



National Security and  
International Affairs Division

B-272053

May 29, 1996

The Honorable Peter DeFazio  
The Honorable David Minge  
The Honorable Louise Slaughter  
House of Representatives

You asked us to provide information on how the Department of Defense (DOD) is prioritizing its Morale, Welfare, and Recreation (MWR) budget. Specifically, you asked us to focus on child care, youth center, and military golf course programs and address six questions.

- To what extent are appropriated funds used to support nonappropriated fund activities?
- What processes do the military services use to identify and prioritize MWR construction projects?
- Are there DOD or congressionally imposed constraints on how and/or how many appropriated or nonappropriated fund dollars military child care activities or golf courses can receive?
- Was there an influx of appropriated funds by the Secretary of Defense in the past few years toward child care and youth center programs that could have instead used nonappropriated funds? Do these programs compete with golf course projects for construction funds?
- Does the military have unmet MWR needs?
- Are there other DOD bases that have unfilled requests for golf course construction? Could the Andrews Air Force Base approved funds be transferred to those other bases?

On April 26, 1996, we briefed your staffs on the results of our work. At that time, your staffs asked us to provide some additional information on child care and youth center programs. Detailed answers to your questions and the additional information you requested appear in the enclosure. A brief summary follows.

## SUMMARY

DOD policy, as approved by the Congress, allows appropriated funds to be expended to support MWR activities. The extent of appropriated fund support is based on the type of activity or program being supported. For example, activities such as child development centers, libraries, and youth activities can receive more appropriated fund support than activities such as golf courses, officer and enlisted clubs, and bowling centers. These latter activities generate revenues which support not only themselves but other MWR activities.

DOD's processes for identifying and prioritizing MWR construction projects are based on long-standing policies that consist of in-house and external reviews of projects, reviews and approvals by various service and DOD organizations, and congressional notification and approval. Congressional guidance provides that child care centers be built using appropriated funds. Golf course projects and youth centers are built using nonappropriated funds and, therefore, compete for construction priority. The services do have unmet MWR needs. Funding limitations prevent all requested projects from being constructed. When the services select projects for construction, they attempt to strike a balance between revenue-generating and nonrevenue generating projects to ensure sufficient funds are available to support MWR programs.

In fiscal year 1996, DOD increased appropriated fund support for MWR activities by \$71.6 million. Of this amount, \$38.1 million was specifically designated to increase the provision of child care services. Currently, DOD's goal is to satisfy 65 percent of the need for child care by the end of fiscal year 1996 and 80 percent by 2005. The remaining 20 percent will be met by private sources, such as through family care programs.

## SCOPE AND METHODOLOGY

To accomplish our objectives, we analyzed legislation and DOD and service guidance on MWR construction programs and interviewed officials in the Office of Assistant Secretary of Defense (Force Management and Personnel) and the Air Force's Directorate of Services (Resource Management Division). As you requested, we focused our work on child care, youth center, and golf course construction projects.

We analyzed DOD policies for funding MWR construction projects with appropriated and nonappropriated funds and how the policies evolved. We also analyzed DOD

B-272053

and service guidance on the processes for identifying, prioritizing, and reviewing MWR construction requests. Because of your particular interest in the funding of a third golf course at Andrews Air Force Base, Maryland, we determined the processes used in the decisionmaking on this project. We also analyzed a 1993 consultant study and determined the cost to construct the third golf course.

For fiscal years 1993 through 1995, we analyzed DOD and service data to determine the funding of MWR activities. Specifically, we determined (1) the amounts of appropriated funds used to support MWR activities, including the amounts used to support the existing golf courses at Andrews Air Force Base; (2) the number of DOD golf course, child care, and youth center construction projects undertaken and their costs; and (3) the number of DOD installations with golf courses and their size. Finally, we determined the extent of DOD's needs for additional child care, youth center, and golf course projects. We conducted our review from March to May 1996 in accordance with generally accepted government auditing standards.

As agreed with your offices, we provided a draft of this letter to DOD for review. DOD's comments have been incorporated, where appropriate.

- - - -

We are sending copies of this letter to other interested congressional committees and the Secretary of Defense. We will also make copies available to others upon request.

If you have any questions about this letter, please call me on (202) 512-5140. Major contributors to this letter were Reginald L. Furr and Rodney E. Ragan.



