

April 1995

PEACE OPERATIONS

DOD's Incremental Costs and Funding for Fiscal Year 1994



**National Security and
International Affairs Division**

B-260764

April 18, 1995

The Honorable Herbert H. Bateman
Chairman
The Honorable Norman Sisisky
Ranking Minority Member
Subcommittee on Military Readiness
Committee on National Security
House of Representatives

The Department of Defense (DOD) participated in peace operations in several places, including Somalia, Bosnia, Haiti, and Southwest Asia, during fiscal year 1994. To help cover the incremental costs¹ of these operations, Congress provided DOD with two supplemental appropriations. During fiscal year 1994, DOD also received reimbursements from the United Nations for incremental costs incurred in Somalia during fiscal year 1993.

In response to your request, we are providing information on (1) whether the supplemental appropriations fully covered DOD's incremental costs, (2) what the impacts on the services were from funding shortages and overages, and (3) how DOD spent the reimbursements received from the United Nations. On March 31, 1995, we briefed your staff on these issues.

Background

DOD received appropriations of \$251.4 billion for fiscal year 1994, of which \$88.3 billion was for operation and maintenance (O&M). DOD's annual appropriations do not include funds for possible contingency operations. DOD does not budget for the incremental costs of military operations or contingencies. It budgets to be ready to conduct such operations. When the services have to conduct these operations, the planned budget execution cycle is disrupted. DOD must then absorb the incremental costs of these operations, which are mostly O&M items, within its existing appropriations or seek supplemental appropriations.

In an Emergency Supplemental Appropriations Act (P.L. 103-211, Feb. 1994), Congress provided DOD \$1,198.3 million for incremental costs associated with ongoing operations in Somalia, Bosnia, Haiti, and Southwest Asia. Within the fiscal year 1995 defense appropriations act, Congress provided DOD with additional supplemental appropriations of \$299.3 million through the Defense Emergency Response Fund (DERF) for

¹As defined by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508), for use during Operation Desert Shield/Storm, incremental costs are only those costs that would not have been incurred except for the operation. DOD is still using this definition.

fiscal year 1994 incremental costs. This fund can be used to reimburse other appropriation accounts for costs incurred in responding to emergencies.

Results in Brief

During fiscal year 1994, DOD reported \$1,907.8 million in incremental costs for peace operations. As a means to reimburse DOD for some of these costs, Congress provided DOD with emergency supplemental appropriations in February 1994. The supplemental appropriations covered almost two-thirds of these incremental costs, leaving DOD with a funding shortfall of \$709.5 million near the end of fiscal year 1994. DOD covered \$233.3 million of this shortfall by invoking its Feed and Forage Act authority,² using funds from the fiscal year 1994 balance in the DERF account, and using authorized reprogramming funds. DOD absorbed the remaining \$476.2 million primarily by reducing O&M funding for such activities as military training, equipment maintenance, and stock purchases.

On September 30, 1994, the fiscal year 1995 defense appropriations act provided additional supplemental appropriations of \$299.3 million through the DERF to further reimburse DOD for certain operations that occurred in fiscal year 1994. While this funding was technically appropriated within fiscal year 1994, most of it was not obligated during that year. Including this second supplemental in a final accounting for incremental peace operations in fiscal year 1994, DOD sustained a funding shortfall of \$176.9 million.

Units participating in peace operations were fully funded for their incremental costs. To pay these units' costs, DOD used funds from other service programs or units that did not participate. Except for the Air Force, service officials told us that reductions in O&M accounts to cover peace operation incremental costs adversely affected military readiness at several units. While participating units were not affected by funding shortages, as a result of their deployment to peace operations, they experienced operational impacts such as missed training opportunities.

Unrelated to the supplemental appropriations, in fiscal year 1994, DOD received \$98.1 million in reimbursements from the United Nations for assistance provided to the U.N. operation in Somalia during fiscal year

²This authority (41 U.S.C. 11) permits DOD to incur obligations in advance of appropriations or receipts to cover clothing, subsistence, forage, fuel, quarters, transportation, and medical and hospital supplies. DOD is seeking fiscal year 1995 supplemental appropriations to, among other things, liquidate the \$126.3 million in obligations.

