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

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GENERAL GOVERNMENT
DIVISION

B-206512

APRIL 21, 1982



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The Honorable Donald T. Regan
The Secretary of the Treasury

Dear Mr. Secretary:

Subject: Procurement Costs of Ammunition Used For
Practice and Training Can Be Reduced
(GGD-82-39)

This report, originating from our review of restrictive conditions and specifications in Department of the Treasury solicitations and contracts, concerns the formally advertised, fixed price, small arms ammunition contracts numbered TOS-82-1, 2, and 3. The fiscal year 1982 contracts, which allow competition, are for new ammunition with an estimated value of about \$1.6 million. However, if the Department of the Treasury purchased quality reloaded ammunition for training and practice, about \$80,000 could be saved annually.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this review was to identify restrictive conditions and specifications in large, recurring procurements. We reviewed the Department of the Treasury small arms ammunition contracts for fiscal years 1981 and 1982. Our work was primarily done at the Department of the Treasury and its bureaus. We discussed the contracts with Treasury procurement personnel and firearms and ammunition experts within the bureaus. We also interviewed Federal, State, and local law enforcement personnel, officials in private industry involved with the manufacturing of ammunition, and staff at industry associations.

SIGNIFICANT SAVINGS CAN BE REALIZED
IF RELOADED AMMUNITION IS USED

The Department of the Treasury is currently purchasing only new ammunition. About \$80,000 could be saved each year if quality reloaded ammunition were used for training and practice instead of new ammunition. These savings would be realized without any adverse effect on the training program standards and at the same time Treasury would be using safe, reliable, and accurate ammunition.

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Reloaded ammunition is produced on the same machines using the same process and, except for the cartridge case, with the same new components as new ammunition. Loading ammunition is the assembly of these various components--brass case, bullet, primer, and powder. In reloaded ammunition, a used cartridge case without defects is remanufactured to original specifications.

On the basis of each bureau's estimated needs, the Treasury, Office of Procurement, awards small arms ammunition contracts each fiscal year. The ammunition is for practice, training, and regular service use. Each bureau buys against these contracts to meet its needs. For fiscal year 1982, 3 contracts for ammunition for 10 different cartridges and 26 different loads were awarded to the Federal Cartridge Corporation; the Remington Arms Company, Inc.; and the Olin Corporation.

The Department of the Treasury's primary training and practice ammunition is the .38 Special, 148 grain wadcutter cartridge which costs \$93.30 per 1,000 new rounds. The net cost to the agency is reduced by the sale of the used cartridge cases which sell for about \$25 per 1,000. (On the basis of the sale of cartridge cases during fiscal years 1979-1981 at the Federal Law Enforcement Training Center, which is Treasury's main training facility, only about 50 percent of the used cartridge cases are sold.) The overall cost to the Government is reduced by an additional 11 percent Federal excise tax which is returned to the Treasury by the manufacturers.

Treasury estimates that, in fiscal year 1982, 8.8 million rounds of this particular load will be used. This same load can be purchased for about \$50 per 1,000 rounds for reloaded ammunition. The \$50 price includes returning the cartridge cases to the reload manufacturer. On the basis of the estimated quantity Treasury plans to use, savings of about \$80,000 could be realized if it purchased reloaded ammunition instead of new ammunition for training and practice. Additional savings could also be realized if reloaded ammunition were used for portions of other cartridges such as 9mm Luger and the .45 A.C.P., which are also used in training and practice.

EXPERTS DISAGREE ON USE OF RELOADED AMMUNITION

Treasury and other firearms and ammunition experts disagree on the use of reloaded ammunition. Some experts feel there are potential problems and dangers associated with reloaded ammunition. Others, on the other hand, believe reloaded ammunition is safe to use for practice and training, does not present any more problems than new ammunition, and offers substantial cost savings as well.

Those firearms and ammunition experts as well as Treasury officials who do not want to use reloaded ammunition stated that poorly seated primers, improper powder charges, excessive smoke, oversized bullets, and damaged weapons are common problems with reloaded ammunition. They stated further that production lots containing problem ammunition could not be identified for return to the manufacturers for replacement. They also believe that reloaded ammunition would not meet the Sporting Arms and Ammunition Manufacturers Institute (SAAMI) specifications. These officials were also concerned that reloaded cartridges with cracked cases would cause injuries to shooters.

