



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

120141

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-207912

DECEMBER 20, 1982

The Honorable Verne Orr
The Secretary of the Air Force



120141

Dear Mr. Secretary:

Subject: Improved Dormitory Use at USAFE Bases
Will Reduce Off-Base Housing Costs
(GAO/PLRD-83-22)

We have assessed the United States Air Forces in Europe (USAFE) dormitory use in the Federal Republic of Germany and ways to reduce off-base housing costs. We did our work at USAFE Headquarters in Ramstein and at Bitburg, Hahn, and Spangdahlem Air Force Bases.

We found that:

- Contrary to existing Department of Defense (DOD) instructions and Air Force regulations, base commanders at Bitburg and Hahn were trying to house no more than two junior (pay grades E-1 through E-4) enlisted personnel in dormitory rooms that, according to DOD and Air Force criteria, should house three. The base commander at Bitburg has revised this practice so that newly assigned junior enlisted personnel should be placed in available dormitory space.
- An estimated 800 permanently assigned unaccompanied junior enlisted personnel at Bitburg, Hahn, and Spangdahlem were living off base and receiving monthly cash allowances when on-base dormitory space was available under the above criteria.
- An estimated \$1.3 million should be saved annually at the three bases if their dormitory space were rated and used in accordance with these criteria. Additional furniture needed to house three persons in rooms now housing two at Hahn and Spangdahlem is already on order.

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SCOPE

We interviewed USAFE officials and reviewed documents, including DOD instructions, Air Force regulations, real property inventory records, unaccompanied housing utilization reports, and procurement status reports. We did not try to assess the adequacy of DOD or Air Force housing standards but accepted DOD and Air Force criteria, which we understand consider such factors as morale and quality of life. The \$1.3 million annual savings was estimated by using the full basic allowance for quarters paid personnel, without dependents, in pay grade E-3 less the partial allowance paid E-3 personnel living in dormitories. We used E-3 to provide a conservative estimate. We did our work in accordance with generally accepted government audit standards.

This report contains a similar recommendation as in a prior GAO report 1/ to the Congress. In that report, we recommended ways to provide better living conditions and to reduce the cost of providing adequate housing on military installations in the United States.

AUTHORIZATION OF OFF-BASE HOUSING ALLOWANCES IS NOT CONSISTENT WITH DOD INSTRUCTIONS OR AIR FORCE REGULATIONS

The commanders of Bitburg and Hahn Air Bases are deviating from regulations by trying to house no more than two E-1 through E-4 personnel in rooms that could adequately accommodate three such personnel according to Air Force and DOD criteria. As a result, junior enlisted personnel are receiving off-base housing allowances even though adequate quarters could be provided on base.

DOD instructions and Air Force regulations require commanders to maintain maximum occupancy of adequate accompanied personnel housing. Air Force minimum adequacy standards require 90 square feet 2/ per airman in grades E-1 through E-4 with no more than three persons per room. Thus, rooms with 270 square feet can house three E-1 through E-4 personnel. Commanders can authorize

1/"DOD's Unaccompanied Enlisted Personnel Housing Program-- Better Living Conditions and Reduced Costs Possible" (PLRD-82-59, Apr. 30, 1982).

2/The DOD minimum adequacy standard for existing facilities for grades E-1 through E-4 is 85 square feet per person, with no more than four persons per room.

personnel an allowance to live off base when the basewide dormitory occupancy rate exceeds 95 percent of the rated capacity. A dormitory's rated capacity is based on maximum occupancy at minimum standards for the lowest graded enlisted personnel.

Bitburg Air Base

The base commander here authorized personnel an allowance to live off base when the basewide dormitory occupancy rate was less than 95 percent of the rated capacity. This was done to reduce the number of three-persons-per-room assignments. According to Bitburg officials, the morale problem associated with assigning three E-1 through E-4 enlisted personnel in 270-square-foot rooms was aggravated by the proximity of Hahn and Spangdahlem Air Bases, which house two E-1 through E-4 personnel in a room of this size.

In January 1982, a USAFE management review team informed Bitburg officials that authorizing two junior enlisted personnel per 270-square-foot room violated DOD instructions and Air Force housing regulations. Based on the team's report, the base commander stopped authorizing new off-base allowances for unaccompanied E-1 through E-4 enlisted personnel until a legal interpretation of Air Force regulations could be clarified. While visiting Bitburg, we found that, though arrivals of such personnel were not authorized to live off base, about 100 junior enlisted personnel were receiving off-base housing allowances even though adequate dormitory space was available on base if three, instead of two, personnel were assigned to 270-square-foot dormitory rooms. As lease commitments expire for these off-base personnel, they should be moved to available on-base dormitory space.

