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REPORT BY THE
Comptroller General
OF THE UNITED STATES



10930

**Review Of The Army's Decision
To Disestablish The Training Center
At Fort Dix, New Jersey**

The proposed closure of the training center at Fort Dix, New Jersey, could result in

--annual recurring savings of about \$15.8 million and

--one-time costs of about \$72.5 million.

The Army claimed a cost avoidance of about \$20.2 million for construction needs at Fort Dix. But this figure is questionable because the construction projects require additional agency and congressional approval, and an estimate of an amount that may be approved cannot be determined at this time.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-172707

The Honorable Lucien N. Nedzi
Chairman, Subcommittee on Military
Installations and Facilities
Committee on Armed Services
House of Representatives

File 00503

Dear Mr. Chairman:

In response to your request, we reviewed the Army's decision to disestablish the training center at Fort Dix, New Jersey. In our review we selectively reviewed support for data contained in a justification folder and discussed the decision with personnel of the U.S. Army Training and Doctrine Command, Fort Monroe, Virginia. We also visited Fort Dix, Fort Jackson, Fort Leonard Wood, and Fort Knox and discussed aspects of the proposed realignment with personnel at those installations. *AGC00012*

The results of our review are contained in appendix I. In summary, we found that:

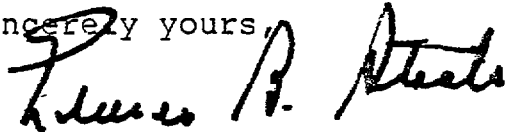
- The estimates in the Army's justification for annual savings and one-time costs were reasonable. Annual savings were overstated by \$410,000 and one-time costs by about \$1.1 million.
- The cost avoidance of about \$20.2 million for construction needs at Fort Dix claimed by the Army is questionable. The construction projects require additional agency and congressional approval, and an estimate of an amount that may be approved cannot be determined at this time.
- (--There is no basis for including other items in the justification folder, as suggested by the New Jersey delegation.)
- The Army's estimated barracks construction costs at Fort Knox and Fort Leonard Wood may be overstated. The Army included costs for its total reported barracks shortage, but its normal practice recently has been to request funds for barracks in incremental sizes.

In summary, we believe annual savings should be about \$15.8 million and the net one-time cost should be about \$72.5 million. This increases the payback period to 4.6 years. If the Army had estimated barracks construction costs based on the amount it will probably request, the net one-time cost would be reduced to about \$59.1 million and the payback period would be reduced to 3.7 years.)

We did not obtain written comments from the Army. However, we discussed these matters with Army officials and their comments are included in appendix I.

We are sending copies of this report to the Secretary of Defense, the Secretary of the Army, and interested Senators and Representatives from New Jersey. As agreed with your office, this report will also be made available for unrestricted general distribution.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas B. Steels".

Comptroller General
of the United States

REVIEW OF THE ARMY'S DECISION TO DISESTABLISH
THE TRAINING CENTER AT FORT DIX, NEW JERSEY

BACKGROUND

(Over the past several years the Army has announced a number of realignments to reduce support costs and headquarters and overhead structure and to improve Army combat forces. One such announcement, dated March 29, 1979, included the transfer of training functions from Fort Dix, New Jersey, to Fort Jackson, South Carolina; Fort Knox, Kentucky; Fort Leonard Wood, Missouri; and Fort Bliss, Texas.)

Support for the decision was contained in Case Study and Justification Folder 227 - Revised, dated February 6, 1979, and Case Study and Justification Folder 227 - Revised-Addendum dated February 9, 1979, prepared by the U.S. Army Training and Doctrine Command, Fort Monroe, Virginia.

SCOPE

We ^{GAO} selectively reviewed support for data contained in the folder and discussed the basis for the decision with command personnel. We also visited Fort Dix, Fort Jackson, Fort Leonard Wood, and Fort Knox and discussed aspects of the proposed realignment with personnel at those installations. At the request of the New Jersey congressional delegation, we also considered matters which were not included in the justification folder that could affect the decision.

by the Army as a basis for the decision.

