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Report to Sen. Stuart Symington; Sen. Thomas F. Eagleton; by Robert F. Keller, Acting Comptroller General.

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Congressional Relevance: Sen. Stuart Symington; Sen. Thomas F. Eagleton.

The proposed relocation of the Air Force Communications Service (AFCS) from Richards-Gebaur Air Force Base, Missouri, to Scott Air Force Base, Illinois was studied. The Air Force estimated the proposed changes would save about \$23.9 million annually, result in one-time costs of about \$34.5 million, and avoid-time costs of about \$5.8 million. Findings/Conclusions: GAO estimated the proposed AFCS move would result in annual recurring savings of about \$19.6 million, one-time costs of about \$33.4 million, and one-time cost avoidance of about \$6.1 million. Most of the recurring savings are due to reduced staffing requirements. The Air Force estimate for savings from reduced operations at Richards-Gebaur is lower primarily because of different bases used to estimate the cost of providing base operating support. The Air Force also overlooked certain continuing operating costs which would result in a lower savings estimate. Personnel transferred to Scott and other bases would encounter waiting lists for on-base housing and would need to be paid quarters' allowance. Relocation costs are estimated at \$425,247 less than the Air Force estimates, and equipment and facility renovation costs are estimated at \$625,593 more than the Air Force estimates. (RRS)

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# REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

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## Proposed Relocation Of The Air Force Communications Service Headquarters From Missouri To Illinois

Department of Defense

The proposed realignment could result in

- annual recurring savings of about \$19.6 million,
- one-time costs of about \$23.4 million, and
- one-time cost avoidances of about \$6.1 million.



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-172707

The Honorable Stuart Symington  
The Honorable Thomas F. Eagleton  
United States Senate

In response to your request of March 17, 1976, here is our report on the proposed realignment of the Air Force Communications Service. Our review concerned the savings and costs related to the proposed realignment.

As you requested, we have not presented this report to the Department of Defense for official comment. We have, however, discussed our findings with Department representatives.

Handwritten signature of the Acting Comptroller General.  
Acting Comptroller General  
of the United States

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## ABBREVIATIONS

AFCS	Air Force Communications Service
DOD	Department of Defense
GAC	General Accounting Office
HUD	Department of Housing and Urban Development
MAC	Military Airlift Command

COMPTROLLER GENERAL'S  
REPORT TO THE HONORABLE  
STUART SYMINGTON AND THE  
HONORABLE THOMAS F. EAGLETON  
UNITED STATES SENATE

PROPOSED RELOCATION OF THE  
AIR FORCE COMMUNICATIONS  
SERVICE HEADQUARTERS FROM  
MISSOURI TO ILLINOIS  
Department of Defense

D I G E S T

On March 11, 1976, the Secretary of the Air Force announced plans to study the relocation of Headquarters, Air Force Communications Service from Richards-Gebaur Air Force Base, Missouri, to Scott Air Force Base, Illinois.

The 1840th Air Base Wing at Richards-Gebaur would be deactivated. Base operating support would be reduced to a level necessary to sustain the remaining Air Force Reserve Mission elements and to provide protection and maintenance of real property.

The proposed action was part of a continuing effort by the Department of the Air Force to reduce support and overhead costs and to re-allocate additional resources for force modernization and increased combat capability. (See p. 1.)

Previously, the Secretary of Defense had announced a similar relocation of the Air Force Communications Service headquarters. However, a Federal court precluded this move until the Air Force complied with the National Environmental Policy Act of 1969. (See p. 3.)

The current proposed action could result in

--annual recurring savings of about \$19.6 million,

--one-time costs of about \$33.4 million, and

--one-time cost avoidances of about \$6.1 million. (See ch. 2.)

## CHAPTER 1

### INTRODUCTION

On March 11, 1976, the Secretary of the Air Force announced plans to study numerous proposed base realignments. The proposed actions to be studied are part of the Department of the Air Force's continuing effort to reduce overhead and support costs and reallocate additional resources for force modernization and increased combat capability. The Air Force estimated that complete implementation of the proposed realignments could result in support cost savings of about \$150 million annually.