1993. The majority of this amount was paid on March 29, 1994. The funds were deposited to fiscal year 1994 appropriation accounts and, according to DOD, cannot be traced to specific expenditures.

Scope and Methodology

To analyze DOD's incremental costs and funding for peace operations, we compared its reported incremental costs to approved supplemental funding and other funding sources, reviewed funding documents, and interviewed officials in DOD, each service headquarters, selected major commands, and selected units and bases. We did not independently verify the accuracy of DOD's reported incremental costs because, as we have previously reported, the services do not have systems that capture actual incremental costs.³ Only the total obligations are captured by the accounting systems. The services use various management information systems to identify incremental obligations and to estimate incremental costs.

To obtain information on the impact of funding shortfalls, we reviewed service documents and met with officials in each of the military services, including selected major commands and units. We also discussed these matters with officials from the Office of the Secretary of Defense.

To analyze the U.N. reimbursement, we obtained records showing expenditures in fiscal year 1993 and accounts credited in fiscal year 1994.

We performed our work between June 1994 and March 1995 in accordance with generally accepted government auditing standards. We reviewed the information in this briefing report with DOD officials and made changes where appropriate.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Chairmen of the House Committee on National Security, the Senate and House Committees on Appropriations, and the Senate Committee on Armed Services and to the Secretaries of Defense, the Army, the Air Force, and the Navy. Copies will be made available to others upon request.

³Peace Operations: Information on U.S. and U.N. Activities (GAO/NSIAD-95-102BR, Feb. 13, 1995).

If you or your staff have any questions concerning this report, please contact me at (202) 512-3504. The major contributors to this report are listed in appendix I.

A handwritten signature in black ink that reads "Richard Davis". The signature is written in a cursive style with a large, prominent "R" and "D".

Richard Davis
Director, National Security
Analysis

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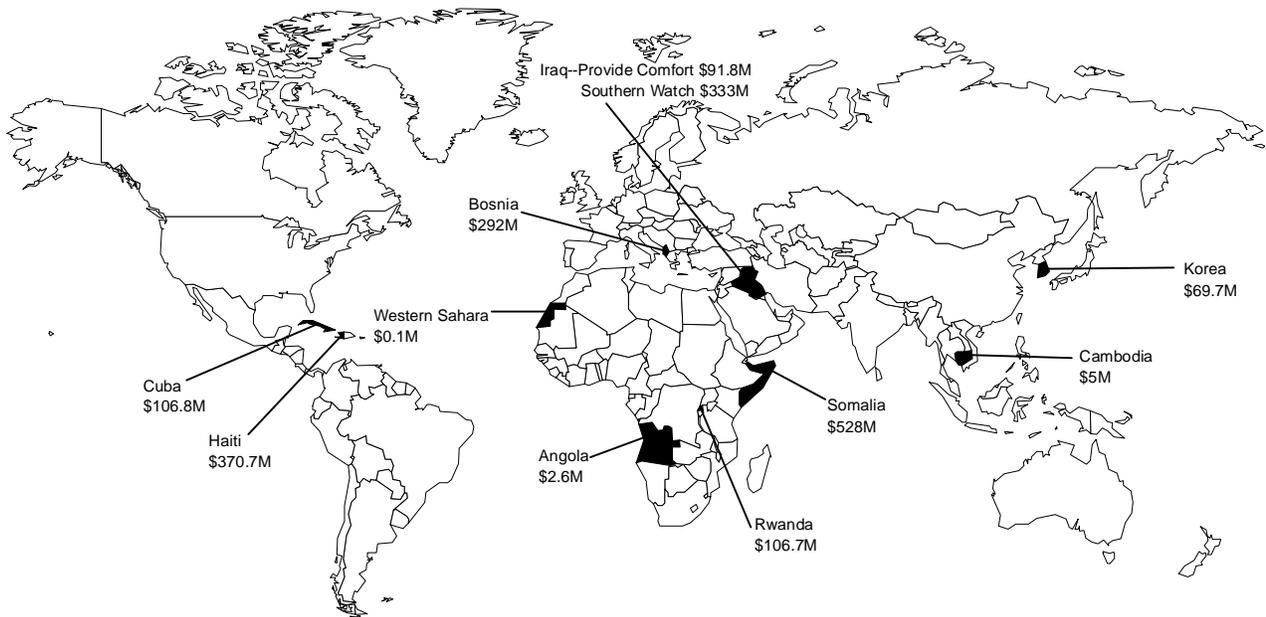
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Abbreviations