COSTS AND SAVINGS

Our determination of costs and savings differs from the Army's as follows:

	<u>Army</u>	<u>GAO</u>	<u>Difference</u>
	----- (millions) -----		
Annual savings	<u>\$16.252</u>	<u>\$15.842</u>	-\$ <u>0.410</u>
One-time costs	\$73.560	\$72.469	-\$ 1.091
Cost avoidance	<u>20.246</u>	-	<u>20.246</u>
Net cost	<u>\$53.314</u>	<u>\$72.469</u>	<u>\$19.155</u>
Payback period	3.3 years	4.6 years	

Details of the costs and savings computations are shown in appendix II.

The Army estimates were based on data available to the command at the time the folder was prepared. In arriving at its figures, the command made decisions to include or exclude certain items. In our computations we accepted most of the savings and costs applicable to two of these items, but we believe certain facts should be considered. For the reasons discussed on page 6 we did not accept the Army's estimated cost avoidance. We agree with the command on its exclusions. In the following sections, we discuss the two items which were included, significant cost avoidance, items excluded, and a potential Presidential action which could significantly affect the data included in the folder.

Items included in the case
study and justification folder

The Training and Doctrine Command included savings and costs applicable to the closing of the Walson Army Hospital at Fort Dix and costs to completely satisfy the shortage of barracks space at two installations. Because a portion of the barracks cost estimate is subject to question, we accept the estimate with reservations.

Walson Army Hospital

The command determined that all savings and costs occurring as a result of the planned closure of the hospital were directly related to the realignment. Although use of the hospital has been gradually decreasing, we accept the premise that the closure is a direct result of the realignment. Except for some differences as noted in appendix II, we accept the savings and cost figures in the folder.

Walson Army Hospital has a 500-bed capacity. Inpatient load decreased from an average of 143 a day in 1977 to 127 a day in 1978. The downward trend continued through the first 4 months of 1979. Outpatient load also decreased from a daily average of 917 in 1977 to 840 in 1978. The 1979 figures

show a slight upturn. The number of authorized beds 1/dropped from 255 in 1977 to 149 in 1979.

During this period, command personnel, permanent party, dependents, trainees, and reservists, constituted about 57 percent of the inpatient load and about 43 percent of the outpatient load. Removal of the command-related personnel from Fort Dix would decrease both the inpatient and outpatient load significantly. The Health Service Command's position is that this removal would cause the hospital to be reduced to a clinic. The trend in use and costs during the past 28 months implies that in the future there will be a further reduction in manpower, and possibly the hospital will eventually close regardless of the realignment. If the manpower reduction were to occur before realignment, actual savings resulting from the realignment would be less. The command used data available at the time the folder was prepared and had no basis to predict the extent of further reduction or closure. Its estimate is reasonable considering the data available.

Barracks cost

The command estimated trainee barracks cost based on construction to meet the total shortages at Fort Knox and Fort Leonard Wood (about \$62.7 million). Its practice in recent years has been to request construction funds for increments of five-company-sized (1,100 men) barracks. Any shortages above the 1,100-men increment are held over until additional shortages of barracks space require a barracks complex of that size. If the Army were to request barracks in accordance with the practice, the estimated cost would be \$48.4 million.

The command's request for trainee barracks for fiscal years 1977 through 1979 were all of the five-company size. Command personnel stated that while the standard design now used for trainee barracks is the five-company size, there is no certainty that the smaller size barracks would not be requested. In fiscal years 1974 and 1975, two trainee barracks in the four-company size (880 men) were built at Fort McClennan. Two barracks of this size would satisfy the 1,754 space shortage at Fort Knox. However, if the Army held to

1/The number of beds the Health Service Command allows to be used and on which the number of employees is established.

the 1,100-men increment, only one barracks would be built. Army estimated construction needs at Fort Leonard Wood based on a shortage of 1,122 spaces. This is 22 more than would be built under the standard design.

