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Issues Related to the
Drawdown in Europe and
Impacts on Soldiers and
U.S. Bases

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Madam Chairman and Members of the Committee:

This testimony summarizes the results of our work on the Army drawdown in Europe. The U.S. Army, Europe (USAREUR) is in the midst of reducing its troops, civilians, and installations to about half of its 1989 size. We are here today to provide our assessment of the difficulties the Army faces in accomplishing this task. Our assessment is based on a recently completed review of the Army's implementation of its drawdown in Europe and the drawdown's impact on selected U.S. bases and their soldiers.

On the basis of our work, we believe that Congress and the Army must address five major issues if this drawdown is to be accomplished in an orderly and cost-effective manner.

- First, large amounts of excess equipment must be disposed of before the drawdown is complete.
- Second, civilian personnel requirements for accomplishing drawdown tasks must be clearly defined, and prompt action to reduce any remaining unneeded civilian personnel must be taken.
- Third, units returning from Europe to the United States to support the Army's contingency force must be returned to a high state of readiness as quickly as possible.
- Fourth, USAREUR soldiers and their families returning to U.S. bases must get the help they need to overcome the financial and quality-of-life hardships imposed on them by this drawdown.
- Finally, USAREUR and the Department of the Army must better monitor and account for drawdown-related costs so that informed budgetary decisions can be made.

To understand each of these issues, it is helpful to be aware of the complicated military and political context in which the Army has had to conduct this drawdown.

CONTEXT OF THE EUROPEAN DRAWDOWN

One year ago, we reported on the Army's early plans for reducing its troops and equipment in Europe--an action precipitated by dramatic events in Europe and the former Soviet Union coupled with continuing budgetary pressures at home.¹ In that report, we highlighted concerns about the estimated timeframes for moving troops, the flexibility of the Army's plans to handle potentially larger drawdowns, and the Army's ability to control the disposition of equipment during the drawdown. At that time, USAREUR was

¹Planning for the Drawdown of Forces and Equipment in Europe (GAO/NSIAD-91-139, Feb. 22, 1991).

estimating that it could effectively remove no more than 30,000 troops and their equipment each year. In contrast, this year the Army will remove about 72,000 troops from Europe and return them to the United States--over double the original estimate.

Since the original drawdown plan was formulated in November 1990, major events and decisions have strongly affected the Army's plans. For example

- The deployment of USAREUR's VII Corps to Operations Desert Shield and Storm delayed the inactivation of some units thereby causing the original schedule to slip. This delay prompted USAREUR to substantially accelerate the drawdown in 1992 in an effort to stay within budgeted end-strength levels in 1993.
- The Army altered its planned routes to transfer equipment from departing units because of the Gulf war. Two divisions' worth of equipment had been deployed to the Gulf. After the war's conclusion, the Army returned half of that equipment to Europe; the remainder was returned directly to the United States from the Gulf, rather than from Europe as originally planned.
- Early this year, the Army decided to declare as excess the entire stockpile of war reserve materiel in Central Europe and arrange for its disposition. Much of this equipment was outmoded and in a state of disrepair.
- An unanticipated lengthy process for terminating foreign national employees has slowed civilian personnel reductions and left more civilian employees on board than had been budgeted.
- Based on support force shortages encountered in the Gulf war, the Army decided last summer to return 57 USAREUR units (containing about 12,000 personnel) to the United States rather than inactivate them as planned. The Army has identified these support units as critically needed to bolster the Army's five-division contingency force.
- The Army's Operations and Maintenance account has been significantly reduced over the period of the drawdown. Thus, the Army has cut the funding allocated to USAREUR. USAREUR has used these funds to cover drawdown-related expenses.
- U.S. installations have been dealing with the problems of assimilating personnel from domestic base closures and realignments.

Taken together, these events have put enormous demands on the Army's ability to effectively manage the European drawdown.

Prior to the drawdown (January 1990), the Army had about 216,400 troops, 64,000 civilians², and 858 installations in Europe. As of February 1992, the Army planned to reduce its forces to 92,200 troops, 36,000 civilians, and 455 installations. As of March 1992, about 164,000 troops, 57,000 civilians, and 717 installations remained in Europe. The Army has, therefore, achieved about 42 percent of its military personnel goal, 25 percent of its civilian personnel goal, and 35 percent of its installation goal.

What follows are details on each of the five issues of concern mentioned at the beginning of the testimony.

TRANSFER AND DISPOSITION OF EXCESS EQUIPMENT

The Army faces the formidable task of disposing of large amounts of equipment that is excess to its needs in Europe. Unit inactivations--combined with a recent Army decision to eliminate the entire stockpile of excess war reserve equipment in Central Europe--have created large excesses awaiting inspection and disposition.

