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Report to Secretary, Department of Defense; by Fred J. Shafer, Director, Logistics and Communications Div.

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Department of Defense managers make important and complex investment decisions about proposed military construction projects. Since resources are becoming scarcer and more costly, it is essential that proposed projects be evaluated on a consistent and systematic basis before decisions are made. The Department of Defense (DOD) generally requires an economic analysis for military construction proposals which involve a choice between two or more alternatives, and projects justified on the basis of military necessity are not exempt from the requirement to perform an economic analysis.

Findings/Conclusions: Less than 12 percent of the Army, Navy, and Air Force projects proposed to the Congress in fiscal years 1976 and 1977 were evaluated by economic analyses. In fiscal year 1976, the 31 projects evaluated by economic analysis represented only \$89 million of the \$2.5 billion Army, Navy, and Air Force construction program. In fiscal year 1977, the 37 projects accounted for only \$138 million of the \$2 billion Army, Navy and Air Force construction projects. Although it is conceivable that certain projects may not have been susceptible to such analysis or that the cost of the analysis may have been greater than the potential benefits, it is believed that more than 12 percent of the construction projects should have been evaluated by economic analysis. In a wide variety of proposed projects, DOD managers did not use economic analysis to evaluate potentially feasible alternatives. Of the 116 project files examined that did not contain economic analysis, 39 made no reference to economic analysis, and 50 indicated that economic analysis was "not applicable" without disclosing specific reasons. Recommendation: The Secretary of Defense should require the military services to identify whether a military construction project has been evaluated by economic analysis and, if not, the reasons such an analysis was not prepared. The Secretary should also direct his office to periodically oversee and evaluate the military services' efforts in carrying out the

Department of Defense's economic analysis policy. (LDM)



*UNITED STATES
GENERAL ACCOUNTING OFFICE*

**Before Construction
Of Military Projects--
More Economic
Analyses Needed**

Department of Defense

Economic analysis provides information on the costs and other factors of various alternatives, such as new construction versus renovation or alteration of a facility, before one or the other is carried out.

Although the Department of Defense generally requires an economic analysis for military construction proposals, less than 12 percent of the Army, Navy, and Air Force construction proposals submitted to the Congress in fiscal years 1976 and 1977 were evaluated by economic analysis.



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-133316

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

This report discusses the limited use of economic analysis to evaluate military construction proposals.

We want to invite your attention to the fact that this report contains recommendations to you which are set forth on pages 11 and 14. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of the report to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Appropriations and Armed Services, the House Committee on Government Operations, and the Senate Committee on Governmental Affairs; and the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "F. J. Shafer".

F. J. Shafer
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE
SECRETARY OF DEFENSE

BEFORE CONSTRUCTION OF
MILITARY PROJECTS--
MORE ECONOMIC ANALYSES NEEDED
Department of Defense

D I G E S T

Less than 12 percent of the Army, Navy, and Air Force construction projects proposed to the Congress in fiscal years 1976 and 1977 were evaluated by economic analysis.

An economic analysis includes

- establishing and defining a goal or purpose,
- identifying feasible alternatives, and
- determining and comparing the costs and benefits of alternatives.

When resources are becoming scarcer or more costly, proposed projects should be evaluated consistently and systematically before they are accepted. Without an orderly evaluation of proposed investments, decisionmakers may not be able to satisfactorily evaluate the costs and benefits of feasible alternatives.

Generally, the Department of Defense requires an economic analysis for military construction proposals offering a choice between two or more alternatives.

In fiscal year 1976, projects representing only \$89 million of the \$2.5 billion Army, Navy, and Air Force construction program were evaluated by economic analysis. In fiscal year 1977, only \$138 million of the \$2 billion request was studied by economic analysis. (See p. 4.)

Many projects were not evaluated because the lack of an economic analysis did not have to be justified. A DD Form 1391, Military Construction Project Data, is used for processing a military construction project through the Department of Defense.

This form is then submitted to the Congress as part of the annual military construction program. The form has no specific provision for disclosing whether the project has been evaluated by economic analysis and, if not, why such an analysis was not prepared. (See pp. 2 and 11.)

Preparing economic analyses for all fiscal year 1976 and 1977 military construction proposals may not have been feasible, since certain projects may not have lent themselves to such analysis or the cost to make an analysis may have been greater than the potential benefits. Nevertheless, a wide variety of construction projects, such as housing projects, acquisition of easement rights, and construction of an airport runway, should have been evaluated to provide the Congress, the Office of Management and Budget, and the Office of the Secretary of Defense information to evaluate construction proposals, alternatives, and costs. (See pp. 5 to 8.)