We have not deleted the cost difference, but we believe the Subcommittee should be aware of this practice and of the possibility that the ultimate request for barracks could be \$13.3 million less than the Army estimate.

Department of the Army personnel believe the command acted properly when it included the full cost of the shortage in its estimate. They said it is Army policy to recognize cost under the worst case environment. Further, this type of estimating is based on the Army's interpretation of congressional desires based on many past justifications for base realignments.

Cost avoidance

We do not accept the \$20.2 million reported as a cost avoidance in the folder. Command personnel used the Five-Year Defense Plan of January 13, 1979, and selected nine projects totaling \$31.8 million which they believed would, in part, be unnecessary with the loss of training. They deducted \$11.6 million as the "still needed" portion to arrive at the cost avoidance figure. All nine projects which the Army shows as cost avoided require additional agency and congressional approval. We do not know what amount, if any, would ultimately be approved. In view of this, we have taken the most conservative approach and, for comparison purposes, have excluded the entire \$20.2 million.

Significant items excluded from the case study and justification folder

According to the New Jersey congressional delegation, some items were not considered in the folder that should have been. These included the possible replacement of temporary barracks at Fort Jackson, the possible transfer of U.S. Army Forces Command units from Fort Dix, the possible costs of storing equipment at Fort Leonard Wood, and the possible cost of a new sewage system at Fort Jackson. We believe none of these items should have been included in the folder.

Replacement of barracks

Although enlisted men are housed in temporary barracks at Fort Jackson and other installations, it is unlikely that Fort Jackson will incur additional costs to replace temporary barracks. Requirements for permanent barracks space is usually determined on the basis of an average load. Yet, installations use temporary space even when permanent space is available. Regulations prohibit the Army from requesting barracks to satisfy surge needs and, even when a request can be justified, the chances of congressional approval are slim.

Each installation considered in the folder prepares quarterly reports on barracks use. Reports for the six quarters ending April 30, 1979, show that all installations except Fort Dix have assigned troops to temporary barracks in every quarter, even though permanent space was available. This method of assignment was extensive. For example, during the six quarters average use of permanent space at Fort Jackson ranged from 45 percent to 76 percent, while average use of temporary space ranged from 24 percent to 64 percent. In two of the quarters, a higher percentage of temporary space was used. The average quarterly use of barracks space at any installation never exceeded permanent space available, although during some peak periods the amount of permanent space was exceeded. Fort Dix has no temporary barracks. It has barracks classified as permanent-substandard (may be made adequate). These barracks were used in every quarter even though permanent-adequate space was available.

An installation commander may use barracks as he desires, provided he allows the proper amount of space per person. According to Fort Jackson and command personnel, temporary barracks are used for various reasons such as:

1. Unit integrity--where a larger than company-sized barracks is used to house one company.
2. Surges--where assigned troops during a given period exceed the average which would be expected based on the yearly structure load.
3. Geographic needs--where a brigade commander wants to keep his troops closer together.
4. Barracks protection--the desire to keep a barracks in use so that it will be maintained.

Temporary barracks are therefore not used solely because of permanent barracks shortages during surges. Apparently, even if a major surge occurred, additional space can be found. Fort Jackson personnel stated that during the surge expected during the summer of 1979, they plan to have 1,300 troops in a 1,100-capacity barracks.

Army regulations provide that an installation may request new barracks construction if permanent barracks space is insufficient to handle the anticipated annual load. Permanent space, for this purpose, includes barracks classified as substandard (may be made adequate). Space requirements are based on a combination of foreseeable loads. At a training installation, space is needed for permanent party, basic trainees, and students. Requirement for permanent party is generally related to the mission of the installation, while the training load is based on the installation's structure load.