The March 1976 announcement included a proposal to move Air Force Communications Service (AFCS) headquarters from Richards-Gebaur Air Force Base, Missouri, to Scott Air Force Base, Illinois. The Secretary also proposed moving AFCS technical units and the 1866th Facility Checking Squadron to Scott Air Force Base. With this move, AFCS would retain major command status, but certain nontechnical staff functions would be performed by the Military Airlift Command (MAC). Base operating support now provided by the 1840th Air Base Wing at Richards-Gebaur would be reduced to the level necessary to sustain the remaining Air Force Reserve mission elements and to provide protection and maintenance for Air Force real property. This support would be provided by contract if contracting proves to be more economical than using Air Force personnel.

In August 1976 the Air Force estimated the proposed AFCS changes would

--save about \$23.9 million annually,

--result in one-time costs of about \$34.5 million, and

--avoid one-time costs of about \$5.8 million.

As of June 30, 1976, the authorized and assigned personnel at AFCS headquarters, the 1840th Air Base Wing, the Base Hospital, and other Richards-Gebaur units were as follows:

	<u>Authorized</u>	<u>Assigned</u>
AFCS headquarters:		
Officers	383	405
Enlisted	509	535
Civilians	530	487
Total	<u>1,422</u>	<u>1,427</u>
1840th Air Base Wing:		
Officers	64	64
Enlisted	735	835
Civilians	723	656
Total	<u>1,522</u>	<u>1,555</u>
Hospital:		
Officers	45	31
Enlisted	110	102
Civilians	32	33
Total	<u>187</u>	<u>166</u>
Other units:		
Officers	113	118
Enlisted	408	455
Civilians	507	477
Total	<u>1,028</u>	<u>1,050</u>
Totals:		
Officers	605	618
Enlisted	1,762	1,927
Civilians	<u>1,792</u>	<u>1,653</u>
TOTAL ALL PERSONNEL	<u><u>4,159</u></u>	<u><u>4,198</u></u>

Under the proposed action the Air Force would

--relocate 2,184 authorizations to Scott Air Force Base,

--relocate 12 authorizations to Norton Air Force Base,

--eliminate 1,573 authorizations, and

--keep about 390 authorizations at Richards-Gebaur Air Force Base.

## FEDERAL COURT ACTIONS

On November 22, 1974, the Secretary of Defense announced 111 base realignments among which was the realignment of AFCS from a major command to a technical service organization under MAC effective July 1, 1975. In April 1975, two civilian employees and American Federation of Government Employees Local 2127 filed suit with the District Court of the United States for the Western District of Missouri to bar the proposed realignment. The plaintiffs asserted that named military officials and activities had failed to comply with the National Environmental Policy Act of 1969, 42 U.S.C. 4321 et seq. (1970), and related DOD and Air Force regulations. In June 1975, the court prohibited the proposed move until the Air Force processed an environmental impact statement in compliance with section 102(2)(c) of the act.

In June 1976, the Air Force released a draft environmental impact statement for public comment. The draft statement showed six alternatives including the alternative of no action. It also showed the estimated costs, savings, and environmental impact of the other five alternatives which involved relocation of AFCS to Scott.

The Air Force held public hearings in the Richards-Gebaur area and the Scott area to obtain comments from interested parties concerning the draft statement. The Air Force expects to file a final environmental impact statement by early 1977.

## HISTORY OF AIR FORCE COMMUNICATIONS SERVICE

The AFCS mission is to engineer, install, operate, and maintain a global system of communications, air traffic control, and navigational aid facilities for the Air Force and other governmental agencies.

The AFCS was established as a major command in July 1961 with headquarters at Scott. Previously, the organization was known as the Airways and Air Communications Service and was a part of the Military Air Transport Service (now MAC). The Air Force Ground Electronics Engineering Installation Agency was merged with AFCS in 1970. The Air Force concluded that the facilities at Scott were inadequate to accommodate the combined headquarters, but that adequate facilities were available at Richards-Gebaur. The resources of AFCS and the Ground Electronics Engineering Installation Agency were merged worldwide from May to September 1970, and AFCS headquarters became operational at Richards-Gebaur on July 16, 1970.