Mark E. Gebicke  
Director, Military Operations  
and Capabilities Issues

SUMMARY OF GAO'S ANALYSIS OF  
SELECTED MORALE, WELFARE, AND RECREATION ACTIVITIES

**1. To What Extent Are Appropriated Funds Used to Support Nonappropriated Fund Activities?**

Department of Defense (DOD) policy, which has been approved by the Congress, allows for the expenditure of appropriated funds in support of Morale, Welfare, and Recreation (MWR) activities. The use of appropriated or nonappropriated funds is determined by the type of activity or program being supported. For fiscal years 1993 through 1995, DOD spent about \$245 million of appropriated funds in support of MWR activities that are revenue generating, such as golf courses, officer and enlisted clubs, and bowling centers. In contrast, DOD spent more than \$3 billion of appropriated funds in this same period in support of mission-related MWR activities, which generally do not generate sufficient revenues to be self-sustaining, such as physical fitness facilities, libraries, and child development and youth centers.

In an October 1986 conference report on continuing appropriations for fiscal year 1987 (House Rept. 99-1005), the conferees expressed concern about the increasing amount of appropriated funds being spent to support revenue-generating activities, such as golf courses, bowling centers, and officer and enlisted clubs. The report stated that it was unnecessary to provide appropriated fund support for such activities. It directed DOD to (1) reduce the appropriated fund support for revenue-generating MWR activities and (2) develop a clear, consistent policy to determine the appropriate use of appropriated and nonappropriated funds for MWR activities. In an August 10, 1987, letter from the Assistant Secretary of Defense (Force Management and Personnel) to the Chairmen of the House and Senate Committees on Armed Services and the Chairmen of the House and Senate Committees on Appropriations, DOD transmitted its policy for using appropriated funds for MWR activities.

DOD's policy is based on the criticality of the activity in support of military missions (i.e., activities that are determined to be essential to support DOD's military missions receive a higher degree of appropriated funds support than those that are less critical). The basic standard is to use appropriated funds to fund 100 percent of costs for which they are authorized. DOD divided its MWR activities into the following three categories.

- Category A: Mission sustaining programs. These programs have virtually no capacity to generate nonappropriated revenues and are considered most essential in meeting the services' military objectives. The DOD standard for category A activities is that a minimum of 85 percent of total expenditures should be funded with appropriated funds. Some examples are physical fitness facilities, libraries, and unit-level sports.

- Category B: Community support programs. These programs are closely related to supporting military missions but do generate some nonappropriated fund revenues. They satisfy the basic physiological and psychological needs of service members and their families, providing community support systems that make DOD installations temporary home towns for a mobile military population. Because these programs' ability to generate revenue is limited, they cannot be sustained without substantial appropriated fund support. The DOD standard for funding category B activities is a minimum of 65 percent of total expenditures will come from appropriated funds. Some examples are child development programs, youth activities, and outdoor recreation.
- Category C: Revenue-generating programs. Activities in this group, such as golf courses, clubs, and bowling centers, can generate enough income to cover most of their operating expenses, but they lack the ability to sustain themselves purely based on their business activity. Consequently, they receive limited appropriated fund support. The new policy permits the use of appropriated funds for certain expenses in category C activities. This includes maintenance and repair of real property facility structures and major building component systems, such as plumbing and roof repairs. In addition, revenue-generating programs at remote and isolated locations may receive the same type of support as category B programs.

Senate Report 100-235 (Dec. 4, 1987) on DOD's fiscal year 1988 appropriation bill stated that the Committee on Appropriations had reviewed DOD's new policy and agreed that it may present a more equitable means to reform MWR activities. The report also directed DOD to look for creative ways to generate nonappropriated funds. In the conference report on continuing appropriations for fiscal year 1988 (House Rept. 100-498, Dec. 22, 1987), the conferees agreed with the Senate's position and directed that DOD could spend its MWR funds in accordance with the revised policy. Based on this congressional guidance, DOD proceeded to implement the new policy.

In fiscal years 1994 and 1995, the Air Force spent about \$36,400 and \$98,900, respectively, of appropriated funds for authorized expenditures to support the golf program at Andrews Air Force Base. Table 1.1 shows the total amounts of appropriated funds DOD used to support category A, B, and C activities for fiscal years 1993 through 1995.

