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United States General Accounting Office  
Washington, DC 20548

Logistics and  
Communications  
Division

B-168700

June 25, 1979

The Honorable Ken Kramer  
House of Representatives

Dear Mr. Kramer:

In response to your April 12, 1979, request, we reviewed the planned realignment of the Aerospace Defense Command. This supplements the information which we provided orally to your staff on May 18, 1979. As requested in your letter, we limited our review to analyzing the adequacy and accuracy of the cost savings associated with the planned realignment.

We made our review at the Aerospace Defense Command, Colorado Springs, Colorado; the Strategic Air Command, Offutt Air Force Base, Nebraska; the Tactical Air Command, Langley Air Force Base, Virginia; Tyndall Air Force Base, Florida; the Air Force Communications Service, Scott Air Force Base, Illinois; and the Department of the Air Force, Washington, D.C. We discussed with Air Force officials the estimated costs and savings resulting from the proposed realignment and examined records and documents supporting the Air Force's estimates.

As cited in your request letter, the projected savings for the proposed realignment have decreased. In January 1978 the Air Force projected a net staff reduction of 1,084, a recurring net annual savings of \$17.5 million, and a one-time cost of \$2.8 million to implement the realignment. Savings were attributed primarily to the projected reduction in staff at the Aerospace Defense Command, less the projected augmentation at other Air Force activities which would assume the transferred mission roles. In March 1979, however, the Air Force revised its estimates to reflect changes which had occurred since its earlier forecasts. The Air Force now projects a net staff reduction of approximately 791, a recurring net annual savings of \$12.7 million, and a one-time cost of \$4.9 million. Differences in current staff reductions from the original estimate are due to a variety of adjustments, including congressionally directed reductions in the Colorado Springs area.



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Based on our analysis of documents and discussions with officials at each command involved in the realignment, we found no evidence to dispute the accuracy or adequacy of the current staff projections. An April 5, 1979, letter from the Air Force Headquarters to each command involved stated that certain staff adjustments would be considered provided the net savings of 791 spaces were achieved. However, our analysis did show that the Air Force's one-time cost estimate of \$4.9 million is understated by at least \$1.9 million, and possibly by as much as \$9.3 million, if certain construction projects relating to the realignment are approved and funded.

### BACKGROUND

On March 29, 1979, the Secretary of the Air Force announced his intent to deactivate the Aerospace Defense Command as a major command and transfer most of its responsibilities to other existing Air Force commands. The Aerospace Defense Command is a major component of the North American Air Defense Command and the single manager responsible for organizing, training, and equipping U.S. Forces for aerospace surveillance, early warning, and defense against aerospace attack on the continental United States and Alaska. It is also a specified command <sup>1/</sup> and as such reports to the Joint Chiefs of Staff on operational matters. Both commands have the same commander. The realignment action, which was proposed to be phased over a 12- to 18-month period beginning in the summer of 1979, is part of an overall Air Force effort to reduce support and overhead costs and shift resources to combat activities. Air Force officials were adamant in their contention that it is not a reduction in our air defense capability. Although the Air Force determined that an environmental impact statement need not be prepared for filing with the Environmental Protection Agency before announcing its intent to realign, the Air Force completed an environmental impact assessment which showed no significant barriers to implementation.

The realignment proposal has been under consideration for some time. As early as 1977, the House Committee on

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<sup>1/</sup>A command which has a broad continuing mission and which is established and so designated by the President through the Secretary of Defense with the advice and assistance of the Joint Chiefs of Staff.

Appropriations noted apparent similarities in missions between the Aerospace Defense Command and the Strategic Air Command as well as the Aerospace Defense Command and the Tactical Air Command--all of which are Air Force major commands. Before the House Committee could review this situation in detail, the Air Force announced it was in the process of reviewing the matter to ascertain if certain Aerospace Defense Command responsibilities could be transferred to either the Strategic Air Command or the Tactical Air Command.

The results of the Air Force review, published in January 1978, supported the idea that certain mission responsibilities could be transferred from the Aerospace Defense Command. Air Force officials expect the realignment to

- transfer Aerospace Defense Command air defense assets, which include dedicated active interceptor squadrons and associated ground radars, to the Tactical Air Command;
- transfer Aerospace Defense Command missile warning and space surveillance field resources to the Strategic Air Command;
- transfer Aerospace Defense Command communications resource management to the Air Force Communications Service;
- eliminate the Aerospace Defense Command as an Air Force major command;
- establish an organization to support the Aerospace Defense Command's present international and specified command responsibilities;
- relocate remaining Air Force activities from the Chidlaw Building, a facility leased by the General Services Administration for Aerospace Defense Command headquarters personnel, to other Colorado Springs facilities; and
- eliminate 791 staffing spaces and save \$12.7 million annually.

