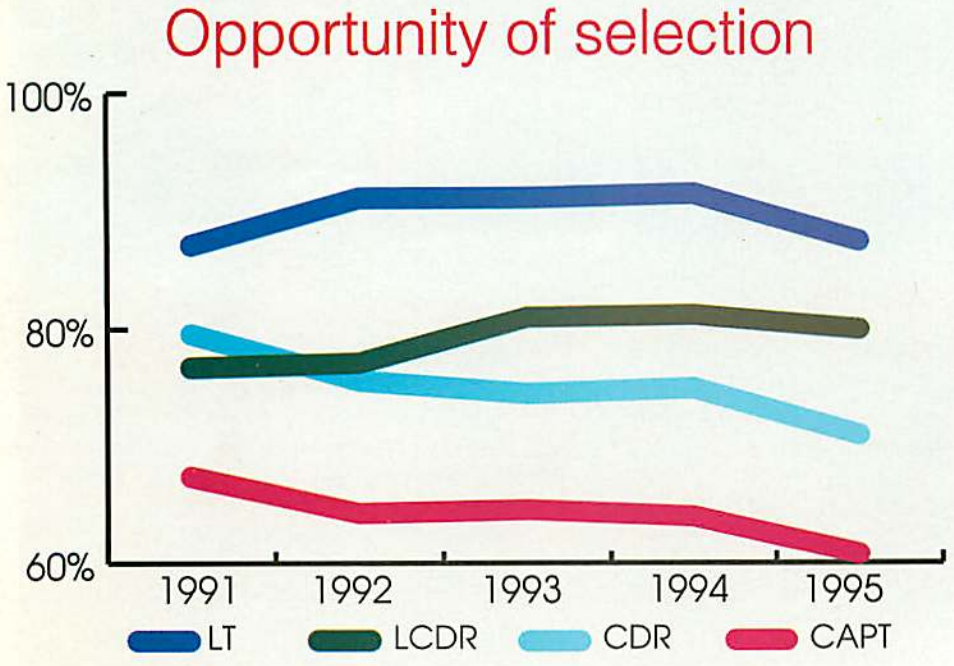


The Coast Guard separates officers through the promotion process and via laws or regulations designed to manage the size and composition of the officer corps. Officers who twice fail for selection are discharged or retired; captains are retired through the captain continuation process or after 30 years of service; and periodically reserve-officer extension board OOSs are reduced below 100 percent.

The Coast Guard has many ways to reduce the size of its officer work force if needed. They include:

- ❑ Decrease accessions. Officer candidate school, direct-commission officer, reserve program administrator, retired/reserve recall and warrant officer to lieutenant accessions could all be reduced. Given an adequate five-year forecast, the size of the entering Coast Guard Academy classes could be reduced.
- ❑ Decrease Active-duty Promotion List OOS. Decreasing OOSs will create additional discharges and retirements. The decrease could not be large in the near term because, by law, the Coast Guard must provide comparable opportunity for promotion of officers in successive year groups. Historically, OOSs have not changed by more than 4 percent between successive promotion years.
- ❑ Decrease the captain continuation OOS. The OOS can be reduced to a minimum of 50 percent to increase mandatory retirements. This year the captain continuation OOS was approximately 60 percent.
- ❑ Decrease the reserve-officer extension board OOS. Reserve commissioned officers sign a three-year contract and may apply for an extension to complete integration requirements for commissioning into the regular Coast Guard. A board of officers then selects a specified number of these officers to extend. This OOS has been as high as 100 percent, but has been as low as 37 percent in the mid-1980s.
- ❑ Release retired-recall officers. The commandant has the authority to release recalled retired commissioned officers from active duty.
- ❑ Waive certain obligated service for training to induce voluntary separations. Obligated service time incurred from the academy, OCS, or advanced training can be waived.

Currently, the composition of the officer corps is not expected to drasti-



cally change in fiscal 1995. However, the picture will become clearer when Congress approves the fiscal 1995 budget. In the meantime, the service is examining every option available to strike the proper balance between organizational need and the needs of Coast Guard people.

Legislation has been requested that would allow the Coast Guard to execute an involuntary 15-year retirement for specified officer populations, and for an incentives package which could be used to induce voluntary separations.

The 15-year retirement program, if used, will not change the current time-in-service requirements for minimum voluntary retirement (20 years), but would allow the Coast Guard to retire an officer who has completed more than 15 but less than 20 years of successful service. That officer would retire at reduced benefits.

The VSI/SSB program would offer individuals monetary incentives to leave the Coast Guard.

Best indications are that officer levels will continue to decrease beyond fiscal 1995. However, the personnel system must react to the budget, therefore future budgets will shape personnel flow.

Civilians

Like other federal agencies, the Coast Guard civilian work force faces administration-mandated personnel reductions through the 1990s. These reductions are designed to streamline the federal bureaucracy and reduce the federal deficit.