GAO believes that more needs to be done to see that the military services carry out the Defense policy of using economic analysis in the military construction program. (See p. 14.)

The Secretary of Defense should:

- Require the military services to identify on the DD Forms 1391 whether a military construction project has been evaluated by economic analysis and, if not, the reasons such an analysis was not prepared. (See p. 11.)
- Require the military services to review their implementation of Defense's economic analysis policy. (See p. 14.)
- Direct his office to periodically oversee and evaluate the military services' efforts in carrying out Defense's economic analysis policy. (See p. 14.)

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ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
NAVFAC	Naval Facilities Engineering Command

CHAPTER 1

INTRODUCTION

Department of Defense (DOD) managers make important and complex investment decisions concerning proposed military construction projects. In an environment characterized by competing demands for scarce resources, it is essential that proposed projects be evaluated on a consistent and systematic basis before decisions are made. Without the benefit of an orderly mechanism for evaluating proposed investments, decisionmakers may not readily and consistently evaluate the costs and benefits of feasible alternatives.

Economic analysis is a useful management tool for evaluating the comparative costs and benefits of investment alternatives, provided that underlying assumptions and criteria are realistic and are applied objectively and consistently. By performing an economic analysis, the decisionmaker can use such data to select, from two or more alternatives, a means to achieve a required need. According to DOD instructions, the key elements of an economic analysis include:

- Establishing and defining the goal or objective desired.
- Identifying feasible alternatives for accomplishing the objective.
- Formulating appropriate assumptions.
- Determining and comparing the costs and benefits of each alternative.
- Testing the sensitivity of major uncertainties on the outcome of the analysis.

DOD has long recognized the value of economic analysis. DOD managers have a commitment to insure the efficient and effective use of resources. DOD instruction 7041.3, revised October 18, 1972, generally requires an economic analysis for military construction proposals which involve a choice between two or more alternatives. Projects justified on the basis of military necessity are not exempt from the requirement to perform an economic analysis. Regulations implementing this instruction have been issued by the military departments.

In 1971 the Office of the Assistant Secretary of Defense (Comptroller) stated that:

"There are numerous opportunities for proving the utility of the concept of economic analysis to program/project managers and greater efforts must be made to use this approach in decision-making * * * it is becoming increasingly apparent that new funding requirements should not be authorized unless local managers have made a suitable economic analysis to back up their decisions."

In May 1976 the Assistant Secretary of Defense (Comptroller) reiterated the need for economic analysis by declaring that the current and constant focus should be to communicate and infuse economic analysis into the DOD decisionmaking processes.

A DD Form 1391, Military Construction Project Data, is the primary document used for processing a military construction project through the various review levels of the military departments and DOD. This form is then submitted to the Congress as part of the annual military construction program. The form contains information about the project, including cost estimates and requirements. Although a properly prepared economic analysis contains useful information on the costs and benefits of considered alternatives, the DD Form 1391, submitted to the Congress, has no specific provision for disclosing whether the project has been evaluated by economic analysis, and, if not, why such an analysis was not prepared. Representatives of the military services said economic analyses are not sent to the Office of Management and Budget or to the Congress unless they are specifically requested.

SCOPE OF REVIEW

We reviewed the military services' construction proposals submitted to the Congress for fiscal years 1976 and 1977 to determine

- how frequently economic analysis was used,
- the adequacy and extent of compliance with DOD and military service economic analysis procedures, and
- the extent to which the use of economic analysis has been monitored by DOD and the military services.

We analyzed applicable DOD, Army, Navy, and Air Force economic analysis instructions and discussed them with appropriate management personnel. We also examined selected economic analyses prepared by the Army, Navy, and Air Force and reviewed the analyses with military and civilian officials at the installation, command, and headquarters levels within DCD.

CHAPTER 2

MILITARY SERVICES SELDOM USE

ECONOMIC ANALYSIS TO EVALUATE

CONSTRUCTION PROJECTS

Military construction projects proposed to the Congress are seldom subjected to an economic analysis. Although economic analyses are generally required for military construction proposals, less than 12 percent ^{1/} of the Army, Navy, and Air Force projects proposed to the Congress in fiscal years 1976 and 1977 were evaluated by economic analysis. The following table shows the limited use of economic analysis on proposed construction projects.