Equipment from units is being redistributed in priority order to (1) Army Readiness Package South--a stockpile of equipment being assembled in southern Europe; (2) other Army units remaining as part of the residual force in Europe; or (3) POMCUS (Prepositioning of Materiel Configured to Unit Sets) storage sites. The remainder is declared excess to Europe's requirements. USAREUR logistics officials estimated in February 1992 that, over the course of the drawdown, unit inactivations will generate about 45,000 major equipment items³ that are excess to USAREUR's needs. Equipment is sent to U.S. depots, given to NATO allies under a "harmonization" program resulting from U.S. treaty commitments, sold to other countries under the foreign military sales program, or sent to storage to await disposal. USAREUR is also transferring some equipment to U.S. units that need it, but it remains liable for the cost of repairing the equipment to the Army's 10/20 standard.⁴ Due to budget constraints, USAREUR recently halted such transfers to

²Approximately 70 percent of these civilians are foreign national employees.

³Major equipment items include large items such as trucks and fighting vehicles and also smaller items such as chemical masks and binoculars.

⁴This standard requires that equipment be capable of achieving its mission and free from any mechanical or physical defects.

units in the United States because it could not pay for the repairs.

At the same time, the decision to eliminate the entire stockpile of war reserve materiel in Central Europe has created an added equipment disposal burden to that created by the drawdown. This stockpile was valued at about \$5.8 billion in April 1991. As of February 1992, USAREUR estimated that it had a total of about 572,000 short tons worth of equipment--most of it excess to its needs.

Included in this stockpile are thousands of small items and about 25,000 tracked and wheeled vehicles and trailers. A high proportion of the vehicles either need repair or are not worth repairing. Moreover, the condition of about 8,000 vehicles is yet to be determined. Further, the condition of equipment already inspected is highly suspect. USAREUR officials estimate that as much as 90 percent of the stored equipment is in worse condition than its maintenance records indicate.

Right now, USAREUR employs civilians to process and service this equipment. But USAREUR is under mounting pressure to reduce civilian employees to meet its budget goals. Without adequate resources, the assessment of this equipment's condition, needed repairs, and disposition could be significantly delayed. However, the current matchup of the location and skills of the civilian personnel with the tasks that remain is unclear. Congress and the Army need a clear picture of the tasks required to handle this equipment problem, the skills and location of remaining personnel, and the relative costs associated with using these civilians or other manpower sources to meet the equipment management challenge.

ADDRESSING THE CIVILIAN PERSONNEL ISSUE

Although USAREUR is half way through the drawdown's implementation period, it has only achieved 25 percent of its civilian personnel reduction goal. According to Army officials, civilians were being reduced more slowly than expected because some had been retained to support Operations Desert Shield and Storm and some were still needed to carry out drawdown tasks--including those related to equipment management and installation closure. Further delays have occurred because of the lengthy termination process associated with laying off foreign nationals, who will make up nearly 70 percent of USAREUR's civilian workforce at end-state. In USAREUR's experience, it takes at least 13 months from the time that an installation's closure is announced to lay off a foreign national employee.

As a result of these delays, USAREUR projects that by the end of fiscal year 1993, about 8,000 more civilians will remain on its rolls than had been budgeted. According to Army officials, much of the difference between required and budgeted amounts represents the

Army's planned for--but unrealized--additional burdensharing contributions from the host German government. The Department of State plans to engage in burdensharing negotiations, but it is unclear at this time what, if any, contributions will be forthcoming to cover the fiscal year 1993 budget shortfall. Again, unless operational funds are reallocated to fund USAREUR's civilian personnel requirement, the Army will need to find alternatives to assume the tasks and missions of these civilians.

RETURNING CONTINGENCY FORCE SUPPORT UNITS TO A HIGH STATE OF READINESS

Some of the 57 units being relocated to the United States to support the Army's contingency force served in Operation Desert Storm. Most of their equipment is being returned directly to the United States from the Gulf and requires extensive maintenance. During our visits to four U.S. installations, we found that these units--deemed critical to the early support of contingency operations--had a very low percentage of their equipment at the fully mission capable rate. For example, six of the units that returned to the United States from the Gulf had less than 40 percent of their equipment at the fully mission capable standard. One of these units had no equipment that was fully mission capable.

Improving the capability of this equipment will further tax the maintenance resources of installations that are themselves still recovering from the Gulf war. These installations have not yet identified the full extent of effort and funding required to accomplish this maintenance. And the Army's projections of getting this equipment back to standard by this summer appear optimistic, given the backlog of maintenance and the state of disrepair that we observed. The Army promptly needs to determine how best it can return these units to the high state of readiness required by their contingency mission.