Table 1.1: Appropriated Fund Support of MWR Activities (Fiscal Years 1993 Through 1995)

Dollars in millions

Year	Category			Total <sup>b</sup>
	A	B	C <sup>a</sup>	
1993				
Army	\$147.3	\$159.0	\$33.9	\$340.2
Navy	101.0	86.6	24.3	211.9
Air Force	247.4	150.0	19.0	416.4
Marine Corps	29.2	7.0	7.2	43.4
Total	\$524.9	\$402.6	\$84.4	\$1,011.9
1994				
Army	\$125.1	\$185.3	\$34.6	\$345.0
Navy	162.7	130.0	27.0	319.7
Air Force	246.1	146.6	14.9	407.6
Marine Corps	26.1	7.2	6.9	40.2
Total	\$560.0	\$469.1	\$83.4	\$1,112.5
1995				
Army	\$134.0	\$226.7	\$27.5	\$388.2
Navy	176.2	131.0	27.5	334.7
Air Force	268.0	139.8	15.6	423.4
Marine Corps	29.8	6.2	6.6	42.6
Total	\$608.0	\$503.7	\$77.2	\$1,188.9
Grand total	\$1,692.9	\$1,375.4	\$245.0	\$3,313.3

<sup>a</sup>Category C total also includes appropriated funds spent for remote and isolated sites.<sup>b</sup>Totals have been rounded.

## **2. What Processes Do The Military Services Use to Identify and Prioritize MWR Construction Projects?**

The processes used to identify and prioritize MWR construction projects consist of studies of a project's needs by in-house or contractor personnel, reviews and approvals by various service and Office of the Secretary of Defense (OSD) organizations, and congressional notification and approval for major construction projects (over \$500,000). For nonappropriated fund construction projects, DOD guidance specifies that projects costing up to \$200,000 can be approved by the services. Those costing from \$200,000 to \$500,000 must be approved by OSD. Congressional approval is required for construction projects costing over \$500,000. The processes to be followed are discussed in DOD Directive 1015.1 (Aug. 1981), DOD Instruction 7700.18 (May 1983), DOD Directive 1015.2 (June 1995), and DOD Instruction 1015.10 (Nov. 1995), and various service guidance.

The processes for identifying and prioritizing nonappropriated fund construction projects begin with an installation commander's request for a project to the next higher major command. For projects costing more than \$200,000, DOD requires each service to submit standardized evaluation data that must include an initial evaluation and certification by an installation commander of the projects' need and viability. The data describe, among other things, (1) project scope and estimated cost; (2) rate of return on investment and years of payback; (3) market analysis data; (4) needs assessment results, including a numerical project score; and (5) alternatives to construction.

For Air Force nonappropriated fund construction projects, such as the Andrews Air Force Base golf course, the process begins with the base commanders submitting their projects to the major command. The major command reviews and prioritizes them and forwards valid projects to the Nonappropriated Fund Facilities Panel<sup>1</sup> for review. If the Panel approves a project, it may recommend that additional studies be done. These studies can be done either by the service or by a private contractor, under the following criteria.

-- Projects costing more than \$50,000 will receive internal studies by the installation.

-- Projects costing up to \$500,000 will receive further study normally conducted by in-house Air Force headquarters staff.

---

<sup>1</sup>The Panel is comprised of eight members--five representatives from the Air Force Services Agency, San Antonio, Texas, and three representatives from the Air Staff.

-- Projects exceeding \$500,000 will normally undergo a needs assessment study by an independent contractor.

After the appropriate study is done, the Panel meets again to recommend which projects should be funded and to reassess projects whose scopes have varied significantly from what was originally planned. After this meeting, it forwards valid projects to the Air Force's MWR Advisory Board, which further reviews projects and assists in making decisions on them.<sup>2</sup>

The other services generally follow processes similar to the Air Force's, although the names of the Panels or Boards may differ.

The number of nonappropriated fund construction projects that can be undertaken in a fiscal year is limited by the amount of available nonappropriated funds. As a result of the review process, many projects are eliminated due to the lack of sufficient funds to construct all of them. For example, for fiscal year 1996, major Air Force commands submitted 142 nonappropriated fund construction projects with a cost of \$271 million to the Panel for review and consideration of needs assessment studies. The Panel recommended 68 studies on projects costing \$113 million and determined the remainder to be of lower merit. As a result of the subsequent needs assessment studies, the Panel forwarded 61 projects with a cost of \$92.4 million to the Air Force MWR Advisory Board. The Board approved 43 projects with a cost of about \$74 million. Thus, the Air Force's review process eliminated 99 projects (70 percent of the 142 submitted) valued at \$197 million (73 percent of the \$271 million cost).