HISTORY OF 1840TH  
AIR BASE WING

The 1840th Air Base Wing was activated in July 1970 in conjunction with the movement of AFCS headquarters from Scott to Richards-Gebaur. The 1840th is responsible for all work and services necessary to maintain the base, including civil engineering, security police, supply, aircraft maintenance, transportation, medical care, administration, personnel, chaplain, legal services, and social actions office.

RICHARDS-GEBAUR AIR FORCE BASE

Richards-Gebaur consists of about 2,080 acres near the southern limits of Kansas City, Missouri. Kansas City deeded the property to the United States in 1955. The base was an Aerospace Defense Command facility until assigned to AFCS in July 1970. Richards-Gebaur is the only base assigned to AFCS

The real property value of Richards-Gebaur is about \$70 million. The onbase facilities include a 9,000-foot runway and 523 structures, including 361 family housing structures containing 615 living units.

As of June 30, 1976, Richards-Gebaur was authorized 2,367 military positions and 1,792 civilian positions. The payroll in fiscal year 1976 was about \$60 million.

SCOTT AIR FORCE BASE

Scott was established in 1917 about 25 miles east of St. Louis, Missouri. Scott is the headquarters for MAC and three of its subordinate units--the Aerospace Rescue and Recovery Service, Air Weather Service, and the 375th Aeromedical Airlift Wing. The base's primary flying mission is the aeromedical airlifting of Department of Defense patients to and from medical facilities in the United States, Canada, and the Caribbean.

The base consists of about 2,800 acres, over 700 buildings, and 35 miles of roads. Approximately 17,000 military men and women and their dependents and civilian employees constitute the Scott population.

## SCOPE OF REVIEW

Our review, made primarily at AFCS and MAC headquarters, involved:

- Reviewing Air Force estimates, as revised, of recurring savings, one-time costs, and one-time cost avoidances associated with the proposed move of AFCS.
- Reviewing documentation and interviewing Air Force officials at Richards-Gebaur, Scott, and the Department of the Air Force, Washington, D.C.
- Obtaining information on Federal payments to schools from the U.S. Office of Education and on unemployment benefits from the Missouri Division of Employment Security.
- Obtaining information related to housing and the Home-owners Assistance Program from Army Corps of Engineers headquarters in Washington, D.C.; Army Corps of Engineers District Office in Kansas City, Missouri; Housing and Urban Development area office in Kansas City, Kansas; Veterans Administration headquarters in Washington, D.C.; and from citizens in the Richards-Gebaur area.

CHAPTER 2

SAVINGS AND COSTS RELATED

TO THE PROPOSED ACTION

The Air Force estimated that the proposed AFCS realignment would result in annual recurring savings of about \$23.9 million, one-time costs of about \$34.5 million, and one-time cost avoidances of about \$5.8 million.

We estimate that the proposed action will result in annual recurring savings of about \$19.6 million, one-time costs of about \$33.4 million, and one-time cost avoidances of about \$6.1 million.

Most of the recurring savings are due to reduced staffing requirements. That savings figure includes both personnel authorizations to be eliminated, and personnel authorizations to be reallocated for use elsewhere.

The sections below compare the Air Force's estimates and our estimates of annual recurring savings, one-time costs, and one-time cost avoidances.

ESTIMATED ANNUAL RECURRING SAVINGS

	<u>Air Force</u>	<u>GAO</u>	<u>GAO over or under (-)</u>
	----- (000 omitted) -----		
Savings at Richards-Gebaur:			
Reduced staffing requirements	\$22,411	\$16,864	-\$5,547
Reduced operations costs	<u>2,000</u>	<u>5,335</u>	<u>3,335</u>
Total recurring savings	<u>24,411</u>	<u>22,199</u>	<u>-2,212</u>
Less increased costs at Scott:			
Operations	429	1,088	659
CHAMPUS (note a)	20	86	66
BAQ (note b)	<u>-</u>	<u>1,430</u>	<u>1,430</u>
Total increased costs	<u>449</u>	<u>2,604</u>	<u>2,155</u>
Net annual recurring savings	<u>\$23,962</u>	<u>\$19,595</u>	<u>-\$4,367</u>

a/Civilian Health and Medical Program of the Uniformed Services.

b/Basic Allowance for Quarters

## Reduced staffing requirements

Our estimate for savings from reduced staffing requirements is lower than the Air Force estimate primarily because:

- The Air Force used a weighted-average personnel cost factor to value aggregate civilian personnel savings while we used average personnel cost factors for each unit where staffing reductions would occur. This resulted in a difference of about \$1.2 million.
- The Air Force estimate is based on using contract personnel to perform the residual base operating support function while our estimate is based on using Air Force personnel.