Hahn Air Base

Officials here assign only two E-1 through E-4 personnel per dormitory room, although most rooms meet the minimum adequacy standards for housing three E-1 through E-4 enlisted personnel. Although Hahn's real property records show about 1,300 dormitory spaces available, we estimate that more than 1,800 spaces would be available if space were rated and used in accordance with Air Force minimum adequacy standards for E-1 through E-4 personnel. Hahn officials believe their assignment policy is justified because in 1974 the Air Force approved a two-person rating for E-1 through E-4 personnel in 270-square-foot rooms in Hahn dormitories because of a dormitory improvement project and a decrease in the base population needing dormitory space.

In 1977, Hahn officials submitted a request to Air Force Headquarters to have the dormitories rerated at three persons per 270-square-foot room in order to accommodate an increase of unaccompanied junior enlisted personnel requiring housing. However, Headquarters disapproved the request, citing its reluctance to rerate facilities to a higher capacity which would adversely affect the morale and quality of dormitory living for enlisted personnel. We estimate that about 500 junior enlisted personnel that are living off base could be housed in dormitories at Hahn if they were properly rated and used in accordance with DOD and Air Force criteria.

Rerating Hahn's dormitories would not only meet DOD and Air Force criteria but would, as discussed below, be consistent with USAFE's efforts to obtain furniture so that three persons, instead of two, could be housed in 270-square-foot dormitory rooms.

In December 1980, Headquarters, USAFE, funded a special project to purchase furniture needed to convert dormitory rooms from two-person to three-person occupancy. Included in this project were funds to purchase furniture for Hahn Air Base even though in 1977 the Department of the Air Force had disapproved the request to rerate Hahn's rooms.

One project goal was to reduce the recurring dollar amounts spent on off-base housing allowances by increasing the use of dormitory space. As part of the project, USAFE allotted \$400,000 to Hahn. Although the furniture has been ordered and some has arrived, the project's anticipated results have not been achieved. USAFE officials stated that problems such as lengthy overseas delivery times existed with furniture procurement when the project began. The situation is improving, and actions are underway to reduce the order backlog and to expedite delivery to users. However, USAFE officials stated that an added problem was that some furniture, as it arrived, had been used to replace broken or obsolete furniture rather than to create new bedspace in 270-square-foot rooms. If the Air Force expects to reduce the recurring expenditures for unneeded off-base housing, it should insure that adequate furniture is available to fully use dormitory space and reconsider its decision not to rerate the dormitories.

Spangdahlem Air Base

During our visit to Spangdahlem, about 200 unaccompanied enlisted personnel in grades E-1 through E-4 were living off base and receiving off-base housing allowances, even though dormitory space was available on base. We were told that they were living off base because furniture needed to convert two-person 270-square-foot rooms to three-person rooms was not available.

The December 1980 special project to acquire furniture mentioned above applied to Spangdahlem as well as Hahn. USAFE allotted about \$250,000 to Spangdahlem to acquire the needed furniture, and such furniture is now on order.

In a manner similar to the Hahn situation, USAFE Headquarters and Spangdahlem officials must insure that the furniture, as soon as it is received, is used to increase, from two to three, the number of persons assigned to 270-square-foot rooms and personnel living off base should be brought on base as soon as any off-base lease commitments are met.

**TOTAL COSTS AND OTHER FACTORS SHOULD
BE CONSIDERED BEFORE AUTHORIZING
OFF-BASE HOUSING ASSIGNMENTS**

According to USAFE officials, assigning two persons rather than three persons per 270-square-foot room has increased morale, improved retention, offered more privacy, and improved quality of life. However, in view of DOD and Air Force criteria, we believe that, unless a base has excess dormitory space, it is uneconomical to house only two persons per room if they can accommodate three. Also, dormitory space which is underrated (i.e., rated as two-person rooms when it should be rated as three-person rooms) will result in artificially high occupancy reports. Such reporting could erroneously justify new dormitory construction or support continued payment of off-base housing allowances.