	<u>FY 1976</u>		<u>FY 1977</u>	
	<u>Projects supported by economic analysis</u>	<u>Total projects</u>	<u>Projects supported by economic analysis</u>	<u>Total projects</u>
Army	6	139	7	54
Navy	15	122	27	86
Air Force	<u>10</u>	<u>112</u>	<u>3</u>	<u>61</u>
Total	<u>31</u>	<u>373</u>	<u>37</u>	<u>201</u>

In fiscal year 1976, the 31 projects evaluated by economic analysis represented only \$89 million of the \$2.5 billion Army, Navy, and Air Force construction program. In fiscal year 1977, the 37 projects accounted for only \$138 million of the \$2 billion Army, Navy, and Air Force construction projects.

We recognize that it may not have been feasible to prepare economic analyses for all fiscal year 1976 and 1977 construction projects, since certain projects may not have been susceptible to such analysis or the cost to make an analysis may have been greater than the potential benefits. However, we believe that more than 12 percent of the fiscal

^{1/}Excludes energy conservation and pollution abatement projects. We excluded these projects because they are subject to special, additional criteria to assure reduction of energy consumption and compliance with pollution abatement standards.

year 1976 and 1977 military construction program should have been evaluated by economic analysis. Preparing more economic analyses would have provided DOD decisionmakers and the Congress more useful information on project alternatives.

LACK OF ECONOMIC ANALYSIS LIMITS
MANAGERS' ABILITY TO IDENTIFY AND
COMPARE AVAILABLE ALTERNATIVES

During the annual budget process, congressional committees reviewing proposed military construction projects may request information on the costs and benefits of project alternatives. DOD instructions require preparers of economic analyses to identify and compare all feasible alternatives capable of meeting a required need. Service directives further emphasize that particular attention should be given to the consideration of potential alternatives. For example, an Air Force economic analysis guide notes that:

"* * * all feasible alternatives must be considered inasmuch as the alternative that is overlooked could possibly be the best solution to the problem. The substantive quality of the analysis depends on selecting feasible and imaginative alternatives."

Similarly, the Navy's Economic Analysis Handbook, issued by the Naval Facilities Engineering Command (NAVFAC) to all engineering field divisions, specifies that analyses must:

"* * * determine all feasible alternative methods of meeting [the] objective. Since the ultimate purpose of the economic analysis process is to assist the decisionmaker in making resource allocation decisions, it is essential that all realistic alternatives be considered. Good decisions are extremely difficult (probably impossible) unless they are made with a full understanding of all relevant options."

Army construction program guidance for fiscal years 1976 and 1977 states that:

"* * * two alternatives are usually compared: (1) the way things are being done now, and (2) the way the installation would like to do them. The second always is presented in the best

light and invariably wins. Other alternatives should be included, and compared economically, to complete a convincing analysis * * *."

Despite unanimous concern that all feasible alternatives be identified and evaluated, we found that in a wide variety of proposed projects, DOD managers did not use economic analysis to evaluate potentially feasible alternatives.

Housing projects

We found that the fiscal year 1976 and 1977 military construction programs included 67 housing projects estimated to cost more than \$566 million, where economic analyses were not used to evaluate alternative ways of meeting housing requirements. Possible alternatives which could have been evaluated by economic analysis include:

- New construction.
- Leasing of commercial facilities.
- Payment of basic allowance for quarters.
- Rehabilitation of existing government housing.
- Combinations of new construction and rehabilitation of existing facilities.

Although some consideration may have been given to housing alternatives, no formal economic analyses were made to assure that the costs and benefits of all available alternatives were evaluated and made known to decisionmakers at various levels.

Acquisition of easement rights

In another case, the Navy requested \$2 million for a restrictive use easement to protect the operational capability of Cecil Field Naval Air Station, Florida, from incompatible community development. In May 1975, when the project was proposed to the Congress, the Navy estimated it would cost \$15.6 million in the future to acquire additional easements. This fiscal year 1976 request was not supported by an economic analysis. Questions that an economic analysis might have answered include:

- How did the costs and benefits associated with acquiring restrictive easements compare to obtaining the land in fee simple?