The command determines the number of recruits to be trained at an installation each year and assigns a structure load by company. One company equates to about 1,100 recruits per year. For example, for basic training of 27,500 enlistees at an installation during a 1-year period, the command would allow a structure load of 5,500 men at any time.

Space for students is based on an average in-training load plus a surge. Because basic trainees and students are at the installation only a portion of a year, space requirements are, in effect, based on the average needs. During periods when more than the average number are at the installation, permanent spaces may not be available to house some persons, but regulations do not permit a request for barracks space to meet these surges.

Even if an installation can justify a barracks request under regulations, it has difficulty getting authorization in the Military Construction, Army, program. A request must compete for priority with other construction requirements at the installation, command, and Army level, before it is included in the budget submitted to the Congress where it competes with other Government programs. During fiscal years 1977 through 1979, the command requested 8,308 barracks spaces. Only 2,320 spaces--two barracks complexes--were included in the Military Construction, Army, authorization, and one of these received only a contingent appropriation pending a decision on another realignment.

On the basis of installation practices and congressional action on past requests, we believe it is highly unlikely that Fort Jackson would receive congressional approval for barracks space in excess of the average structure load. Thus, we have accepted the Army's estimate of no cost for barracks at Fort Jackson.

Transfer of Forces Command units

On May 15, 1979, the command issued Case Study and Justification Folder 277 - Revised Addendum 2. That addendum discussed the possible transfer of 581 Forces Command military personnel from Fort Dix to Fort Stewart, Georgia; Fort Devens, Massachusetts; and Fort Carson, Colorado. With a slight increase in civilian personnel at these installations, the total savings would decrease slightly, but the cost would increase by \$10 million. Training and Doctrine Command personnel stated that this addendum was prepared merely to show the effect on savings and cost if six units of the Forces Command were transferred. It was not intended to be a part of the original case study and justification folder and should not be so considered. Training and Doctrine Command personnel said a decision on such a move would be made by another command and would not be related to this realignment action.

According to Forces Command personnel at Fort Dix, assignment of their units to Fort Dix suited their missions of maintaining proficiency in their fields and executing contingency plans when necessary. According to Training and Doctrine Command officials, the mission of Forces Command units at Fort Dix could be accomplished at other installations. Commanders of Forces Command units estimated that from 2 percent to 21 percent of their units' time is used to assist trainees. This relationship seems to be a matter of convenience and its importance is shown by the possible sites to which the units could be transferred.

The unit commanders believe their units would perform the same functions, even if Training and Doctrine Command units were moved. Forces Command headquarters and the Secretary of the Army said the units would not move if the training units were transferred from Fort Dix. Therefore, there is no basis to include this matter as part of the case study and justification folder.

Equipment storage

The folder shows that equipment will be transferred to Fort Leonard Wood. Temporary buildings are available to store this equipment. In addition, in an action unrelated to the realignment, funds were included in the Five-Year Defense Plan for a building to house vehicles which could also house transferred equipment. Consequently, we found no evidence of the need for additional construction costs at Fort Leonard Wood to store equipment transferred from Fort Dix.

Sewage

The city of Columbia, South Carolina, is improving its sewage system. Fort Jackson, which was connected to the system on March 20, 1974, had planned to contribute to the cost. However, since then the Army has decided not to contribute based on a Comptroller General's decision which stated that a military service may not pay such cost. The total population at Fort Jackson after the realignment would still be less than the population in 1974. In view of the Army's decision and the reduction in population, we believe this action will not affect costs reported in the folder.

Possible Presidential action that could affect requirements

On October 21, 1977, the President stated he was considering removing the 2d Infantry Division from South Korea. If so, about 15,000 troops would be returned to the United States. The Forces Command has made a study considering possible locations of the Division. Every installation mentioned in the case study and justification folder could be affected by at least one of the alternatives. If the Division is transferred, requirements would change and much of the data in this folder would be subject to revision.