The Air Force estimated that about 1,573 personnel authorizations would be eliminated if the proposed action is implemented. Most of those eliminations would result from deactivating the 1840th Air Base Wing and the hospital at Richards-Gebaur. We estimate that only about 1,327 personnel authorizations could be eliminated assuming that residual base operating support is performed in-house. Our estimate is based on information provided by the Air Force that about 300 personnel authorizations would be needed to perform residual base operating support. Since the Air Force had included 50 authorizations for contract monitors in its estimate of those to remain at Richards-Gebaur, we adjusted the Air Force estimate by 250 authorizations, or about \$4.3 million. Although fewer authorizations could be eliminated under an in-house approach, contract costs for base operating support personnel would not be incurred, thus resulting in lower operations costs.

## Reduced operations at Richards-Gebaur

The Air Force estimate for savings from reduced operations at Richards-Gebaur is lower than ours primarily because of the different bases used to estimate cost of continuing to provide base operating support should the realignment be implemented. Also, in developing its estimate, the Air Force overlooked certain continuing operations costs which, when considered, result in a lower savings estimate.

Estimated savings from reduced operations are shown below.

	<u>Air Force</u>	<u>GAO</u>	<u>GAO over or under (-)</u>
—————(000 omitted)—————			
Decreased operating costs:			
Military family housing	\$ 773	\$ 587	\$ -186
Hospital	650	650	-
Communications	491	452	-39
Automated data processing	401	328	-73
Civil engineering	2,179	1,812	-367
Other base operating support (note a)	<u>1,506</u>	<u>1,506</u>	<u>-</u>
Total decreased operating costs	<u>6,000</u>	<u>5,335</u>	<u>-665</u>
Less increased operating costs:			
Base operating support contracted	<u>4,000</u>	<u>-</u>	<u>-4,000</u>
Total increased operating costs	<u>4,000</u>	<u>-</u>	<u>-4,000</u>
Total savings	<u>\$2,000</u>	<u>\$5,335</u>	<u>\$3,335</u>

a/Includes costs such as travel, supplies, equipment rental, and training.

Under the proposed realignment, military family housing would be closed at Richards-Gebaur. In calculating its estimate the Air Force included about \$156,000 for continuing military family housing maintenance in its base operating support contract estimate. Our review indicated these costs to be about \$186,000.

The Air Force plans to close the Richards-Gebaur hospital facility if the proposed move is implemented. Therefore, its operations costs would not be incurred.

The Air Force estimated that the communications cost under the proposed move at Richards-Gebaur would be reduced from \$700,400 to \$209,000. We identified additional costs of about \$39,000 which would remain at Richards-Gebaur.

The Air Force estimated that no automated data processing costs would be incurred at Richards-Gebaur under the proposed action while costs of \$401,000 would be incurred at Richards-Gebaur if the proposed action is not implemented. Therefore, the move would create a savings of \$401,000. However, the Air Force budget indicated these costs would be \$369,000 or \$32,000 less. Revising their original estimate of no cost, during our review the Air Force developed an estimate of \$41,500 for providing automated data processing for the Air Force reserves remaining at Richards-Gebaur.

The Air Force figured civil engineering costs by estimating the operations and maintenance costs for those buildings to remain open and those to be closed at Richards-Gebaur. The Air Force underestimated the square footage of the buildings to remain open, resulting in an understatement of estimated continuing maintenance costs and a savings overstatement of about \$111,000. The Air Force also included about \$256,000 for civil engineering materials and supplies in its base operating support contract estimate. Under an in-house operation, these materials would not be provided by contract; therefore, we adjusted the Air Force estimate in this category by \$256,000.

