

MILITARY CONSTRUCTION APPROPRIATIONS FOR 1974

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES NINETY-THIRD CONGRESS FIRST SESSION

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PART 1 DEPARTMENT OF THE ARMY OFFICE OF THE SECRETARY OF DEFENSE

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1974

MONDAY, MAY 14, 1973.

OFFICE OF THE SECRETARY OF DEFENSE

WITNESSES

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OPENING STATEMENT BY THE CHAIRMAN

Mr. SIKES. The committee will come to order.

The committee is ready today to begin hearings on the fiscal year 1974 military construction program with representatives of the Office of the Secretary of Defense.

Mr. Sheridan is the Deputy Assistant Secretary of Defense for Installations and Housing, two areas that are obviously germane to this request. I believe I am correct in saying that the Assistant Secretary of Defense for Installations and Logistics has not yet been appointed, is that correct?

Mr. SHERIDAN. That is correct. One has been chosen but not nominated.

Mr. SIKES. The committee is pleased to have you here today. You are familiar with our views and concerns. We have always had an excellent working relationship with you and with your office. We congratulate you on the many important things that you have accomplished in the areas for which you have responsibility.

You are very well qualified to discuss the broad outlines of the fiscal year 1974 request, the areas in which major emphasis is being put, what we are doing, and what we need to do.

We also are interested in the way in which our military installations, both at home and overseas, are being managed, and what you can report with respect to the management of the Defense construction program itself.

You have an excellent and comprehensive statement, which I have studied over the weekend. I think it will be a contribution to the committee's work. You may proceed.

STATEMENT OF DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

Mr. SHERIDAN. Mr. Chairman and members of the committee:

I am pleased to appear before this committee in support of the fiscal year 1974 military construction program. It is a new role for me to present the military construction program since I have generally been here in support of the Assistant Secretary of Defense (Installations and Logistics) or to testify on special projects, such as the ICBM program and the Southeast Asia construction program. But nonetheless, it is a pleasure for me to speak for the Secretary of Defense in support of our fiscal year 1974 request.

I find it indeed a challenge to participate with members of this committee and the entire Congress in the development of a strong base structure to support the President's strategy for peace. As Secretary Richardson indicated in his posture statement, the President's strategy for peace contains three elements: adequate strength, true partnership, and a willingness to negotiate. I would like to dwell on the first element—adequate strength—and relate the development of the military construction program to achieving that objective.

It is essential for implementation of the Nixon doctrine to insure that our Nation has the most modern and up-to-date base structure for the military forces who must defend us and our way of life. There must be increased efficiency of all supporting activities and greater emphasis must be placed on the readiness and effectiveness of our total forces. The military construction program for fiscal year 1974 is designed to form the basis on which to build toward these objectives.

The fiscal year 1974 military construction program has been developed in consonance with the long-range needs of the Active and Reserve Forces. We have considered present and future deployment, the total

force planning concept, the condition of existing facilities, and the long-range requirements for modernization and replacements, overall priorities, and specialized needs. Taking all of those factors into consideration, we are presenting today our total program for the next fiscal year.

The budget authority requested for fiscal year 1974 is in the amount of \$2.94 billion as compared with DOD requests for \$2.66 billion in fiscal year 1973 which included the June 1972 amendment resulting from the SALT agreements. Actual enactment in fiscal year 1973 totaled \$2.32 billion. The increase in requested fiscal year 1974 budget authority over the revised amount requested in fiscal year 1973 is due primarily to additional emphasis on people-related projects such as bachelor and family housing construction, and medical facility replacement and modernization; facilities for the Navy's Trident weapon system, as well as continued emphasis on the Reserve Forces and the pollution abatement program.

The construction proposals contained in the fiscal year 1974 request are located at approximately 300 named installations and there are some 680 separate construction projects. In order to conserve time and avoid duplication in testimony, I have attached to the end of my statement summaries of these projects, grouped in like construction categories to permit ready comparison.

COMPARISON WITH FISCAL YEAR 1973

I have a comparison of this year's proposed budget authority with that enacted for fiscal year 1973.