An enlisted person in pay grade E-3 who has no dependents and who is authorized to live off base receives a monthly allowance of \$147 for quarters, or about \$1,800 per year. The same individual living in a dormitory receives a partial quarters allowance of less than \$8 per month, or approximately \$100 a year. The difference for an E-3 living in a dormitory versus living off base is about \$1,700 per year. We estimate that not using the 800 spaces available in existing dormitories at the three air bases costs the Air Force approximately \$1.3 million per year, as follows:

<u>Base</u>	<u>Spaces not used</u>	<u>Additional off-base housing costs</u>
Bitburg	100	\$ 170,000
Hahn	500	850,000
Spangdahlem	<u>200</u>	<u>340,000</u>
Total	<u>800</u>	<u>\$1,360,000</u>

In addition, unaccompanied enlisted personnel living off base may pay more in rent than their housing allowance. This could negatively affect morale. Off-base living also requires increased transportation costs and increases the competition for scarce family housing in the local economy.

CONCLUSIONS

Underuse of existing dormitory space at Bitburg, Hahn, and Spangdahlem Air Bases results in unnecessary off-base housing costs. Unless DOD and Air Force housing standards are revised, base commanders should insure that existing standards are enforced. The Air Force could save an estimated \$1.3 million annually if the three base commanders rated and used dormitory space in accordance with DOD instructions and Air Force housing regulations and insured that the furniture needed was obtained and used appropriately.

RECOMMENDATIONS

We recommend that the Secretary of the Air Force:

- Rerate dormitory space at Hahn Air Force Base in accordance with DOD and Air Force criteria to accommodate the maximum number of junior enlisted personnel.
- Insure that furniture on order to enable the assignment of three junior enlisted personnel to rooms in dormitories at Hahn and Spangdahlem is expeditiously obtained and used for that purpose.
- Instruct the Commander in Chief, USAFE, to direct the base commanders at Hahn, Bitburg, and Spangdahlem to assign personnel now living off base to the resulting available on-base dormitory spaces as soon as economically feasible.

AGENCY COMMENTS AND OUR EVALUATION

By letter dated November 23, 1982 (see enc. I), DOD concurred in our findings and recommendations. DOD advised us that it would direct the Air Force, within 90, days to:

- Issue instructions and guidance to rerate dormitory rooms at Hahn containing at least 270 square feet to three-person rooms for personnel in grades E-1 through E-4.

--Issue instructions to Hahn and Spangdahlem to provide sufficient furniture to accommodate assigning three junior enlisted personnel to appropriately rated rooms.

--Comply with DOD instructions in authorizing off-base residency with allowances and to take corrective action to the extent that severe financial hardships are not imposed.

DOD's proposed actions are consistent with our recommendations and should result in better use of existing dormitory space at these bases and should reduce off-base housing allowances.

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As you know, 31 U.S.C. § 720 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report. A written statement must also be sent to the House and Senate Committees on Appropriations with an agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of these statements.

We are sending copies of this report to the chairmen of the four committees mentioned above as well as to the Chairmen, House and Senate Committees on Armed Services; the Director, Office of Management and Budget; and the Secretary of Defense.

Sincerely yours,



Donald J. Horan
Director

Enclosure



MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 NOV 1982

Mr. Donald J. Horan
Director
Procurement, Logistics and Readiness Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Horan:

Your October 25, 1982 letter to the Secretary of Defense requested our review and comments on your draft report entitled, "Improved Dormitory Utilization at USAFE Bases Will Reduce Off-Base Housing Costs," (CODE 945816 - OSD CASE NO. 6121).

The Department concurs with all of the findings and recommendations in subject draft report. Concurrences and comments directed toward each specific finding and recommendation are reflected in the enclosed.

The opportunity to comment on the draft report is appreciated.

Sincerely,

Lawrence J. Korb
Assistant Secretary of Defense
(Manpower, Reserve Affairs, and Logistics)

Enclosure

DOD COMMENTS ON GAO REPORT CODE 945816 - OSD CASE #6121

FINDING A:

Authorization of Off-Base Housing Allowances Is Not Consistent With DoD Instructions or Air Force Regulations. GAO found that the Commanders of Bitburg and Hahn Air Force Bases are deviating from DOD Instructions and Air Force regulations by trying to house no more than two E-1 through E-4 personnel in unaccompanied housing rooms that could adequately accommodate three, with the result that junior enlisted personnel are receiving off-base housing allowances even though adequate quarters could be provided on base. (p.3, Draft Report)

RESPONSE:

Concur. The Air Force will be directed to comply with housing personnel in grades E-1 through E-4 at Bitburg and Hahn Air Force Bases in accordance with DOD Instruction 4165.47. Specifically, these personnel will be housed at three per room when the rooms contain at least 270 square feet.

