



Highlights of [GAO-03-367](#), a report to Congressional Committees.

Why GAO Did This Study

The Department of Defense (DOD) spends more than \$1.7 billion each year to move and store over 600,000 household goods shipments when relocating military personnel. It conducted and evaluated several pilot program studies aimed at fixing its problem-plagued program and, in 2002, issued a report to Congress with three recommendations. The 1997 Defense Appropriations Act Conference Report directed GAO to validate the results achieved by the pilot programs. In response, GAO examined the extent to which DOD's recommendations to Congress (1) offer solutions to long-standing problems in the current program and (2) are supported by the evaluation's findings and should be implemented. GAO also assessed the soundness of methodologies used by DOD to develop cost estimates to implement the recommendations.

What GAO Recommends

GAO recommends that DOD implement the recommendations within budget constraints, quantify the risk associated with achieving its cost estimates, monitor costs during the implementation phase, and assess the new program to determine if anticipated improvements were achieved at a reasonable cost. DOD agreed with three recommendations, but did not agree with the need to quantify the risk associated with achieving its cost estimates.

www.gao.gov/cgi-bin/getrpt?GAO-03-367.

To view the full report, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

DEFENSE TRANSPORTATION

Monitoring Costs and Benefits Needed While Implementing a New Program for Moving Household Goods

What GAO Found

The recommendations in DOD's report to Congress have the potential to resolve several long-standing problems found in the current personal property program, which manages the transportation and storage of household goods. The recommendations, if implemented, would

- reengineer the claims process to reduce the length of time it currently takes to resolve claims for lost, destroyed, or damaged household goods and increase the reimbursement rates that military personnel currently receive for their losses;
- use performance-based service contracts to improve the generally low quality of service that DOD currently gets from the moving industry; and
- put in place new information technology with interface capabilities to enable program managers and users to monitor in-transit shipments and track the number and cost of shipments processed each year.

The recommendations in DOD's report to Congress are supported by the Transportation Command's evaluation of the pilot programs' findings and should be implemented within budget constraints. DOD's approach in conducting the evaluation was methodologically sound: It developed an evaluation plan to guide its work and adjusted the plan when necessary to address differences in the pilot programs' approaches. While the shipments included in the evaluation do not represent all shipment types managed annually by DOD, GAO believes that the evaluation results provide sufficient information to allow DOD to initiate actions to improve its current personal property program.

GAO found that the soundness of methodologies used to develop DOD's cost estimates varied. Therefore, DOD's ability to implement changes to the existing program within the cost estimates DOD reported to Congress is uncertain. GAO found that the estimate to implement the information technology recommendation was \$7 million rather than the \$4 million to \$6 million estimate DOD reported to Congress. In developing cost estimates for the remaining recommendations, DOD did not provide the same level of evidentiary support for one of the three adjustments it used to align the pilot programs' costs to current program costs. As a result, GAO questions the extent to which these recommendations can be implemented within DOD's estimated 13 percent increase over current program costs. While DOD believes it used a conservative approach in developing this 13 percent estimate, it has not quantified the risk associated with the projection, which could provide the military services and Congress information needed to develop and review future budget requests for this program. Without providing the range of possible cost increases and the risk regarding the likelihood of achieving this 13 percent projection within that range, DOD may find a repeat of what occurred during the pilots, where the military services terminated participation in one of the pilot programs due to costs exceeding projections.

GAO also found that without carefully monitoring costs during the implementation phase and assessing costs and benefits from a period succeeding full implementation of the recommendations, DOD would not have the information needed to determine if anticipated improvements in the program are being achieved at a reasonable cost.