Many of the review processes for nonappropriated fund construction projects follow recommendations in our 1980 report on the MWR program.<sup>3</sup> We recommended that DOD should (1) revise its guidance on construction criteria regarding prioritizing facility needs (various DOD and service guidance); (2) identify the population for whom the facilities are intended (needs assessment); (3) strengthen service headquarters management involvement in planning MWR projects (Nonappropriated Fund Facilities Panel and MWR Advisory Board reviews); (4) require major commands to validate project requests (major command reviews of project submissions); and (5) require installation commanders to document the justification and need for proposed projects (initial justification).

---

<sup>2</sup>The Air Force MWR Advisory Board consists of 14 members (plus 2 advisors), including the Vice Commanders of all major air commands. The Air Force Vice Chief of Staff chairs the Board.

<sup>3</sup>Proposals for Enhancing DOD's Morale, Welfare, and Recreation Construction Program (FPCD-80-67, Aug. 27, 1980).



**Identification and Prioritization  
of Additional Golf Course at  
Andrews Air Force Base**

The Air Force has been considering the addition of a third golf course at Andrews Air Force Base for several years. In April 1993, the Air Mobility Command submitted the project to Air Force headquarters to consider in its fiscal year 1995 nonappropriated fund construction program. At that time, the cost to design and construct the golf course was estimated at about \$5.6 million in total. The Command certified the project as viable with a needs score of 2.88 on a 4.0 scale. The Air Force considers projects with scores of 2.5 or higher to be strong projects that represent valid needs.

In July 1993, the Air Force's Nonappropriated Fund Facilities Panel recommended that a needs assessment study be made. PKF Consulting was hired to do the study, which it completed in September 1993. PKF noted the following conclusions:

- The two existing golf courses generated net incomes (after depreciation) of about \$506,000, \$383,000 and \$248,000 in fiscal years 1993, 1994, and 1995, respectively. A major factor in the decline was the increased depreciation expense for improvements made to the courses and furniture and fixture purchases.
- The courses could not accommodate demand, thus, limiting food, beverage, driving range, and pro shop revenues.
- The demographics of the base and its surrounding areas supported the need for a new golf course.

The study validated the need for a new 18-hole golf course; realigning two holes on one existing course; and constructing 23,000 square feet of maintenance and storage facilities and a snack facility. PKF estimated the project would cost a total of \$6,137,375 (\$5,620,603 in construction costs plus \$516,772 in design and equipment costs). The study noted that the proposed course would have a rate of return on investment of 13.49 percent and generate revenues (\$797,200 in fiscal year 1998 dollars and a net income of \$411,000 in fiscal year 1998) to liquidate its construction cost within 9 years. The Air Force's criteria for a rate of return at the time the golf course was being considered were 3 percent and no more than a 25-year payback period. For fiscal year 1995, the rate of return was increased to 5 percent and no more than a 20-year payback period.

In October 1993, OSD sent DOD's fiscal year 1994 nonappropriated fund major construction program list to the House of Representatives' MWR Panel for review. The list did not include the proposed golf course because the Air Force (1) was processing the

project for a fiscal year 1995 submission and (2) had not completed all of the internal review processes to determine its viability at the time the list was submitted. In November 1993, the House MWR Panel notified DOD of its action on the fiscal year 1994 nonappropriated fund construction program, including the addition of the Andrews Air Force Base golf course to the list of approved projects for fiscal year 1994.

In December 1993, OSD notified the Air Force that it was withholding release of the project pending review of project documentation. In January 1994, the Air Force's Nonappropriated Fund Facilities Panel reviewed the needs assessment study for the project and recommended that the project be funded. In March 1994, the Air Force's MWR Advisory Board and the Chief of Staff of the Air Force approved the project at a total cost of \$6.1 million as part of the fiscal year 1995 nonappropriated fund construction program. In April 1994, the Senate Committee on Armed Services notified OSD that its list of approved projects for fiscal year 1994 also included the proposed golf course.