FINDING B:

Bitburg Air Force Base: Off-Base Living Authorized When Base-Wide Occupancy Rate Was Less Than 95 Percent. GAO found that at Bitburg Air Force Base, the base commander authorized personnel an allowance to live off-base when the base-wide dormitory occupancy rate was less than 95 percent of the rated capacity and that this deviation was justified on the basis of a general morale problem associated with assigning three enlisted personnel in 270 square foot rooms, aggravated by the proximity of Hahn and Spangdahlem Air Force Bases which were only housing two in such rooms. (p.4, Draft Report)

RESPONSE:

Concur. Air Force will be directed to achieve a base wide occupancy rate of 95 percent before authorizing unaccompanied personnel to reside off base with allowances at Bitburg Air Force Base in accordance with DOD Instruction 4165.47.

FINDING C:

Hahn Air Force Base: Only Two E-1 Through E-4 Personnel Assigned Per Room. GAO found that officials at Hahn Air Force Base assigned only two E-1 through E-4 personnel per room although most dormitory rooms meet the minimum adequacy standards for housing three such personnel--resulting in Hahn's real property showing approximately 1300 dormitory spaces available instead of the 1800 that would be available using three to a room. (pp. 4-5, Draft Report)

RESPONSE:

Concur. The Air Force will be directed to comply with housing personnel in grades E-1 through E-4 at Hahn Air Force Base in accordance with DOD Instruction 4165.47. Specifically, these personnel will be housed at three per room when the rooms contain at least 270 square feet.

FINDING D:

Hahn Air Force Base: Rooms Rated for Two; Rerating for Three Denied. GAO found (1) that in 1974 the Air Force approved a two-person rating for E-1 through E-4 personnel in 270 square foot rooms in Hahn dormitories because of a dormitory improvement project and a decrease in the base population needing dormitory space, (2) that in 1977 Hahn officials requested a rerating to three persons per 270 square foot rooms in order to accommodate an increase in unaccompanied junior enlisted personnel that required housing but that Air Force Headquarters disapproved the request citing its reluctance to rerate facilities to a higher capacity which would adversely impact the morale and quality of dormitory living for enlisted personnel and (3) as a result, approximately 500 junior enlisted personnel are living off-base when they could be housed on Hahn Air Force Base if the dormitories were properly rated and utilized in accordance with DoD and Air Force criteria. (p.5, Draft Report)

RESPONSE:

Concur. Air Force will be directed to issue appropriate instructions to rerate dormitory rooms containing at least 270 square feet to three-person rooms for personnel in grades E-1 through E-4 at Hahn Air Force Base.

FINDING E:

Hahn Air Force Base: Dormitory Furniture. GAO found (1) that in December 1980 Headquarters USAF funded a special project to purchase furniture needed to convert dormitory rooms from two-person to three-person occupancy, (2) that the project included Hahn Air Force Base even though in 1977 the Department of Air Force disapproved the request to rerate dormitory rooms there to three-person occupancy, and (3) while the goal of the project was to reduce the recurring dollar amounts spent on off-base housing allowances, this was not achieved at Hahn because of many problems associated with the project, such as lengthy delivery times and using new furniture to replace old rather than increase occupancy. (pp. 6-7, Draft Report)

RESPONSE:

Concur. Air Force will be directed to issue appropriate instructions to Hahn Air Force Base to provide sufficient furniture to accommodate rerating of dormitory rooms from two-person to three-person occupancy. A moratorium on furniture procurement was in effect for several years and not lifted until 1980 at which time Hahn Air Force Base ordered \$400,000 of furniture for their dormitories.

FINDING F:

Spangdahlem Air Force Base. GAO found that at Spangdahlem Air Force Base about 200 unaccompanied enlisted personnel in grades E-1 through E-4 were living off-base and receiving off-base housing allowances even though dormitory space was available on base and that the reason given was that furniture was needed to convert two-person square foot rooms to three-person rooms. (In keeping with this finding, GAO noted the problems cited at Hahn Air Force Base relative to the special project to acquire furniture also applied at Spangdahlem.) (p.7, Draft Report)

RESPONSE:

Concur. Air Force will be directed to issue appropriate instructions to Spangdahlem Air Force Base to provide sufficient furniture to accommodate rerating of dormitory rooms from two-person to three-person occupancy. A moratorium on furniture procurement was in effect for several years and not lifted until 1980 at which time Spangdahlem Air Force Base ordered \$250,000 of furniture for their dormitories.