DERF	Defense Emergency Response Fund
DOD	Department of Defense
FORSCOM	Forces Command
O&M	operation and maintenance
USAFE	U.S. Air Forces, Europe

Background

GAO Reported Incremental Costs for Fiscal Year 1994 Operations



Note: With the exception of the operations in Cuba, Korea, and that part of the Haitian operation involving migrant processing, which were unilateral U.S. military operations, these operations supported U.N.-authorized peace operations.

U.S. military forces participated in several contingency operations during fiscal year 1994. These operations included (1) activities in support of U.N. peace operations in Bosnia, Haiti, Somalia, and Southwest Asia; (2) the increased deployment of military capability to South Korea in response to heightened tensions; and (3) the enforcement of a revised U.S. migration policy designed to prevent Cuban migrants from reaching the United States. The map shows where these operations occurred and the Department of Defense's (DOD) reported incremental costs for each operation.

DOD does not budget for the cost of contingency operations. Therefore, a common characteristic of each operation is that it was not included in DOD's budget for fiscal year 1994. DOD had to absorb the cost of these operations within its existing budget or seek supplemental appropriations. During fiscal year 1994, DOD received supplemental appropriations for some of these operations.

We were asked in part to assess whether the supplemental appropriations provided were adequate to cover DOD's estimated costs, and, if inadequate, to ascertain the impact on DOD. In recent years, there has been a proliferation of terms used to describe military operations other than war that are unplanned or not budgeted for in advance by DOD. Included are peacekeeping, peace enforcing, and humanitarian operations. To assess the adequacy of supplemental appropriations for these operations and the impact of any shortfalls, we included the cost of each contingency operation for which DOD reported incremental costs because (1) each was not included in DOD's fiscal year 1994 budget and (2) DOD had to cover the cost in some way. The bulk of the reported incremental costs was for U.S. forces' operations in support of U.N. peace operations. We also included the incremental costs of U.S. forces engaged in enforcing U.S. policy concerning Cuban migration, which was a unilateral U.S. military operation.

DOD's reported incremental costs do not include all peace operations. DOD includes in its annual budget costs of the long-standing U.S. military presence in Korea and U.S. participation in the Multinational Force and Observer Mission in the Sinai, which provides a buffer between Egypt and Israel in compliance with the Camp David Accords.

Cost and Funding

GAO Summary of Incremental Costs and Funding During Fiscal Year 1994

Dollars in millions

Reported incremental costs	\$1,907.8
Supplemental funding in February 1994	<u>1,198.3</u>
Funding shortfall	\$ 709.5

How DOD covered shortfall:

Feed and Forage Act	126.3	
DERF	64.7	
Authorized reprogramming	<u>42.3</u>	
Subtotal		\$ <u>233.3</u>

Funding shortfall near the end of fiscal year 1994 that had to be absorbed	\$ <u>476.2</u>
--	-----------------

For fiscal year 1994, DOD reported \$1,907.8 million for peace operations-related incremental costs. In February 1994, Congress provided DOD with emergency supplemental appropriations of \$1,198.3 million to reimburse it for these incremental costs. The supplemental appropriations covered almost two-thirds of these incremental costs, leaving DOD with a funding shortfall of \$709.5 million during fiscal year 1994.

DOD covered \$233.3 million of its initial funding shortfall in three ways—by invoking its Feed and Forage Act authority, using funds from the fiscal year 1994 balance in the Defense Emergency Response Fund (DERF) account,¹ and using authorized reprogramming funds.

DOD used its Feed and Forage Act authority to help fund the cost of operations that supported the restoration of democracy in Haiti. Specifically, DOD used this authority to obligate \$126.3 million more than it was appropriated for fiscal year 1994. Of this amount, \$123 million was for Army operation and maintenance (O&M) expenses; the balance of \$3.3 million was obligated to pay expenses of activated Army reservists.