- Could aircraft using Cecil Field be diverted to other fields, thereby reducing or eliminating the need to acquire easements or to purchase land?
- How would the costs of relocating operations from Cecil Field to other existing airfields compare to estimated future costs for facilities and land easements or purchases at Cecil Field?
- Could State and local land use planning, zoning, and controls be amended to reduce the need for Federal acquisition of easements or land surrounding naval air installations?
- Could the Veterans Administration and the Federal Housing Administration help dissuade community encroachment on military flight centers?

Information on the above questions might have been useful to decisionmakers in evaluating the budget request.

Construction of airport runway

In fiscal year 1976, the Air Force requested \$7.102 million to construct a drone runway and a supporting facility at Tyndall Air Force Base, Florida. One of two existing active runways had been used for both manned aircraft operations and for the launch and recovery of pilotless drone aircraft. The Air Force believed that this mixed use interfered with normal base missions. The procedures involved stopping all aircraft movements on existing runways during the launch and recovery of each drone aircraft. Because of safety considerations, no attempt was made to land damaged drones on the runway. The Air Force estimated that constructing a separate drone runway would save as much as \$7 million annually by avoiding flight interruptions and recovering damaged drones.

The budget request was not supported by an economic analysis. We believe that such an analysis could have provided useful information on the following questions:

- How many drones would be recovered under the proposed project as compared with the existing method of recovery?
- What was the cost to repair recovered damaged drones? Did adequate manpower and facilities exist for repairing damaged drones? Would all recovered damaged drones be repaired?

- What was the expected outyear traffic for the base? If the need arises, could a runway built for drones be used for normal air traffic in future years?
- Estimated savings of \$6.5 million from 12 recovered drones was calculated using a unit flyaway ^{1/} cost rather than the estimated salvage value of the recovered drone. What would the projected cost savings have been using the recovery value rather than the original unit flyaway cost?
- What was the operating experience of other airfields using drones? Were damaged, as well as undamaged, drones recovered? Could present airfields using drones be consolidated to eliminate the need to build additional drone runways? Could other less utilized runways at nearby airfields be used for recovering drones?

Specific consideration of the costs and benefits associated with the above questions might have been helpful to decision-makers in evaluating this proposed construction project.

Construction of vehicle wash facility

In fiscal year 1976, the Army proposed a \$1.544 million tracked vehicle road and washing facility for Fort Riley, Kansas. No economic analysis was prepared for this project. During the fiscal year 1976 appropriation hearings before the House Committee on Appropriations, the Army said that the construction of this facility would save about \$64,000 annually. Over 25 years, the undiscounted annual savings would total about \$1.6 million--about equal to the original investment cost of the wash facility.

If an economic analysis had been prepared for this alternative using DOD's prescribed 10 percent discount rate and a 25-year economic life, the discounted present value of the \$64,000 annual savings for 25 years would total only about \$600,000, as compared to an investment of about \$1.5 million. An economic analysis would have shown that, in present value terms, the cost of this project exceeded discounted savings by about \$900,000. Using such cost and benefit data provided by an economic analysis, we believe decisionmakers would have been able to more thoroughly evaluate the proposed project.

^{1/}All costs chargeable to the unit.

Inadequate justifications for not using economic analysis

Military regulations do require, in most cases, documentation as to why a proposal is not evaluated by economic analysis. We examined the files on 116 projects which did not have economic analyses. Of the 116 project files, 39 contained no reference to economic analysis. Of the remaining 77 project files, 50 indicated that economic analysis was "not applicable" without disclosing specific reasons. We found no evidence that any of the 116 project proposals had been validated by DOD's reviewing authorities as not requiring an economic analysis.

COMMENTS BY MILITARY OFFICIALS ON THE LIMITED USE OF ECONOMIC ANALYSIS

Representatives of the military service agreed that there has been only limited use of economic analysis to support budget requests for military construction projects. They offered several explanations for the limited use of economic analysis.

Army

The Office of the Chief of Engineers is responsible for seeing that economic analyses are performed on the Army's construction program. Office of the Chief of Engineers representatives told us that economic analysis has not been used more because

- installations' proposed projects receive approval without such an analysis,
- many project alternatives are eliminated "mentally" by commanders, and
- economic analysis is primarily used to sell a project, rather than as a decisionmaking tool.

An Army official in the Office of the Chief of Engineers said the office relied upon base activities to determine whether an economic analysis is required for a project proposal. We were told the Army has no implementing procedures to assure that economic analyses are prepared and used in accordance with Army economic analysis regulations.