[The information follows:]

[In millions of dollars]

	Fiscal year 1973 actual	Fiscal year 1974 request
Army.....	414.0	664.9
Navy.....	517.8	685.4
Air Force.....	265.5	291.9
Defense agencies.....	19.2	19.1
Contingency.....	17.5	0
Reserve components.....	121.8	126.2
Family housing.....	967.6	1,150.4
Total.....	2,323.4	2,937.9

PROGRAMING

Mr. SHERIDAN. The 5-year defense program (FYDP) is the heart of the planning, programing, and budgeting system in the Department of Defense. In construction, we seek the orderly replacement of obsolete facilities and construction of new facilities as new weapons systems and changes in manpower and missions impact our military installations. The steady decline of Active Forces since the peak of the U.S. participation in Vietnam in fiscal year 1968 to a fiscal year 1974 active duty end strength of 2,233,000 has completed the transition from war to peace. The fiscal year 1974 military construction program reflects (1) support of a baseline military strength which is the lowest since the pre-Korean war period in early 1950,

(2) consolidation and realignments of the missions performed by the major installations, (3) the shift from a draft-dominated force to an All-Volunteer Force, and (4) greater reliance on the mobilization readiness of the Reserve Forces. The dynamic aspect of this military construction program is a reflection of the great changes that have occurred and are occurring, and will continue to occur as we move toward the generation of peace that the President has set as our goal.

A large portion of the fiscal year 1974 military construction program is directed at improving the attractiveness of military life in order to maintain an All-Volunteer Force. For example, in this year's budget we are requesting 11,688 new family housing units, compared to 11,938 units authorized last year, recognizing that adequate housing is an extremely important morale factor especially in helping to retain our professional officers and noncommissioned officers in whom we have invested heavily for specialized training. For our single personnel the fiscal year 1974 program calls for constructing nearly 39,000 bachelor enlisted spaces and 450 bachelor officers' spaces. This compares with the 35,430 new bachelor enlisted spaces and 905 new officer spaces approved last year. We are also planning to modernize approximately 55,000 bachelor enlisted spaces, converting open bay dormitory facilities into room configured spaces that will be semi-private and will be decently furnished. Last year, 72,334 bachelor enlisted spaces were approved for modernization. Nearly 60 percent of the entire fiscal year 1974 appropriation request is devoted to meeting housing needs, including operations and maintenance of the existing military family housing inventory and debt payment. In the area of personnel support, we are also planning to upgrade our obsolete medical plant to modern standards and, with your support, should complete programing this major effort over the next 5 years. In fiscal year 1974 we have included \$147.8 million for improving our medical facilities. Finally, we are requesting \$91.2 million for community support facilities such as exchanges, gymnasiums, servicemen's clubs, overseas dependent schools, and other morale related facilities.

The fiscal year 1974 program also contains substantial amounts for construction of facilities for our Reserve components as well as the pollution abatement program. I will discuss these in more detail later in my statement.

We have informed the committee in prior years concerning our total backlog of construction and as you will recognize this is also a dynamic and changing index as to the overall construction needs of the Department of Defense. The most recent figure would indicate that we have a backlog of \$23.2 billion for the active forces, a \$1.4 billion backlog for the reserve forces and \$1.6 billion for new family housing. There has been a drop from the figure furnished last year for the active forces and this comes about generally from three factors: elimination of facilities needed for the original 12-site Safeguard program, a reduction in the overall estimate of construction needed for Trident, and a general screening out by the military departments of marginal projects. In the case of family housing, the nearly \$0.7 billion decrease from the estimated deficit of \$2.3 billion reported last year results largely from the increase in the pay structure for the military personnel wherein we have enabled our military personnel to compete on a more equitable basis with the civilian sector of the econ-

omy. We are pleased in the case of the Active Forces, for example, that we are proposing in this year's request to devote \$1 billion to that portion of our backlog which we term replacement and modernization. That segment is presently estimated to be \$10.8 billion or nearly 47 percent of the total backlog for the Active Forces.

Finally, we have had to make some painful, but overdue decisions regarding our base structure. This year's program includes a number of projects which are required in the fiscal year 1974 time frame to accommodate relocated personnel and missions. While certain adjustments have been made in the past to reduce the size and cost of maintaining military installations, it has become clear that we can no longer afford to defer decisions regarding closure and realignment of the base structure, and I will discuss this in more detail later in my statement.

FAMILY AND BACHELOR HOUSING

As we move from a draft-dominated force to an All-Volunteer Force, increased emphasis is being placed on programs which will better military life and stabilize manpower. We plan to continue to improve the quality of life in the military services in the environment of the All-Volunteer Force and with that end in mind, we have substantially increased the military housing programs during the last few years. A balanced multifaceted approach to improving the housing situation in the shortest feasible time has been developed. This includes both provision of new housing and upgrading the standards of livability of existing on-base housing. Efforts being directed to the on-post family housing program include:

- (1) Continuing the high level of new construction.
- (2) Major modernization of existing housing.
- (3) Provision of mobile home facilities.
- (4) Broadening the programing base to include all enlisted personnel in the E-4 grade when computing housing requirements.
- (5) As authorized by legislation approved last year, designating marginally adequate housing as substandard, and renting these units at less than full forfeiture of BAQ.