DEALING WITH QUALITY OF LIFE ISSUES FOR RETURNING SOLDIERS

The large number of personnel being relocated from Europe to the United States has placed additional demands on many U.S. installations and their surrounding communities. These bases were already taxed in assimilating an influx of personnel from domestic base closures and units returning from Operation Desert Storm. A senior official at Fort Benning described the condition there, at the time of our November visit, as "bursting at the seams."

Currently, most U.S. installations have significantly more people assigned to them than they are authorized. For example, the peak population at the four installations we visited was from 10 to 16 percent above their authorized levels. While the situation at some posts has improved, many of the hardest-hit installations such as

Fort Stewart and Fort Bragg still have about 10 percent more personnel than they are authorized.

This influx of personnel has created difficulties for soldiers attempting to locate affordable housing. Even before USAREUR troops began arriving at some of the installations we visited, waiting periods for on-post housing often exceeded 18 months. Thus, on-post housing is not a viable option for these troops, and the only available family housing must be found in the surrounding communities. According to installation officials, occupancy rates in many of these communities are well over 90 percent, rental rates are rising, and soldiers may be forced to live in marginal housing.

The Army's goal is to identify affordable housing within a 30-mile radius of an installation. However, we found that officials at Fort Stewart had to identify housing as far away as 60 miles from the installation to meet the recent demand. The shrinking rental housing supply is also increasing the amount of time it takes to find housing, with some posts reporting that soldiers are living in temporary lodging such as motels for up to 30 days. The housing shortage can create severe financial hardship because soldiers are only fully reimbursed for 4 days of temporary lodging under current regulations.

Another area of concern has been the delay soldiers have experienced in receiving their household goods. The tremendous volume of personal property being shipped as a result of the drawdown has saturated carriers, contractors, ports, and customs facilities. Many soldiers and their families are experiencing longer delays than the normal waiting period of about 60 days for household goods. Officials told us that, in many cases, soldiers were waiting over 100 days to receive their household goods. At Fort Stewart, 40 members of an engineer battalion did not receive their property for over 5 months.

Army officials are optimistic that this overcrowding will ease this summer, assuming that normal attrition rates continue and individuals elect to participate in the Army's early release program. However, the extent to which individuals will opt for the early release program is uncertain. Thus, the Army needs to explore what it can do to ease the hardships being imposed on returning soldiers should these conditions persist.

ADDRESSING THE COSTS OF THE DRAWDOWN

The Army and USAREUR agreed to fund the drawdown from normal operational funds, with no separate appropriations earmarked for drawdown costs. In developing its operational budgets, USAREUR requested full operational funding for its departing units on the basis of the assumption that unit training would cease once the unit was notified of its scheduled inactivation. USAREUR intended to use the associated savings to fund drawdown costs. However, the

Department of the Army has disagreed with USAREUR about the total operational funding required for the drawdown period and has cut its fiscal year 1992 budget, citing an inability to validate USAREUR's budget needs. USAREUR officials expect to receive about \$2 billion in operational funds for fiscal year 1993 compared with \$4.5 billion in fiscal year 1989.

Part of the problem has stemmed from the way USAREUR has accounted for drawdown costs. Although the Army created special drawdown cost accounts, the data captured in these accounts is inaccurate and incomplete. The Army cannot reliably identify the costs attributable to the drawdown because (1) USAREUR de-emphasized cost accounting as too difficult given the scope and complexity of the drawdown, and (2) the Gulf war brought with it supplemental appropriations, which confused the accounting for the drawdown as costs became commingled.

Now, 18 months into the drawdown, the Army still has little reliable cost information on which to estimate future drawdown costs. Given the magnitude of tasks remaining to accomplish the European drawdown, reliable cost data based on actual drawdown experience is important to USAREUR's ability to estimate future costs and substantiate its budget needs.

CONCLUSIONS

In conclusion, Madam Chairman, we need to underscore that the Army is well aware of the issues we have discussed today and is earnestly seeking solutions. Throughout this drawdown, the Army has placed a high priority on preserving the dignity and quality of life of its soldiers and their families. Nonetheless, some problems have occurred and it will take strong cooperation between the Congress and the Army to arrive at solutions that deal squarely with the issues. As we see it, the next steps are to

- clearly define the remaining drawdown tasks, the skills needed to accomplish them, and the matchup of these skills with personnel that remain to accomplish them;
- assess the pros and cons and relative costs of alternative approaches for accomplishing these tasks and the pace at which these tasks can reasonably be accomplished through each of these alternatives;
- develop a plan to return critical, early-deploying support forces returning to the United States to a high state of readiness as quickly as possible;
- explore ways to ease the hardships of soldiers returning to overcrowded U.S. bases; and

-- better monitor and account for drawdown-related costs so that informed budgetary decisions can be made.

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Madam Chairman, this concludes our testimony. We will be happy to answer any questions you or the committee members may have at this time.

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