In June 1994, OSD released the project, which permitted the Air Force to award a construction contract. The low bid was \$6.2 million, which did not include project design costs of \$766,000 or the maintenance and storage facilities recommended in the needs assessment study. Thus, the project will cost a total of about \$7 million. At this point, the total cost of the project had increased more than \$900,000 over the \$6.1 million approved by the Air Force in March 1994.

In November 1995, the Air Force's Nonappropriated Fund Facilities Panel re-reviewed the project because of the cost increase. The Panel concluded the project was still viable, although the rate of return had decreased from 13.49 percent to 11.85 percent and the payback period had increased from 9 to 10 years. (These rates were within the Air Force's guidelines.) To cover the approximately \$900,000 cost increase, the Panel recommended canceling another nonappropriated fund project--the Grand Forks Skill Development Center (\$228,650), transferring Andrews and Air Mobility Command MWR funds (\$638,000), and using Air Force contingency funds (\$66,000). The project is being funded with nonappropriated funds; no appropriated funds are being used.

From March to May 1995, the Air Force continued to proceed with the project's design. It awarded the contract for the golf course to Ryan Incorporated Central in December 1995. Construction has begun, and the project is scheduled for completion in August 1997.

**3. Are There DOD or Congressionally Imposed Constraints on How and/or How Many Appropriated or Nonappropriated Dollars Military Child Care Activities or Golf Courses Can Receive?**

Generally, the basis for funding MWR activities with either appropriated or nonappropriated funds or a combination thereof is governed by DOD's congressionally approved 1987 policy (see question 1). DOD's policy for funding MWR projects, such as golf courses and child development centers, is based on the nature of the activity, rather than on the number of activities that can be supported. However, based on congressional guidance (House Rept. 97-193 and Senate Rept. 97-271) on DOD's 1982 Military Construction Appropriations Bill, DOD funds child development centers with appropriated funds.

With regard to golf course projects, legislation (10 U.S.C. 2246) prohibits DOD from using appropriated funds to equip, operate, or maintain golf courses at DOD installations, except for facilities located in remote or isolated areas or outside the United States. As discussed in question 1, DOD's MWR policy does allow for some use of appropriated funds to maintain category C facilities.

Tables 1.2 and 1.3 show the number of DOD golf course and child care development projects undertaken by DOD for fiscal years 1993 through 1995.

Table 1.2: DOD Major Golf Course Construction and Renovation Projects (Fiscal Years 1993 Through 1995)<sup>a</sup>

Dollars in millions

	Number of projects/cost 1993	Number of projects/cost 1994	Number of projects/cost 1995
Army	5	0	3
Navy	0	3	0
Marine Corps	0	0	0
Air Force	4	11	5
Total	9/\$18.7	14/\$33.6	8/\$12.9

<sup>a</sup>Includes construction, repair, and renovation projects that exceeded \$500,000.

Table 1.3: DOD Child Care Development Projects (Fiscal Years 1993 Through 1995)<sup>a</sup>

Dollars in millions

	Number of projects/cost 1993 <sup>b</sup>	Number of projects/ cost 1994	Number of projects/cost 1995
Army	2	2	0
Navy	2	9	4
Marine Corps	0	2	2
Air Force	5	12	4
Total	9/\$22.3	25/\$75.5	10/\$30.5

<sup>a</sup>Includes construction projects that exceeded \$500,000.

<sup>b</sup>DOD stated that the appearance of a low number of projects in fiscal year 1993 was due to many projects originally scheduled for construction in that year being moved forward to fiscal year 1992.

**Significant Project Changes  
Require Congressional Notification**

DOD and Air Force guidance specify that any increase in a nonappropriated fund construction project's cost exceeding 25 percent or changes in scope (plus or minus 10 percent) require re-review and renotification to the House Committee on National Security and the Senate Committee on Armed Services. The Andrews Air Force Base golf course was originally estimated to cost \$6.1 million. As originally justified by the Andrews Air Force Base installation commander and in the needs assessment study, the project was supposed to include (1) construction of a new 18-hole golf course, (2) realigning two holes on one existing course, (3) a snack facility, and (4) 23,000 square feet of maintenance and storage facilities. The project cost, as awarded, will total about \$7 million without the storage facilities. The project cost breakdown is construction (\$5.6 million); supervision, inspection, and overhead (\$421,412); contingency (\$169,357); and design (\$765,856). The Air Force calculated the cost increase at 16.1 percent. The Nonappropriated Fund Facilities Panel re-reviewed the project because of the cost increase and decreased scope and recommended Andrews to proceed with construction. It concluded that the percentage of cost increase fell within the acceptable parameters and did not require congressional renotification. The Air Force stated that, in its opinion, the basic scope of the project, which it said called for the construction of an 18-hole golf course, did not change. Thus, it did not believe that the elimination of some of the storage facilities required renotification.