In calculating savings from other base operating support, the Air Force prorated approved fiscal year 1976 budget costs of about \$1.78 million over the base employee population. Since the population of the base would be reduced by about 85 percent if the proposed action is implemented, the Air Force estimated that about 85 percent, or \$1.5 million, of these costs could be reduced.

The Air Force estimated that residual base operating support could be provided by contract for about \$4 million. Since our estimate for staffing requirements includes the cost of performing residual base operating support in-house, this contract cost would not be incurred. Our estimate was based on using in-house personnel because the Air Force had not made an adequate cost comparison to determine the economic benefits of using contract personnel.

#### Increased operations at Scott

Since military family housing would be closed if the proposed action is implemented, personnel transferred to Scott and other bases would encounter waiting lists for on-base housing and would, therefore, be paid basic allowance for quarters. The Air Force did not include the

annual cost of this allowance, about \$1.43 million, in their estimate.

Although the Air Force included increased operations costs at Scott, such as civil engineering and medical, in their estimate, they did not include other increased non-personnel operations costs. After we completed our field review work, the Air Force estimated these costs at about \$659.

In calculating its CHAMPUS estimate, the Air Force did not include the increased program costs that would be incurred at Scott. Under CHAMPUS, spouses and children of active duty members of the uniformed services are eligible to receive health care from civilian facilities. Therefore, because of the influx of program eligibles into the Scott area, increased program costs would be incurred.

ESTIMATED ONE-TIME COSTS

	<u>Air Force</u>	<u>GAO</u>	<u>GAO over or under (-)</u>
	—————(000 omitted)—————		
Relocation costs of military and civilian personnel	\$ 7,398	\$ 5,541	-\$1,857
Transportation of office equipment	161	159	-2
Equipment and facility renovation	386	1,011	625
Telecommunications equipment	828	828	-
Homeowners assistance	19,500	a/19,500	-
Severance pay	3,447	3,589	142
Unemployment compensation	1,671	1,231	-440
Payments to school districts	<u>1,124</u>	<u>1,531</u>	<u>407</u>
 Total estimated one-time costs	 <u>\$34,515</u>	 <u>\$33,390</u>	 <u>-\$1,125</u>

a/We could not evaluate Air Force estimates for this category. Costs cannot be determined with reasonable accuracy until realignment is completed. Estimates of costs related to housing are discussed in more detail in Chapter 3.

Relocation costs

The Air Force estimate included terminal leave payments of about \$1.43 million, but terminal leave is not a cost to

the Government as a result of the relocation. Affected employees would have either used their annual leave if they had remained with the Government or received lump-sum payments for it eventually. In either event, the leave was earned prior to the relocation. The Air Force also estimated \$5,966,117 for relocating military and civilian personnel. We estimate these costs at \$5,540,870 or \$425,247 less than the Air Force's estimate.

The Air Force used Air Force-wide average cost factors to calculate its estimate. Because of the large volume of household goods to be shipped to the Scott area, we used volume shipping rates which resulted in a lower estimate for relocation costs.

#### Equipment and facility renovation

The Air Force estimated \$385,800 for construction, alterations, and repairs to equipment and facilities necessary to support the AFCS relocation. We estimated these costs at \$1,011,393 or \$625,593 more than the Air Force. The increases include:

- An Air Force estimate of \$250,000 for renovations at Keesler Air Force Base, Mississippi, incident to moving AFCS noncommissioned officer academy there.
- Repair costs of \$266,683 not included in the Air Force estimate but shown in other Air Force documents as necessary at Scott.
- Costs of \$108,910 for safes and partitions in buildings at Scott.

#### Telecommunications equipment

The Air Force estimated telecommunications equipment costs at \$827,960. The estimate is based on detailed costs of about \$712,000 and undocumented costs of about \$115,000. The Air Force plans to reevaluate these estimated costs and prepare a detailed study showing the results.