DOD also offset incremental costs associated with ongoing operations in Haiti with funds from the DERF account. In 1989, Congress appropriated \$100 million for this fund to cover emergency costs of natural and man-made disasters. At the beginning of fiscal year 1994, \$94.7 million remained in the fund. DOD used \$64.7 million of this amount to support maritime interdiction, the enforcement of sanctions, and the processing of migrants based on DOD's determination that these operations were in support of a man-made disaster.²

In May 1994, under DOD's existing reprogramming authority, the Army used \$42.3 million in funds provided through congressionally approved reprogramming action to cover increased operations in Korea.

The remaining \$476.2 million funding shortfall near the end of fiscal year 1994 was absorbed within DOD's existing appropriations. The majority of this was absorbed within its O&M appropriation through a variety of actions, including the deferral of maintenance, nonreplenishment of supplies, and cancellation of training.

¹The DERF is a DOD management fund that can be used to reimburse other appropriation accounts for costs incurred in responding to emergencies. The money appropriated to the DERF is available for expenses occurring during any fiscal year.

²The remaining \$30 million was used for various global disaster relief missions, which DOD did not consider to be unfunded contingency operations.

GAO **Final Fiscal Year 1994 Incremental
Costs Absorbed by DOD**

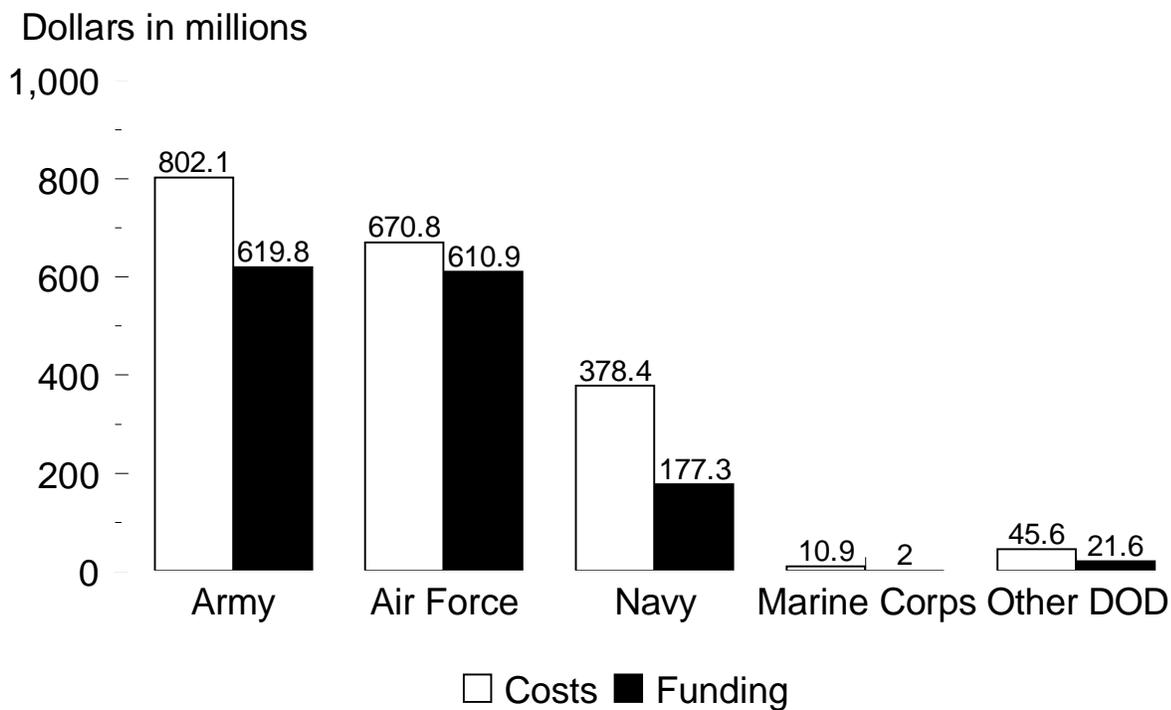
Dollars in millions

Funding shortfall near the end of fiscal year 1994	\$476.2
Supplemental funding approved September 30, 1994	<u>299.3</u>
Net shortfall absorbed	\$176.9

On September 30, 1994, DOD had a funding shortfall of \$476.2 million. At that time, the fiscal year 1995 defense appropriations act provided additional supplemental appropriations of \$299.3 million through the DERF to further reimburse DOD for certain operations that occurred in fiscal year 1994. While this funding was technically appropriated within fiscal year 1994, most of it was not obligated during that year. For example, only \$19.6 million was obligated in fiscal year 1994 for immediate military personnel requirements within the Navy. The balance, \$279.7 million, was available in fiscal year 1995 for programs that were deferred in support of contingency operations during fiscal year 1994.