SAVINGS AND COSTS ASSOCIATED  
WITH THE REALINEMENT

As of March 13, 1979, the Air Force estimated that the realignment would result in annual recurring savings of about \$12.7 million and one-time costs of \$4.9 million. Because of the shortness of our reporting time frame, we were unable to examine each cost or saving element in detail; we therefore limited our analysis to the more significant projections in the economic analysis. Our estimate for the annual recurring savings is \$12.8 million, which compares favorably with the Air Force's estimate. We estimate, however, that the one-time cost may be understated by at least \$1.9 million and possibly as much as \$9.3 million. The following sections compare the Air Force's estimates and our estimates for annual recurring savings and one-time costs.

ESTIMATED ANNUAL RECURRING SAVINGS

	<u>Air Force</u>	<u>GAO</u>	<u>Difference</u>
	------(millions)-----		
Savings:			
Reduction in military and civilian personnel costs	\$10.7	\$11.3	\$0.6
Reduced operation at Chidlaw Building	1.5	1.5	0.0
Reduction in miscellaneous operating and support costs	<u>0.7</u>	<u>0.7</u>	<u>0.0</u>
Total	12.9	13.5	0.6
Less recurring cost	<u>0.2</u>	<u>0.7</u>	<u>0.5</u>
Estimated savings	<u>\$12.7</u>	<u>\$12.8</u>	<u>\$0.1</u>
<u>Personnel costs</u>			

The bulk of the savings can be attributed to the expected reduction in military and civilian personnel costs associated with the elimination of 791 staffing spaces. Specifically, the Air Force is proposing the following actions to achieve the desired staff reduction.

## Reductions:

In the Colorado Springs area	1,355	
Various field activities	<u>26</u>	1,381

## Augmentations:

Tactical Air Command	376	
Strategic Air Command	195	
Air Force Communications Service	<u>19</u>	<u>-590</u>

Net staff reduction

791

The Air Force's \$10.7 million estimate in staff reduction was based on fiscal year 1979 standard compensation factors. The factors used represent an average for military officers and enlisted personnel throughout the United States whereas the civilian factor represents an average for Aerospace Defense Command civilian personnel. The primary reasons for the difference in estimates are that we used updated factors which were not available at the time of the Air Force analysis, and we included certain Government-funded benefits for civilians which the Air Force neglected to consider. Air Force officials stated that the expected savings may vary slightly because the actual mix of civilian and military personnel reductions within the 791 spaces has not been finalized.

Chidlaw Building

The Air Force has proposed vacating the Chidlaw Building, currently leased by the General Services Administration for Air Force use. General Services Administration officials said the cost to the Air Force in fiscal year 1978 was \$1.2 million for the facility, including rent, utility, and custodial service charges; the Air Force estimated the savings to be \$1.5 million annually. We agree with the reasonableness of the Air Force estimate and have therefore made no adjustment.

Miscellaneous costs

We did not review the Air Force's estimates for reduced miscellaneous operating and support cost savings for administrative supplies and consumables required to support day-

to-day operations for each employee. In calculating the reduced cost, the Air Force applied a standard annual cost factor to the number of reduced spaces anticipated.

The Air Force realignment proposal included only \$0.2 million for increased recurring annual costs, all attributable to communications. However, we identified from command facility surveys \$0.7 million total annual recurring costs. This included not only communications but also building operation and maintenance and data processing equipment costs attributable to the realignment.

#### ESTIMATED ONE-TIME COSTS

Our analysis showed that the Air Force's one-time cost estimate of \$4.9 million is understated by at least \$1.9 million, and possibly by as much as \$9.3 million. Our estimate included a range because certain facility construction and modification options were being considered by the various activities involved in the realignment. While the Air Force projected \$0.5 million for minor construction, we estimated that \$2.4 million to \$9.8 million could be spent on facility construction and modification.