#### Severance pay and unemployment compensation

The Air Force estimated that civilian employees who quit or are severed as a result of the proposed action will receive \$3,447,360 for severance pay and \$1,670,760 for unemployment benefits. We believe these costs will be about \$3,589,000 and \$1,231,000, respectively.



The Air Force estimated that 756 employees losing their jobs as a result of the proposed action would receive Federally funded unemployment compensation. The former employees are eligible to receive compensation after severance payments and leave benefits have been exhausted. The Air Force estimated that the 756 employees would receive an average severance payment of \$4,560.

Our estimate of the total number of reductions at Richards-Gebaur reduced the anticipated number of recipients for such payments. Using the revised staffing estimate, we anticipate severance and unemployment payments for only 557 former employees thus reducing the estimated unemployment compensation by \$440,000. However, using the figure of 557 and more current payroll information, we estimate the average payment will be \$6,385 each for 362 General Schedule employees and \$6,552 for each of 195 Wage Board employees, thus resulting in increased severance pay costs of about \$142,000.

#### Payments to school districts

School districts losing enrollment as a result of the proposed action can receive compensation for such losses under section 3(e) of Public Law 81-874, as amended. The Education Amendments of 1974, Public Law 93-380, revised section 3(e) of Public Law 81-874, effective July 1, 1975. The revised law provides that when (1) any school district receiving Federal impact funds loses 10 percent or more of its eligible enrollment from the prior fiscal year and (2) an enrollment decrease results substantially from a cessation or decrease of Federal activity in the area, that district will receive financial assistance for that fiscal year and any other of the 3 succeeding fiscal years in an amount no less than 90 percent of the amount to which it was entitled in the preceding fiscal year.

The Air Force estimated \$1,124,424 for these payments. Our estimate is \$1,531,268, or \$406,844 more than the Air Force's. The difference is composed of

--adjustments we made in our staffing estimate at Richards-Gebaur;

--second- and third-year payments to one school district eligible for certain provisions of section 3(e) which have no time limits and will extend beyond the June 30, 1978, expiration date used by the Air Force for the Belton School District.

ESTIMATED ONE-TIME COST AVOIDANCES

	<u>Air Force</u>	<u>GAO</u>	<u>GAO over or under (-)</u>
Cancellation of construction:			
Medical facility	\$5,812,000	\$5,812,000	\$ -
Communication electronics workshop	<u>-</u>	<u>318,000</u>	<u>318,000</u>
Total	<u>5,812,000</u>	<u>6,130,000</u>	<u>318,000</u>
Cancellation of equipment orders	<u>6,000</u>	<u>-</u>	<u>-6,000</u>
Total	<u>6,000</u>	<u>-</u>	<u>-6,000</u>
Total estimated one-time cost avoidances	<u>\$5,818,000</u>	<u>\$6,130,000</u>	<u>\$312,000</u>

The Air Force's estimate of one-time cost avoidances includes a \$5,812,000 project which was authorized and funded to enlarge the composite medical facility at Richards-Gebaur. The project would have provided space for outpatient clinics, 18 dental treatment rooms, increased office space, and a medical warehouse. This project would not be necessary if the proposed action is implemented.

A one-time cost avoidance which the Air Force did not include in their estimate consisted of a \$318,000 project to construct a new facility at Richards-Gebaur to consolidate Technical Evaluation Prototype Test units. The space allocations at Scott show both units functioning in the same building.

Because of constantly changing AFCS equipment requirements, it is not possible to determine what equipment would be on order and not needed as a result of the proposed realignment until a decision is made to effect the action. Therefore, we do not believe equipment order cancellation should be claimed as a cost avoidance.

## CHAPTER 3

### FEDERAL COSTS RELATED TO HOUSING

The proposed realignment could result in the following types of housing costs:

- Acquisitions and sales under the DOD Homeowners Assistance Program.
- Foreclosures on Department of Housing and Urban Development (HUD) insured multifamily projects and single-family dwellings.
- Foreclosures on Veterans Administration guaranteed home loans.

#### HOMEOWNERS ASSISTANCE PROGRAM

This program is designed to provide assistance to any Federal employee homeowner--civilian or military--to offset losses suffered as a result of certain base closure or reduction actions.