Navy

In the Navy, preparation of economic analyses is the responsibility of the naval field activity submitting the project, with consultation and guidance supplied by NAVFAC engineering field divisions and headquarters. NAVFAC headquarters' officials responsible for assuring that economic analyses are prepared said such analyses are not used more because

- most proposals are viewed as an operational necessity, which eliminates the need for consideration of feasible alternatives;
- many personnel are reluctant to use economic analysis, since the process is costly and the results are not immediately visible; and
- the turnover in knowledgeable personnel hinders the effective application of economic analysis techniques.

NAVFAC officials believe that additional useful information could be obtained by increasing the use of economic analysis, but cautioned that the costs of such additional information must be considered. While NAVFAC believes that the preparation of an economic analysis should not exceed 60 staff-hours, NAVFAC officials had no knowledge of the actual costs to prepare economic analyses. Assuming that 60 staff-hours is a reasonable time to prepare an economic analysis, we believe that the preparation would require only a nominal effort and would not be overly costly or time consuming.

Air Force

At Air Force headquarters, the Directorate of Engineering and Services is primarily responsible for approving military construction projects. The directorate is also responsible for determining if an economic analysis is required for a proposed project. Air Force officials in the directorate told us that economic analysis is not used more because

- project alternatives are often viewed as not being feasible after operational requirements are considered,
- economic analyses are prepared if the analysis enhances the justification of a project, and

--the keen competition between proposed projects eliminates the need for economic analysis.

Air Force officials in this directorate said that reliance is placed on the professional judgment and experience of each individual to determine whether a proposed project requires an economic analysis.

CONCLUSIONS

Although DOD and the military services have issued instructions requiring economic analysis and have emphasized its benefits, such analysis is seldom used. We believe that more extensive use of economic analysis at the working level would result in better decisions on proposed construction projects, and provide needed information to the Congress, the Office of Management and Budget, DOD, and the military services for their reviews. We believe that many projects are not evaluated by economic analysis because responsible officials have not insisted that the absence of an economic analysis be justified and validated.

We believe that the DD Form 1391, the primary document used for processing a military construction project through the various budgetary review levels, should contain a statement that an economic analysis has been made or explain why it was not made. If that were required and an analysis was made, officials at each level of review would have better assurance that the costs of feasible alternatives were considered before the decision was reached, and that the economic analysis is available to be called for if desired. On the other hand, if an analysis was not prepared, reviewing officials could weigh the explanation and call for additional information if it is unsatisfactory.

RECOMMENDATION

To assure that construction proposals are subjected to economic analysis wherever appropriate, we recommend that the Secretary of Defense require the military services to identify on the DD Forms 1391 whether a military construction project has been evaluated by economic analysis and, if not, the reasons such an analysis was not prepared.

CHAPTER 3

IMPROVED OVERSIGHT NEEDED

TO PROMOTE GREATER USE OF ECONOMIC ANALYSIS

Neither the Office of the Secretary of Defense nor the military services have exercised sufficient oversight to assure that the use of economic analysis is followed in the military construction program.

In 1972 DOD established the Defense Economic Analysis Council to advise the Assistant Secretary of Defense (Comptroller) about economic analysis. Although the Council's primary goal was to promote the use of economic analysis within DOD, it never exercised much oversight on the technique. An official in the Office of the Assistant Secretary of Defense (Comptroller) told us that the Council ceased functioning in 1976, after a DOD study recommended the Council be abolished.

Each military service also has responsibility in its regulations for overall policy pertaining to economic analysis. None of the military services had satisfactorily monitored the use of economic analysis in its military construction program.

GOALS AND DUTIES OF DOD'S ECONOMIC ANALYSIS COUNCIL

The Defense Economic Analysis Council included representatives from various offices of the Secretary of Defense, military departments, and other DOD agencies. Council members were responsible for advising the Assistant Secretary of Defense (Comptroller) and their respective departments on

- policies and procedures for using economic analysis,
- application of economic analysis in the budgeting and other decisionmaking processes,
- techniques and methodology for justifying and supporting resource consumption decisions,
- educational programs for fostering an understanding of economic analysis and enhancing its usefulness, and

--improvements in the quality of analysis and strengthening the analytical capabilities of DOD.

During its existence, the Council (1) concentrated on communication and education, (2) established points of contact to communicate technical information on economic analysis (but DOD officials told us that this channel was seldom used), (3) fostered the establishment of several courses on economic analysis techniques, and (4) published booklets on economic analysis, including the Economic Analysis Handbook. Some users of the Council's publications believed that they were too theoretical and others believed they lacked practical applications.