Including this second supplemental in a final accounting for incremental peace operations in fiscal year 1994, DOD sustained a funding shortfall of \$176.9 million.

GAO Individual Services' Incremental Costs and Funding During Fiscal Year 1994



The Army's reported incremental costs were \$802.1 million. Within fiscal year 1994, it received \$447.2 million of the February 1994 supplemental appropriations and \$4 million from the DERF balance available at the beginning of the fiscal year. It was also allowed to incur obligations in excess of its appropriations by \$126.3 million under authority of the Feed and Forage Act. In addition, the Army received an additional \$42.3 million from reprogrammed funds for increased operations in Korea. Thus, it had to absorb \$182.3 million within its fiscal year 1994 appropriations.

The Air Force's reported incremental costs were \$670.8 million. The service received \$605.3 million of the supplemental appropriations and \$5.6 million in DERF funds available at the beginning of the fiscal year. Thus, it had to absorb \$59.9 million within its fiscal year 1994 appropriations.

The Navy's reported incremental costs were \$378.4 million. The Navy received \$124.2 million of the supplemental appropriations and \$53.1 million from DERF funds available at the beginning of the fiscal year. Thus, it had to absorb \$201.1 million within its fiscal year 1994 appropriations.³

The Marine Corps reported incremental costs of \$10.9 million. It received \$2 million of DERF funds available at the beginning of the fiscal year and had to absorb \$8.9 million within its fiscal year 1994 appropriations.

Other DOD agencies, including the U.S. Special Operations Command, Defense Health Program, Defense Intelligence Agency, and Defense Mapping Agency, collectively reported \$45.6 million in incremental costs. They received \$21.6 million from the supplemental appropriations and had to absorb \$24 million within the fiscal year 1994 appropriations.

³On September 30, 1994, the Navy obligated \$19.6 million from the supplemental funding provided through the DERF on that date for immediate military personnel requirements.

GAO **Incremental Costs and Funding for
Units Deployed to Peace Operations**

- Deployed units were fully reimbursed
- While there were no funding shortages, there were stresses from operational involvement

According to DOD officials, units participating in contingency operations received funds to cover their reported incremental costs. Examples of unit incremental costs and funding follow:

- The Army's 10th Mountain Division provided troops, supplies, and equipment for the Somalia operation. It also provided accounting services for all other Army units operating in Somalia. The incremental costs paid through the 10th Mountain Division were \$103.9 million, all of which were reimbursed by the Army Forces Command (FORSCOM).
- The Air Force's Aviano, Italy, Air Base incurred \$16.1 million in incremental costs, most of which was related to Bosnia for providing contract quarters, leasing office space, and funding temporary duty. Its total reimbursements from U.S. Air Forces, Europe (USAFE) were \$18.2 million, \$2.1 million more than the costs. According to Air Force officials, USAFE advised them to retain the excess to avoid multiple accounting transactions. The excess funds were used for other O&M requirements, unrelated to peace operations, which would otherwise have been funded by USAFE. The base also incurred expenses for flying hours, but USAFE accounted for these costs and reimbursements separately.
- The USS America aircraft carrier was deployed to the Mediterranean Sea when it was ordered to Somalia. It incurred incremental costs of \$914,000 for passage through the Suez Canal and was fully reimbursed by the Navy's Commander-in-Chief, Atlantic Fleet.
- A Marine Corps transportation and refueling squadron, which operates C-130 aircraft, incurred \$1.3 million in incremental costs for operations in Bosnia. It was fully reimbursed for fuel, maintenance repair parts, and aircrew travel costs from the Naval Air Forces, Atlantic.