Department of the Army personnel said they doubt that the transfer would affect the data in the folder. Rather, depending upon circumstances, the Forces Command study would probably be changed.

CONCLUSIONS

We believe both annual savings and one-time costs as reported in the case study and justification folder are overstated. Since the construction projects upon which

the Army based its estimates for cost avoidance must be subjected to additional agency and congressional review, a reasonable estimate cannot be determined at this time. Assuming that none of the costs would be avoided, the pay-back period would be 4.6 years rather than the 3.3 years shown by the Army.

COMPARISON OF GAO AND ARMY COSTSAND SAVINGS FOR CLOSINGFORT DIX, NEW JERSEY

	<u>Army</u>	<u>GAO</u>	<u>Difference</u>
	----- (millions) -----		
Annual savings:			
Military personnel (note 1)	\$11.586	\$12.075	\$0.489
Civilian personnel	7.657	7.657	-
Other OMA	2.357	2.357	-
Communication	.871	.871	-
CHAMPUS (note 2)	-5.419	-5.218	.201
Other	<u>-0.800</u>	<u>1.900</u>	<u>1.100</u>
Total	<u>\$16.252</u>	<u>\$15.842</u>	<u>-\$0.410</u>
One-time costs:			
Construction:			
Fort Dix -			
central heating	\$ 0.922	\$ 0.922	-
Fort Knox -			
barracks (notes 3 & 4)	37.148	36.199	-\$0.949
Fort Leonard Wood -			
barracks (note 4)	25.544	25.544	-
Fort Bliss -			
building	.057	.057	-
Nonconstruction:			
Military personnel	1.534	1.475	-.059
Civilian personnel (note 5)	2.858	2.775	-.083
Transportation	.352	.352	-
Caretaker service	2.882	2.882	-
Other:			
Fort Dix -			
demolition	.808	.808	-
Fort Jackson -			
equipment	.010	.010	-
Fort Knox -			
recruiting	.583	.583	-
Fort L. Wood -			
equipment and communication	<u>.862</u>	<u>.862</u>	<u>-</u>
Total cost	\$73.560	\$72.469	-\$1.091
Cost avoidance (note 6)			
	<u>20.246</u>	-	<u>20.246</u>
Net cost (note 4)	<u>\$53.314</u>	<u>\$72.469</u>	<u>\$19.155</u>
Payback period (note 4)	3.3 years	4.6 years	

OMA - Operations and Maintenance, Army

CHAMPUS - Civilian Health and Medical Program of the Uniformed Services

NOTES

1. The Army Audit Agency found the Training and Doctrine Command had overstated requirements for cooks after realignment by 43. Thus, savings were understated by \$0.489 million. We accept the amount.
2. These adjustments are related to the closure of the Walton Army Hospital. The Health Service Command revised its estimate of CHAMPUS from \$5.419 million to \$5.218 million and its estimate for open allotment for medical emergency care from \$0.524 million to \$1.624 million. These, in total, further reduce savings. We accept the revised figures.
3. According to Fort Knox, an allowance should not be made for lounge space in existing trainee barracks. The Training and Doctrine Command, therefore, had understated existing barracks space and accordingly overstated the shortage by 45 spaces. The command overstated the estimate by \$0.949 million.
4. If an estimate were made based on probable request for 1,100-men barracks, the Fort Knox and Fort Leonard Wood barracks estimate would be decreased by \$12.846 million and \$0.500 million, respectively. This total reduction of \$13.346 million would decrease the payback period by 0.9 years to 3.7 years.
5. The Army Audit Agency showed a duplication in relocation expenses of \$0.142 million. We accept this amount.
6. The Training and Doctrine Command determined that nine projects included in the Five-Year Defense Plan at a cost of \$32 million could be partially avoided. As discussed on page 6, these projects require additional agency and congressional approval and we do not know what amount, if any, would be approved.

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