Another educational forum of the Council was periodic symposia on economic analysis matters. According to a DOD study, personnel most heavily engaged in economic analysis studies were the least likely to attend symposia because of travel restrictions or failure to receive notification. The study noted that very few analysts performing economic analysis had ever attended a symposium and, when they did attend, the subjects discussed were often theoretical and not directly applicable to their work.

OVERSIGHT

In 1973 the Council surveyed, via questionnaire, the use of economic analysis in DOD, including the extent of training and the types of projects being analyzed. The survey showed that, although about two-thirds of DOD's organizations surveyed considered economic analysis a useful tool, only 18 percent of the organizations used the analysis consistently.

The survey also disclosed that economic analysis was sometimes used to support previous decisions, rather than to provide information for decisionmaking. In some cases economic analysis is merely given "lip-service" to show a token compliance with policy requirements. Although the survey disclosed significant shortfalls in carrying out economic analysis, no DOD action plan was developed to resolve problems and promote greater and improved use of the analysis.

In July 1976 DOD completed a survey to evaluate the Defense Economic Analysis Council's role in promoting economic analysis and the need for its continuance. The study concluded that, although it helped promulgate DOD directives/instructions and service regulations, the

Council had not achieved its other goals. The study found that the Council had not conducted any significant amount of review, developed policies on economic analysis, or helped resolve organizational inter-Service problems.

The study recommended that the Council be abolished and replaced by several alternatives, including the establishment of a new group at the Office of the Secretary of Defense level or similar groups at the headquarters level for each organization. On November 9, 1976, an official in the Office of the Assistant Secretary of Defense (Comptroller) told us that DOD had decided to issue new and revised directives and instructions to strengthen the use of economic analysis, but it does not plan to establish any new committees or advisory groups.

CONCLUSIONS

An active monitoring program is a necessary part of DOD's resource management system to assure that military service requirements for preparing economic analyses are appropriately, consistently, and effectively implemented. In addition, more effective review is needed by each of the military services to assure that such requirements are followed.

RECOMMENDATIONS

We recommend that the Secretary of Defense:

- Require each of the military services to review their construction programs to assure that economic analysis is used when required and reasons for not using such analysis be documented and validated.
- Direct his Office to periodically oversee and evaluate the military services' efforts in carrying out DOD's economic analysis policy.

MILITARY CONSTRUCTION PROGRAM SUBMITTED TO CONGRESSFOR FISCAL YEARS 1976 AND 1977

	<u>FY 1976</u>	<u>FY 1977</u>
	(000 omitted)	
Army	\$ 961,900	\$ 653,500
Navy	854,000	595,200
Air Force	<u>703,600</u>	<u>802,300</u>
Total	\$2,519,500	\$2,051,000
Other DOD agencies' reserves and National Guard	<u>367,900</u>	<u>236,700</u>
Total (note a)	<u>\$2,887,400</u>	<u>\$2,287,700</u>

a/The budget request for military construction does not include DOD's family housing, which is a separate budget item.

PRINCIPAL OFFICIALS RESPONSIBLEFOR ACTIVITIESDISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF DEFENSE:		
Harold Brown	Jan. 1977	Present
Donald Rumsfeld	Dec. 1975	Jan. 1977
James R. Schlesinger	July 1973	Dec. 1975
William P. Clements, Jr. (acting)	May 1973	July 1973
Elliot L. Richardson	Jan. 1973	May 1973
Melvin R. Laird	Jan. 1969	Jan. 1973
SECRETARY OF THE ARMY:		
Clifford L. Alexander, Jr.	Feb. 1977	Present
Martin R. Hoffman	Aug. 1975	Feb. 1977
Howard H. Callaway	May 1973	Aug. 1975
Robert F. Froehlke	July 1971	May 1973
SECRETARY OF THE NAVY:		
W. Graham Clayton	Feb. 1977	Present
J. William Middendorf	June 1974	Feb. 1977
John W. Warner	May 1972	June 1974
John H. Chafee	Jan. 1969	May 1972
SECRETARY OF THE AIR FORCE:		
Thomas C. Reed	Jan. 1976	Present
John L. McLucas	May 1973	Jan. 1976
Robert C. Seamans, Jr.	Jan. 1969	May 1973