Although DOD reported to Congress that the services plan to privatize most of their family housing by fiscal year 2005, DOD's reports do not provide decision makers with the number of privatized units that have been renovated or newly constructed. As of March 2003, the services had contracts privatizing about 28,000 family housing units and planned to privatize 140,000 units by fiscal year 2005. As a result of this privatization, about 7,600 units had been constructed or renovated. It can take developers several years to renovate existing housing or construct new units after they are privatized. As the program progresses, it will become increasingly important to have complete data on which to determine how quickly the privatization program is creating adequate family housing.

Costs for consultants are less than half of the services’ privatization support costs. The services anticipate many privatization support and consultant costs to peak in fiscal year 2004 when the need for consultants diminishes once most privatization contracts are signed. Remaining support costs will then focus increasingly on managing the portfolio of the privatized housing.

The services are not consistent in their definitions for privatization support and consultant costs. The differences in the services’ definitions for privatization support costs result in inconsistent budgeting for these costs. Also, the differences in the services’ definitions for consultant costs result in inconsistent reporting of consultant costs in the department’s quarterly housing privatization report to Congress. Further, the Office of the Secretary of Defense does not report its own program consultant costs in the quarterly report.

Several factors, such as differences in labor categories, hours, and skills mix that each consulting firm can use to accomplish work, limited our evaluation of how consultant fees for the military housing initiative compare among the services. Even though these factors hinder a comparative evaluation of consultant fees, service officials told us they believe that they have contracted with firms that provide the best value to the government based on their needs and that the consultants’ fees are fair and reasonable.