While units that deployed to peace operations were fully reimbursed for their costs, we recently reported that such operations have stressed key military capabilities.⁴ Repeated use of deployed forces, particularly certain Army support forces such as quartermaster and transportation units and specialized Air Force units as well as European-based Air Force units, had resulted in some units and personnel deploying more than once to an operation or to consecutive operations, increased the tempo of operations, and reduced the time available to prepare for combat missions. Furthermore, the Air Force's participation in these operations had resulted in extended tours of duty, missed training, increased maintenance on aircraft, and cannibalization of aircraft.

⁴Peace Operations: Heavy Use of Key Capabilities May Affect Response to Regional Conflicts (GAO/NSIAD-95-51, Mar. 8, 1995).

Impacts of Funding Shortfalls

GAO Summary of Impacts on Services

- Funding shortfalls relatively small compared to overall service budgets
 - Adverse effects not solely due to peace operations
 - Shortfalls affected nondeploying units
 - Units do not know to what degree peace operations affect anticipated funding
-

To the extent supplemental appropriations and other sources of funding were not sufficient to cover incremental costs, the services had to absorb costs in their annual appropriations. For the most part, the shortages in funding for peace operations were relatively small when compared to overall service accounts. For instance, the initial \$709.5 million shortage in congressional funding in fiscal year 1994 represented less than 1 percent of DOD's O&M expenses of \$88.3 billion for fiscal year 1994. However, because services and major commands borrow funds from the fourth quarter to cover funding shortfalls and because some of those funds cannot be used to fund peace operations on relatively short notice, the relative amounts available for funding such operations become more constricted within that quarter.

The impact of funding shortfalls reported by the services was not solely due to peace operations. Army officials reported, for example, that Congress did not fund locality pay and foreign national pay raises, totaling \$193 million, which the Army had to absorb within its annual appropriations, and that the Army had not received \$27 million in congressionally directed transfers⁵ from National Defense Stockpile Fund revenues.

Since the services took steps to ensure that units participating in peace operations received additional funds, shortfalls primarily affected bases or units that did not participate in the operations.

Units receive their annual funding on a quarterly basis. To cover incremental costs, DOD initially absorbs the incremental costs from third and fourth quarter allocations. If DOD does not receive additional funds to cover these costs and reinstate the borrowed quarterly allocation, the impact is felt toward the end of the fiscal year when units must make do with the lowered funding allocations. However, units also regularly receive periodic budget adjustments from higher military commands for a variety of reasons unrelated to peace operations. While these units know how much funding they are allocated and how much they anticipate, they do not know whether any shortfall is due to peace operations or other reasons.

⁵These transfers were based on anticipated revenues that did not materialize.

GAO Impacts on the Army

- Officials stated that, in addition to peace operation shortfalls, the Army had to absorb other funding shortfalls
- FORSCOM units had to cancel training and leave stock levels unreplenished
- Army units in Europe reduced and restructured major training exercises

During fiscal year 1994, the Army absorbed most of its shortage of \$182.3 million in funding for peace operations within its O&M accounts, which totaled \$18 billion. As discussed earlier, the impact of funding shortfalls reported by the services was not solely due to the need to fund peace operations. Army officials reported, for example, that they had to absorb costs for pay raises and that it had not received expected revenues from the National Defense Stockpile Fund.

FORSCOM units, among other things, were forced to scale back training and leave inventories unreplenished. For example, the 2nd Armored Division was unable to complete an advanced maneuver exercise due to a lack of training funds, which cover its costs for fuel, spare parts, and maintenance used in such exercises. Since such training is scheduled months in advance, the cycle is disrupted and missed training cannot be immediately rescheduled. According to 2nd Armored Division documents, the division funded \$57.4 million for training and ended the year with \$8.3 million in unfunded training requirements. The division reported a lowered readiness rating,⁶ which division officials attributed to the training deficit and personnel problems.

FORSCOM also deferred replenishment of stocks to authorized levels beginning in the mid-third quarter. Furthermore, in September 1994, FORSCOM approved a complete halt to reordering or replenishing supplies of low priority items for the 1st Infantry Division. Since supplies are funded within the division's training budget, this allowed the division the flexibility it needed with its available resources to continue to purchase high priority supplies and maintain its training schedule.⁷ The 1st Infantry Division had a training budget of \$29.3 million and ended the year with \$7.5 million in unfunded supply requirements.