Other firearms and ammunition experts, however, stated that reloaded ammunition is as good as new ammunition. They believe that poorly seated primers, improper powder charges, excessive smoke, and oversized bullets are just as likely to occur with new ammunition as with reloaded ammunition. The manufacturing process, machines, and components are the same except for the cartridge case. Excessive smoke is caused by the type of powder and bullet lubricant and can be reduced by specifying components in the contract specifications. These experts stated that reloaded ammunition could be identified by production lots and that a remanufactured cartridge would meet all SAAMI specifications. They said that cracked cases are eliminated during the reloading process. They added that even if a case cracks during firing, the shooter would not be injured and the firearm would not be damaged.

FEDERAL, STATE, AND LOCAL
LAW ENFORCEMENT AGENCIES
SUCCESSFULLY USE RELOADS

Many law enforcement agencies have used reloaded ammunition without significant problems. We observed law enforcement agency personnel at the Federal, State, and local levels firing reloaded ammunition for annual qualification purposes and there were no incidences of the above-mentioned problems. These agencies have been using reloaded ammunition for many years without any injury to their officers or damage to their weapons.

We interviewed representatives of 29 Federal, State, and local law enforcement agencies regarding their use of ammunition. These law enforcement agencies train hundreds of people who fire thousands of rounds of ammunition each year, and many of these agencies have successfully used reloaded ammunition for years. Specifically, officials at 20 law enforcement agencies (69 percent) believe reloaded ammunition is suitable for training and practice, is not dangerous, and does not adversely affect the training program. In addition, these officials stated that the reloaded ammunition used in their training programs had not caused weapon damage. The remaining nine agencies do not use reloaded ammunition because they prefer new ammunition.

CONCLUSIONS AND RECOMMENDATIONS

If the Department of the Treasury used reloaded ammunition for training and practice, it could save significantly without adversely affecting the training program. Treasury also needs to exercise more control over spent cartridge cases. On the basis of sales at its major training facility, Treasury is salvaging only about 50 percent of the used cases.

The key to successful use of reloaded ammunition is quality control. If the same standards are required for reloaded ammunition as are required for new ammunition, there is no reason for there to be more problems with reloaded ammunition--such as misfires, jamming, or lead deposits in the barrel--than with new ammunition. As with new ammunition, Treasury can specify the type of bullet, powder, and primer to be used in reloaded ammunition. This would insure quality performance without restricting competition or incurring excessive costs.

We believe that Treasury's concerns would be alleviated if reloaded ammunition were used for practice and training under range conditions. We recommend that the Department of the Treasury use reloaded ammunition for a test period at selected large training facilities, such as the Federal Law Enforcement Training Center, Glynco, Georgia. Treasury's Office of Procurement should work with the Firearms Technical Staffs in the bureaus to develop specifications for reloaded ammunition. Proper specifications will allow the procurement of safe, reliable, and accurate reloaded ammunition without restricting competition.

We further recommend that Treasury improve procedures at its major training facilities for the collection and salvage of spent cartridge cases.

AGENCY COMMENTS AND OUR EVALUATION

The Department of the Treasury is in general disagreement with this report. Treasury officials believe that the use of reloaded ammunition does not result in an appreciable savings. They also believe that the quality of reloaded ammunition is inferior and presents a serious potential safety hazard which would offset any potential savings.

Treasury has never used commercially reloaded ammunition for practice and training and the potential safety problems cited are associated with all ammunition. The Federal, State, and local agencies using reloaded ammunition that we contacted are not experiencing problems different from or more frequently than those agencies using new ammunition.

In our judgment, Treasury's comments fail to take into account that there are reputable manufacturers producing quality reloaded ammunition at significant savings.

On the basis of Treasury's comments on our draft report, we have incorporated appropriate changes and modified our proposal.

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Copies of this report are being sent to the Chairmen, House Committee on Ways and Means, Senate Committee on Finance, House Committee on Government Operations, Senate Committee on Governmental Affairs, and the House and Senate Committees on Appropriations.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement of actions taken on our recommendations to the Senate Committee on Governmental Affairs and House Committee on Government Operations within 60 days of 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.

Please convey my thanks to the officials within the bureaus of the Department of the Treasury who have been most cooperative in providing information and technical assistance on this matter. We would be interested to know of the actions taken in response to our recommendations.

Sincerely yours,



William J. Anderson
Director