DOD also does not include project design costs, which are paid with nonappropriated funds, in determining the threshold for congressional reporting for nonappropriated fund construction projects. DOD's rationale for this is that it follows the same cost reporting policy that is required for projects funded by military construction appropriations. DOD policy also allows for the expenditure of funds to complete up to 100 percent of a project's design before a project is submitted for review and approval.

**4. Was There an Influx of Appropriated Funds By the Secretary of Defense in the Past Few Years Toward Child Care and Youth Center Programs that Could Have Instead Used Nonappropriated Dollars? Do These Activities Compete with Golf Course Projects for Construction Funds?**

For fiscal year 1996, DOD's budget for MWR activities amounted to about \$1.25 billion. This amount reflected a funding increase by the administration of \$71.6 million to improve the quality of life of military personnel. Of this amount, \$33.5 million went to the Army and the Marine Corps to improve certain service programs, especially category A activities, such as fitness centers and libraries. The remainder (\$38.1 million) was specifically designated to increase the number of spaces provided by child care activities.

Child care centers do not compete with golf courses for funding. However, youth centers within the continental United States do compete with golf courses for construction funds because both are funded from the same source (nonappropriated funds). Appropriated funds are used to construct overseas youth centers.

DOD has significantly increased the amount of its appropriated funds used for child care activities. In fiscal year 1989, DOD's appropriated fund budget for child care was \$89.2 million. By fiscal year 1996, the budget for child care had increased to \$269.1 million. From fiscal years 1993 to 1995, the services constructed 44 new child care centers at a cost of about \$128 million. From fiscal years 1981 to 1995, DOD significantly increased the number of child care spaces from 53,000 to 162,217. According to DOD, there is an overall need for 299,000 spaces.

Child care centers do not compete with golf courses for construction funds because child care centers are constructed and operated using appropriated funds and golf courses are built with nonappropriated funds. DOD's funding for construction and operation of child care centers with appropriated funds is established by DOD policy based on congressional guidance. Its funding for those centers' operations is legislatively provided. The Military Child Care Act of 1989 (P.L. 101-189, Nov. 1989) provided that the amount of appropriated funds available for operating expenses for child care activities during fiscal year 1990 shall not be less than the amount of child care receipts, which are generated by the fees parents pay. The act also required DOD to establish a child care center fee policy. The 1996 National Defense Authorization Act reaffirmed these operating expense and center fee policies.

Child care centers do generate large amounts of nonappropriated funds due to the parent fees that DOD charges for these services. As noted above, parent fees are required to be matched by appropriated funds. Any additional funds needed to support child care activities beyond revenues generated by fees and appropriated funds are to be provided by nonappropriated funds. This is termed the nonappropriated fund subsidy. In fiscal year 1994, child care fees generated about \$141 million in revenue. DOD has been reducing the nonappropriated funds subsidy for child care. From fiscal years 1993 to 1995, the subsidy decreased from \$26.4 million to \$5.2 million. These revenues (fees and subsidy) are used to pay for caregiver wages, equipment and supplies, food services, and accreditation of child centers.