The U.S. Army, Europe's 1st Armored Division as a whole was forced to reduce major scheduled training exercises and its units reduced or canceled local training exercises due to funding shortfalls. For example, the division reduced one of its two major gunnery exercises by not taking all of its equipment and reduced its major maneuvering exercise from 10 to 7 days. As for the division's units, (1) an aviation brigade commander canceled the majority of fourth quarter battalion-level training events for three of the brigade's four battalions and (2) a tank battalion conducted its training exercises in high mobility multi-wheeled vehicles instead of its tanks because they were less expensive to operate.

⁶The division still possessed the resources and training necessary to undertake many, but not all, portions of its wartime mission.

⁷Due to funding shortages and reprogramming requirements at the beginning of the fiscal year, the division already was operating under a reduced training schedule.

GAO **Impacts on the Air Force**

- Experienced little or no major funding-related impacts
- Some funds shifted from depreciation and project accounts
- Received additional funds in fiscal year 1995, which resulted in an overage

The Air Force shortfall during fiscal year 1994 was \$59.9 million, and its total incremental costs were \$670.8 million. This shortfall was substantially less than the shortfall for the Navy and the Army. While Air Force officials stated that the Air Force experienced limited or no major funding-related impacts on operational programs during the fiscal year because of peace operations, certain actions were taken to minimize potential impacts. These actions included reducing the size and scope of acquisition programs and reducing the funding of several O&M accounts. As noted earlier, however, Air Force units that participated in peace operations did experience several adverse operational impacts. These impacts resulted from the high tempo of operations rather than from a shortage of funds.

In fiscal year 1995, \$69.4 million of the \$299.3 million in the second supplemental appropriation that was provided to the DERF was allocated to the Air Force. Of that amount, \$35.1 million was allocated to the major commands that shifted fiscal year 1994 funds to cover incremental costs. Specifically, in fiscal year 1994, the Air Mobility Command shifted \$21 million from asset depreciation accounts, which were established for such assets as vehicles and equipment;⁸ the Air Combat Command shifted \$4.5 million from facility projects; and USAFE shifted \$9.6 million from facility projects. The remaining \$34.3 million was given to the Air Mobility Command for fiscal year 1994 airlift costs relating to operations in Rwanda.

The total reimbursements to the Air Force in fiscal years 1994 and 1995 were \$9.5 million more than its reported incremental costs for fiscal year 1994. Near the end of fiscal year 1994, DOD requested the service to estimate additional funds needed for peace operations. The Air Force's actual costs were later found to be less than its preliminary estimates. DOD officials stated that this overage was applied to other areas within the Air Force that had shortages.

⁸The command operates under the Defense Business Operations Fund and therefore charged military activities rates that recovered the full costs of operations. The asset depreciation account allowed the command to recognize the expense of decreasing property value of assets and set aside funds to replace the items. A fiscal year 1995 revision to the accounting system eliminated the command's use of this account.

GAO **Impacts on the Navy**

- Absorbed shortfall within various programs
- Limited and/or rescheduled ship maintenance
- Grounded aircraft in fourth quarter

The overall peace operations shortfall for the Navy as fiscal year 1994 ended was \$201.1 million. Because the Navy received \$19.6 million in funding for its military personnel account on the last day of fiscal year 1994, it ended the year with a shortfall of \$181.5 million of its \$20.8 billion total O&M account. The Navy absorbed most of this within its O&M account by reducing planned expenditures for air and ship operations, ship maintenance, facilities maintenance, weapons maintenance engineering support, and submarine inactivations.

For example, the Commander-in-Chief, Atlantic Fleet, absorbed \$65 million within the fleet's O&M account. About \$36.5 million was taken from the \$930.5 million budgeted for the ship depot maintenance program. As a result, the Atlantic Fleet reduced maintenance on three ships and rescheduled planned limited maintenance on six ships to the next fiscal year. According to fleet officials, continued limited maintenance will result in the reduction of the ships' capability and useful lives. Moreover, Navy officials reported that shifting maintenance into the next fiscal year increased costs by \$3 million because of increases for material, salaries, and scope of work changes.

The Atlantic Fleet also took \$16.3 million from the \$827.6 million budgeted for the Naval Air Forces, Atlantic, flying hour program. During the last quarter of the year, Naval Air Forces, Atlantic, grounded one aircraft carrier's air wing for 1 month and reduced flying for the remainder of the quarter. According to Navy officials, the reduced flying caused readiness ratings to drop.