In order to be eligible for assistance, homeowners are required to make efforts to sell their homes at reasonable prices. If a homeowner sells his home, but the selling price is less than 95 percent of the fair market value at the time of the closure or reduction announcement (prior value), assistance may be provided. The homeowner would receive the difference between 95 percent of the prior value and the selling price. If the homeowner is unable to sell his home on reasonable terms and wishes to sell it to the Government, the amount of assistance cannot be more than 90 percent of the prior value less the outstanding mortgage balance.

The Army Corps of Engineers is responsible for administering the program. The Corps determines eligibility and makes the assistance payments. Homes purchased by the Government are turned over to HUD for maintenance, management, and disposal.

In the draft environmental impact statement, the Air Force included an estimate of \$19,513,000 for the AFCS-related Homeowners Assistance Program costs. That estimate did not include either the maintenance costs which would be incurred by HUD or the anticipated proceeds from selling the houses acquired by the Government through the program.

Program costs of \$5,400,000 were estimated by the Corps of Engineers headquarters. This estimate was based upon general program experience nationwide rather than a detailed study of the Richards-Gebaur area. A Corps officials said it is difficult to predict Homeowners Assistance costs because many variables are involved and assumptions must be made about them.

At the time we completed our review, the Air Force had not determined what estimate for Homeowners Assistance costs would be included in the final environmental impact statement. An Air Force official said the assumptions in the Corps of Engineers estimate probably will be used in the Air Force estimate; however, an adjustment may be made in the number of homeowners affected. The Air Force made a housing survey during our review but had not completed analyzing the questionnaire responses when our review was completed.

The Kansas City HUD area office was unable to provide us with estimated costs from the Homeowners Assistance Program at the time we completed our review work.

An estimate made by three Richards-Gebaur area citizens was presented in testimony before the Senate Subcommittee on Military Construction in September 1976. This estimate was based on the citizens' analysis of local conditions. The table below compares some of the citizens' estimates with the Corps estimates. As indicated in the table, differences in assumptions by both the Corps and the citizens regarding Government acquired homes can cause a big difference in the cost estimate.

	<u>As estimated by</u>	
	<u>Corps</u>	<u>Citizens</u>
Homes involved	1,238	1,760
Homeowners eligible for payments:		
Percentage	71	95
Number	900	1,672
Cost to Government:		
Estimated to be sold privately:		
Percentage	67	5
Number	600	84
Average cost	\$ 4,000	\$ 8,281
Total private sale cost	\$2,000,000	\$ 695,604
Estimated to be sold after Government acquisition:		
Percentage	33	95
Number	300	1,588
HUD average holding period	1 year	4 years
Average cost	\$ 10,000	\$ 26,547
Total Government acquisition cost	\$3,000,000	\$42,156,636
Total cost to Government	\$5,400,000	\$42,852,240
Other:		
HUD administrative expense	<u>a/</u>	\$ 3,360,000
Corps administrative and appraisal expense for Government acquisitions	<u>a/</u>	<u>b/</u>
Cost for Federal employees other than Richards-Gebaur employees	<u>b/</u>	<u>c/</u>
Cost already incurred (note d)	<u>b/</u>	<u>b/</u>

a/Included in \$10,000 cost per home.

b/Not included in estimate.

c/Included in 95 percent estimate of homeowners eligible.

d/The Corps used an estimate of \$500,000 for the cost already incurred; however, the \$5,400,000 does not include that amount.

## HUD-INSURED HOUSING

There are 10 existing HUD multifamily projects in the Richards-Gebaur area; 2 of the projects are presently owned by the Government. HUD officials believe the proposed realignment may increase Government costs for these projects. HUD officials also believe the proposed action may lead to foreclosure and additional Government cost on some of the estimated 2,800 single-family homes in the Richards-Gebaur area with FHA mortgages.

## VETERANS ADMINISTRATION-GUARANTEED HOME LOANS

Veterans Administration officials have expressed concern that the removal of families from the Richards-Gebaur area may lead to default and foreclosure problems on home loans guaranteed by the Veterans Administration. At the time of our review, the Veterans Administration had not estimated the increased Government costs for these loans.