Youth center programs provide educational, social, cultural, recreational, and physical activities, as well as before and after school care for school age children. DOD has not designated any of the fiscal year 1996 \$71.6 million increase to MWR programs for these activities. From fiscal years 1993 through 1995, DOD spent about \$66.9 million of nonappropriated funds to construct 31 youth centers. As of April 1996, there were 463

youth center programs at 315 DOD locations. Based on DOD's congressionally approved MWR policy adopted in 1987, youth center construction and operation within the continental United States are to be funded with nonappropriated funds. Thus, youth centers do compete with golf facilities for nonappropriated funds construction funds. DOD stated that its regulations governing funding of MWR construction projects with appropriated and nonappropriated funds are based on long-standing policy approved by the Congress in 1987. DOD said that when deciding on which projects to construct, it must strike a balance between projects, such as golf courses, that will generate sufficient revenue to be self-supporting with those, such as youth centers, that will not totally support themselves. That is, DOD believes it must construct sufficient revenue-generating projects so that nonappropriated funds are available to support activities that generate insufficient revenue to be self-sustaining. While the funding of child care construction projects with appropriated funds has been congressionally directed, the funding of youth center programs with nonappropriated funds is based on DOD's congressionally approved MWR policy.

#### **5. Does The Military Have Unmet MWR Needs?**

In terms of child care, youth centers, and golf course projects, DOD does have unmet MWR construction needs. According to the services, there are never enough funds available in the MWR construction budget to meet all of their needs. For this reason, they have instituted the review process to ensure that the highest priority needs are funded first. When the services are prioritizing their projects and selecting ones for approval, they attempt to strike a balance between revenue-generating projects and projects that do not generate sufficient revenues to support themselves.

The DOD fiscal year 1996 budget for child care activities was about \$269 million. As discussed previously, DOD has used its child care budget to significantly increase the provision of child care services. While all major DOD installations provide some form of child care, DOD cannot meet all of the demand. DOD's current goal is to satisfy 65 percent of the demand for child care services by the end of fiscal year 1996. Except for the Navy, all other military services are expected to meet this goal. At the end of fiscal year 1995, the Navy had met 48 percent of its child care needs. By fiscal year 2005, DOD hopes to increase the level of services so that it can meet 80 percent of the demand.

Andrews Air Force Base currently has unmet child care needs, even though it has a large program. The base currently has two child development centers providing care to nearly 500 children. One of the centers just opened in fiscal year 1995. Andrews also operates a youth center that provides a before and after school program for 95 children a day. As of March 31, 1996, there were 345 children age 0-5 on the waiting list for child

care. Parents had found some type of care for 173 of these children. The Air Force said that for the remainder, the parents are probably out of the job market until they find suitable care. The Air Force is considering another child development center project at the base. The new center is estimated to cost \$5 million to construct, but it fell below the funding line in the fiscal year 1998 Air Force Military Construction program.

Andrews Air Force Base also offers child care services through 116 certified family care homes that have 580 spaces available. As of May 1996, 272 children were being provided care through this program.

DOD stated that while it offers youth programs at all DOD installations except remote or extremely small sites, it has unmet needs for additional centers. For fiscal years 1993 through 1995, the Air Force and the Navy had a total of 13 youth center projects totaling \$22.5 million that were identified as valid needs but had not been funded.

With regard to golf course projects, DOD stated that it also has unmet needs. For fiscal years 1993 through 1995, the Air Force and the Navy had 13 golf course construction projects that were unfunded. These projects were estimated to cost \$19 million and ranged from irrigation and repairs to existing courses to construction of new courses.

**6. Are There Other DOD Bases That Have Unfilled Requests For Golf Course Construction? Could Andrews Air Force Base Approved Funds Be Transferred To Those Other Bases?**

As of April 1996, 195 DOD installations had golf courses of varying sizes (see table 1.4). However, as discussed in question 5, the Air Force and the Navy have unfunded golf course construction requests. Funds for the Andrews Air Force Base golf course could have been used to satisfy a lower-priority Air Force nonappropriated fund project, subject to the approval of the MWR Advisory Board, the Air Force Chief of Staff, OSD, and the Congress. Based on Air Force priorities, if the decision had been made to transfer funds from the Andrews golf course project to another project, the next highest priority may not be a golf course project but some other nonappropriated fund project.



Table 1.4: DOD Installations With Golf Courses

	9-18 holes	27-36 holes	45 holes	Total
Army	47	13	3	63
Navy	43	2	2	47
Air Force	63	9	1	73
Marine Corps	11	1	0	12
Total	164	25	6	195

(703143)



---

  

---

### Ordering Information

**The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**Orders by mail:**

**U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015**

**or visit:**

**Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC**

**Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.**

**Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.**

**For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:**

**[info@www.gao.gov](mailto:info@www.gao.gov)**

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Rate  
Postage & Fees Paid  
GAO  
Permit No. G100**

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

---