The Coast Guard's requirement is to reduce the civilian work force by 12 percent or 774 positions. These reductions are to be taken incrementally through 1999.

To meet fiscal 1993 reduction requirements, the Coast Guard imposed a hiring moratorium. By reducing the number of people hired, work-force levels declined as employees separated. By continuing the hiring moratorium into fiscal 1994, the Coast Guard has been able to eliminate more than 100 positions. As a result, the Coast Guard will meet the reduction requirements for fiscal 1993 and '94.

Reducing the work force by reducing hiring and cutting vacancies works only as long as enough employees naturally leave. However, few people are leaving the government now, which means that other methods will have to be used to reduce the work force in future years.

One such method is voluntary early retirement. The Office of Personnel Management has granted authority for voluntary early retirement to the Department of Transportation through Feb. 11, 1995.

Early retirement, or "early out" as it is commonly called, is a time-limited option which allows employees to voluntarily retire before they would normally be eligible. To be eligible for early-out, an employee must have been on DOT's employment roll before Dec. 28, 1993, and be age 50 with at least 20 years of creditable service, or any age with at least 25 years of creditable service. Recently, a letter was mailed to eligible civilians at their home address to explain the early-out program.

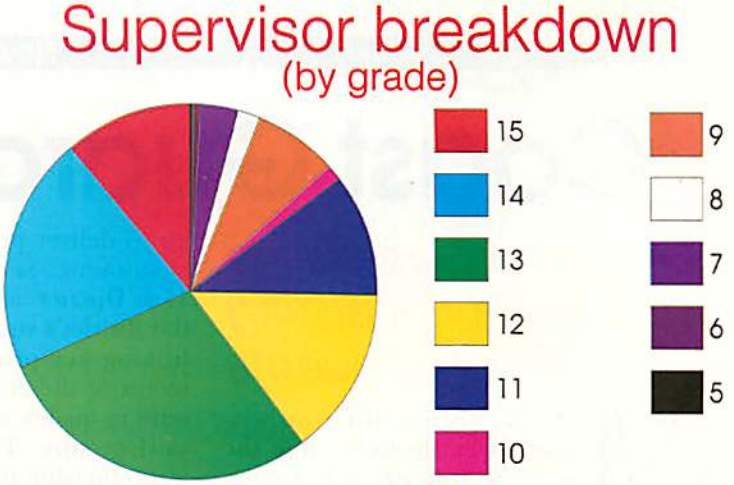
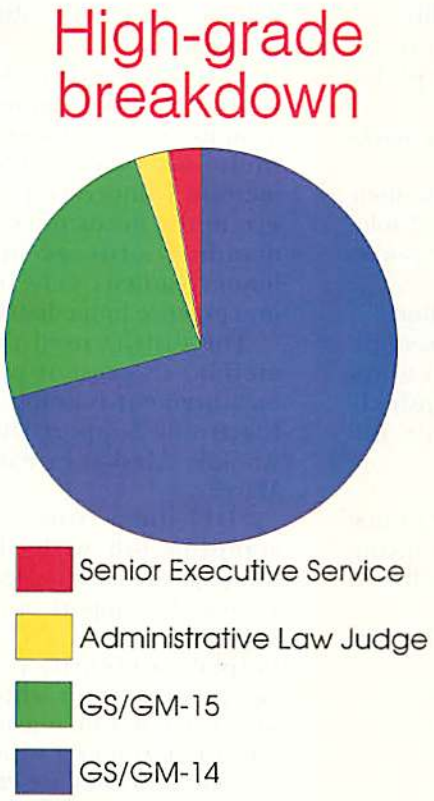
"Buyouts" are another way to reduce the work force. Also known as Voluntary Separation Incentive Payments, buyouts allow agencies to offer employees lump-sum cash to retire or separate from the federal government. The amount of money offered an employee is based on an employee's entitlement to severance pay not to exceed a maximum of $25,000.

VSIP is a work-force management tool used to reach targeted reduction levels. Since the Coast Guard has already met the reduction goals for fiscal 1994, VSIPs will not be offered until fiscal 1995. At that time, VSIPs will be used selectively in reducing high-grade positions — GS-14 and above, supervisory positions, and positions in the organization affected by streamlining and re-engineering efforts.

Retirement is also an option. But, regardless of whether an employee is eligible for retirement, early-out or VSIP retirement, it is strictly a voluntary decision.

As a last resort, agencies sometimes have to use a RIF. A civilian RIF means the Coast Guard would lay off, reassign or demote some employees.

Under this system, employees compete for retention on the basis of four factors specified by law: type of appointment, veteran's preference, length of federal service, and performance ratings. From a Coast Guard perspective, this is the least desirable option because it displaces or lays off valued employees who are highly skilled and well trained to do their jobs. RIFs are costly, create disruption, and negatively impact morale and productivity of the work force.

In meeting the challenges of the future, the Coast Guard will carefully analyze mission requirements, organizational impact and efficiency of operations.

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