FINDING G:

Total Costs and Other Factors Should Be Considered Prior to Authorizing Off-Base Housing Assignments. Although according to USAFE officials, assigning two persons rather than three persons per 270 square foot room has increased morale, improved retention and offered more privacy and quality of life, GAO found that since both DoD and Air Force criteria allows three E-1 through E-4 personnel to be housed in 270 square feet, (1) unless a base has excess dormitory space, it is uneconomical to house only two persons per room when the rooms can accommodate three persons, and (2) because underrated dormitory space will result in artificially high occupancy reports, such reporting can result in erroneously justifying new dormitory construction. (pp. 8-9, Draft Report)

RESPONSE:

Concur. Air Force will be directed to comply with DOD minimum space criteria in housing personnel in grades E-1 through E-4 and that occupancy statistics are to be based on space criteria as outlined in DOD Instruction 4165.47.

FINDING H:

Cost Impact of Underusing Dormitory Space. GAO found that not using the 800 spaces available in existing dormitories at Bitburg, Hahn and Spangdahlem Air Force Bases costs the Air Force approximately \$1.3 million per year. (p.8, Draft Report)

RESPONSE:

Concur. Air Force will be directed to implement administrative controls to insure maximum utilization of adequate housing to preclude unwarranted BAQ payments. A savings cannot be determined at this time due to a number of factors, such as availability of furniture, personnel gains and losses and recall of personnel who are residing off-base and drawing allowances without severe financial hardship. A determination of savings will be provided during follow-up period.

FINDING I:

Possible Adverse Impact on Morale. Because unaccompanied airmen living off-base may pay more in rent than their housing allowances as well as incurring higher transportation costs and because of the increased competition for scarce family housing in the local economy, GAO found that underuse of available dormitory space by unaccompanied junior enlisted personnel could have a negative impact on morale. (p.9, Draft Report)

RESPONSE:

Concur. The expenses of living off base could have adverse impact on morale especially when they exceed appropriate allowances; however, the increased privacy afforded by off-base accommodations could have a positive impact on morale.

GENERAL CONCLUSIONS. Based on Findings A through I, GAO concluded that:

Conclusion 1. Underutilization of existing dormitory space at Bitburg, Hahn and Spangdahlem Air Force Bases results in unnecessary payment of off-base housing costs. (p.9, Draft Report)

Conclusion 2. Unless revisions are made to DoD and Air Force housing standards, base commanders should assure that existing standards are enforced. (p.9, Draft Report)

Conclusion 3. The Air Force could save approximately \$1.3 million annually if base commanders at Bitburg, Hahn and Spangdahlem rated and used dormitory space in accordance with DoD Instructions and Air Force housing regulations and assured that the furniture needed is obtained and used appropriately. (p.9, Draft Report)

RESPONSE:

Concur with all three conclusions. The Air Force will be directed to initiate corrective action. These are fully discussed in the findings.

RECOMMENDATION 1:

Rerate dormitory space at Hahn Air Force Base in accordance with DoD and Air Force criteria to accommodate the maximum number of junior enlisted personnel (p.9, Draft Report).

RESPONSE:

Concur. OSD will direct Air Force within 90 days to issue appropriate instructions and guidance to rerate dormitory rooms containing at least 270 square feet to three-person rooms for personnel in grades E-1 through E-4 at Hahn Air Force Base. Air Force actions will be completed within 90 days of receipt of OSD direction.

RECOMMENDATION 2:

Assure furniture on order to enable the assignment of three junior enlisted personnel to rooms in dormitories at Hahn and Spangdahlem Air Force Bases is expeditiously obtained and used for that purpose. (p.9, Draft Report).

RESPONSE:

Concur. OSD will direct Air Force within 90 days to issue appropriate instructions to Hahn and Spangdahlem Air Force Bases to provide sufficient furniture to accommodate assigning three junior enlisted personnel to appropriately rated rooms. Air Force actions will be completed within 12 months of receipt of OSD direction.

RECOMMENDATION 3:

Instruct the Commander-in-Chief, USAFE to direct the base commanders at Hahn, Bitburg, and Spangdahlem Air Force Bases to assign personnel now living off-base to the resulting available on-base dormitory space as soon as economically feasible. (p.10, Draft Report).

RESPONSE:

Concur. OSD will direct Air Force within 90 days to comply with DoD Instructions in authorizing off-base residency with allowances and to take corrective action to the extent that severe financial hardships are not imposed. Air Force actions will be completed within 12 months of receipt of OSD direction.