#### Air Force estimate

(millions)

Relocation costs of military personnel	\$1.5
Civilian personnel cost	2.1
Homeowners Assistance Program	0.8
Minor construction	<u>0.5</u>
<b>Total</b>	<b><u>\$4.9</u></b>

We did not review in detail the military personnel relocation, civilian personnel, and Homeowners Assistance Program costs associated with the realignment; therefore, we did not make adjustments to the Air Force's estimates. Air Force documentation showed that it used fiscal year 1979 standard permanent change-of-station cost factors for the projected moves for military enlisted and officers, less a portion of the cost which would have occurred as normal rotations. Regarding the civilian personnel actions, the Air Force relied on experience from previous base closure and realignment actions and historical average costs to calculate the costs for retirements, attrition, priority placements in

other Government jobs, reduction-in-force, and transfers. Under the Homeowner's Assistance Program, Federal employees may receive assistance to lessen the impact of a loss in real estate value due to a base closure or realignment. The Air Force projected that only 10 percent of the personnel affected by the move would be eligible for this assistance. Of the affected population, the Air Force made its cost projections based on homeowners' probable decisions regarding the sale of their homes. We did not attempt to evaluate the estimates and, therefore, made no adjustments.

Our greatest difference in estimates with those of the Air Force was the one-time projected costs for construction or modification of facilities. The Air Force estimated \$0.5 million in its January 1978 study for minor facility modifications. Through March 1979, that figure had not been revised and no specific modifications, such as interior redesign and utility changes, had been identified for Aerospace Defense Command, Strategic Air Command, Tactical Air Command, and Air Force Communications Service facilities.

We estimate that construction and modification costs necessary to implement the realignment will range between \$2.4 and \$9.8 million. On March 26, 1979, the Air Force requested that facility site surveys be conducted at Offutt (Strategic Air Command), Langley (Tactical Air Command), and Peterson Air Force Bases to identify and price facility enhancements which might be needed. The results of the survey projected one-time costs of \$0.4 and \$2 million at the Strategic Air Command and the Tactical Air Command Headquarters, respectively. These costs, which constitute the low range of our estimate, include minor construction, communication facilities, office furniture, and some data processing equipment which officials at each command cite as necessary to support the added personnel and mission requirements.

Our estimate ranged to as much as \$9.8 million because the Air Force was considering constructing and modifying buildings at Peterson Air Force Base if remaining Aerospace Defense Command personnel are moved there. The January 1978 study proposed transferring remaining Aerospace Defense Command personnel to the Cheyenne Mountain Combat Operations Center and Peterson Air Force Base. Recent Air Force surveys, however, showed that the existing facilities at Peterson Air Force Base would not adequately house the remaining personnel. As a result, six options

were being considered to accommodate these personnel. 1/ The options ranged from distributing the personnel among four existing buildings and constructing an addition to a building at a cost of \$4.4 million to the construction of a new headquarters building on new land at a cost of \$7.4 million. All options included \$0.3 million to relocate a printing plant from the Chidlaw Building to Peterson Air Force Base. The \$7.4 million for a new headquarters building and relocation of the printing plant, along with the \$2.4 million in improvements necessary at the Strategic Air Command and the Tactical Air Command, represent our highest one-time cost estimate of \$9.0 million as contrasted with the Air Force's estimate of \$0.5 million for minor construction.

Another alternative, which had been presented by Aerospace Defense Command personnel, was to continue to lease a portion of the Chidlaw Building, instead of moving personnel to Peterson Air Force Base and constructing or modifying facilities. This would reduce the projected annual savings of vacating the Chidlaw Building and eliminate both the increased annual recurring and one-time construction costs at Peterson Air Force Base. This would result in our low estimate of \$2.4 million for minor construction at Offutt and Langley Air Force Bases.

Because of the urgency of your request, we did not take the additional time needed to obtain written Air Force comments on the matters discussed in this report.

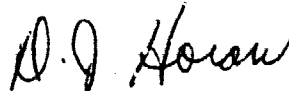
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1/While we were preparing this report, an Air Force official informed us that the Air Force Headquarters survey showed the existing facilities at Peterson Air Force Base could accommodate the remaining personnel. Therefore, he said none of the six options would be exercised. Because of insufficient time, we were unable to verify this information.



As arranged with your office, we are sending copies of this report to the Chairman, Subcommittee on Military Installations and Facilities, House Committee on Armed Services; the Secretary of the Air Force; and the Secretary of Defense. Copies will also be available to other interested parties who request them.

Sincerely yours,



R. W. Gutmann  
Director