The remaining \$12.2 million was taken from other Atlantic Fleet programs such as supply and equipment purchases, counternarcotics programs, and base operations.

GAO **Impacts on the Marine Corps**

- Absorbed shortfall in operating forces' funds
- Reduced flying hours for nondeployed squadrons
- Reduced equipment maintenance

Overall, the Marine Corps absorbed \$8.9 million within its \$1.9 billion O&M account for fiscal year 1994. The service reduced funding for such things as flying hours, training, and equipment maintenance. Marine Corps officials told us that this reduction contributed to some units' lowered readiness ratings and to reduced equipment maintenance.

For example, the Marine Forces Command, Atlantic, absorbed \$1.4 million within the \$285.4 million budgeted for its flying hour program by transferring over 5,000 training flying hours from nondeployed squadrons to units supporting contingency operations. The command stated that because of this transfer, 11 of 30 squadrons reported significantly reduced readiness ratings for the last quarter. Command officials reported that it will be mid-fiscal year 1995 before these squadrons' readiness levels return to normal.

The Marine Forces Command, Atlantic, also absorbed \$3.5 million within the \$106.4 million budgeted for ground operating forces' training, equipment, and maintenance of equipment programs. Regularly scheduled preventive maintenance for such items as trucks, engines, generators, and artillery parts was foregone in fiscal year 1994. Marine Corps officials reported this will eventually result in more costly corrective maintenance or degraded equipment.

U.N. Reimbursements

GAO **Distribution of Fiscal Year 1994
U.N. Reimbursements**

- Foreign Assistance Act allows credits to current accounts within 180 days of year's end
- DOD received \$98.1 million from United Nations in 1994 within 180 days
- Most funds were deposited to appropriation accounts from which funds were originally taken

The United Nations reimburses governments for support provided under different types of agreements. DOD provided some of the assistance to the United Nations for operations in Somalia under the Foreign Assistance Act (sec. 607). The act allows U.N. reimbursements received within 180 days of the end of the fiscal year in which the support was provided to be credited to the current year appropriation that originally funded the support. Unless the agreements providing the reimbursement call for payment of interest, payments received after that date are to be deposited in the U.S. Treasury.

Within the 180-day time period in fiscal year 1994, the United Nations reimbursed DOD \$98.1 million for assistance DOD provided in fiscal year 1993. DOD received the majority of the funds on March 29, 1994, 1 day prior to the time when the funds would have to have been deposited in the U.S. Treasury.

DOD records show that, in fiscal year 1994, most of the funds were credited to the types of accounts that originally funded the goods and services. According to DOD officials, reimbursements received from the United Nations generally are used to execute programs that had to be deferred in order to provide support to the United Nations. The following table compares the fiscal year 1993 expense category for each service to fiscal year 1994 appropriation accounts credited. According to DOD, expenditures of these funds cannot be traced beyond each service's appropriation account shown in the table.

GAO DOD Accounts Credited With U.N. Reimbursements

Dollars in thousands

<u>Fiscal year 1993 expense category</u>	<u>Appropriations credited in fiscal year 1994</u>	<u>Amount</u>
Army		
Rations	O&M	\$ 6,402
Sustainment	O&M	16,633
Medical supplies	O&M	484
Logistics contract	O&M	14,845
Personnel rotation	O&M	3,925
Support to other nations	O&M	5,670
Sale of trucks to U.N.	Other procurement	13,933
Repair parts for trucks	O&M	3,797
Sale of armored personnel carriers	Procurement	13,683
Personnel support	Military personnel	4,391
Miscellaneous	O&M	<u>1,557</u>
Subtotal		\$85,320
Navy		
Marine Corps	O&M	1,380
Military Sealift Command	<i>a</i>	<u>2,110</u>
Subtotal		\$3,490
Air Force		
Air Mobility Command	<i>a</i>	8,359
Miscellaneous agencies		
	<i>b</i>	<u>955</u>
Total		\$98,125

^aOfficials at these commands could not readily identify accounts credited because funds were processed through an intragovernment revolving fund.

^bWe did not determine the accounts credited because only a small amount of credits was given to multiple agencies.

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