In addition to these efforts to improve the family housing situation on-base, we are also continuing to direct our efforts to securing a greater share of housing in the civilian community by:

(1) Utilizing the Department of Housing and Urban Development program which set-aside housing for occupancy by military low income families. However, there is indication that because of the current freeze on new commitments for subsidized housing coupled with the cumulative effect of recent pay raises for military personnel, the future utilization of the "section 236" program for low income military families will not be as great as originally contemplated.

(2) Increasing the leasing of family housing for recruiting personnel.

(3) Continuing the vigorous housing referral programs at all major bases and installations to assist in securing housing in the civilian community.

At overseas areas, we are proposing to expand the foreign leasing program and encourage lease-construct agreements for military family housing as a supplement to our continuing efforts under the rental

guaranty program authority. A viable rental guaranty program in conjunction with an expanded leasing program will considerably assist our housing problems overseas at a minimal risk to the U.S. Government.

For our fiscal year 1974 family housing program, we are proposing \$1.25 billion, which includes \$424 million for construction. This program would provide 11,688 new units of family housing, 1,340 mobile home spaces, over \$62 million for the improvement of existing family housing, and some minor construction and planning. In addition, we are proposing increased space and livability standards for family housing and an increased statutory cost limitation on new construction. The program also reflects an administrative limitation on the number of two-bedroom units which may be constructed. The bachelor housing construction program for fiscal year 1974 amounts to \$501 million. This program will provide 39,000 new bachelor enlisted spaces. In addition, \$165 million of this request would be utilized primarily to convert existing sound structures which are presently open-bay barracks into modernized room-configured bachelor enlisted spaces. This effort will provide an additional 55,000 adequate bachelor enlisted spaces. We are pleased to note that the bachelor housing request for this year is about 30 percent higher than last year's request.

RESERVE COMPONENTS

As Secretary Richardson has indicated, a well-equipped and fully manned National Guard and Reserve, deployable on short notice, is potentially the most economical part of our defense system. Their revitalization over the past several years, therefore, is encouraging. The Guard and Reserves are now relied upon as the initial and primary augmentation for the Active Forces. Consequently, construction to support these components is essential in the present timetable. The proposed fiscal year 1974 appropriation bill contains a request for \$126.2 million to provide urgently needed training for the Reserve components of the Army, Navy, Marine Corps, and Air Force.

The fiscal year 1974 request is the largest Reserve facilities program proposed to date and represents the third increment of our 10-year goal to provide an ongoing and continued adequate training facilities for the Reserve components. It is expected that this continuing emphasis, in consonance with corresponding efforts to modernize equipment and other Reserve improvements, will effect a significant improvement in the quality of training and the resultant combat readiness of all Guard and Reserve units. We recognize that modern training facilities and adequate field exercise areas are a vital adjunct of this integrated program for upgrading mobilization capability. Accordingly, we will continue to emphasize for the foreseeable future, a program of modernization of National Guard and Reserve training facilities.

CONSTRUCTION AGENCIES

Of special interest to the committee has been the assignment of work to the construction agencies. We have been extremely conscious of the views of the committee and believe we have developed the most feasible means of allocating work among the construction agencies.

As you know, pursuant to statutory requirements, the Army Corps of Engineers and the Naval Facilities Engineering Command are the primary Department of Defense construction agencies, with the resources of the Air Force utilized when such assignments will be efficient and economical. The determination of the projects to be assigned to the Air Force is a function not only of the relative nature, complexity, and distribution of the Air Force projects but also of the available capabilities of the individual Air Force installation at which projects are proposed. This latter consideration must include the normal workloads of the installation as well as whether the installation would be simultaneously handling an Air Force family housing project. Additionally, the workloads and existing field office dispositions of the primary construction agencies must be considered. In summary, the planning for and assignment of projects to the Air Force involves the close and mutual coordination between the Air Force staff, the construction agencies, and representatives of my office.

For fiscal year 1974, the Air Force has requested, and we have approved, exclusive of its family housing program, the assignment of \$34.6 million of projects. A total of \$12.8 million of this represents projects for which the Air Force will have total responsibility, and \$21.8 million is for projects for which the Air Force will have design responsibility. We believe that the assignment of responsibility to the Air Force together with the assignments to the Army Corps of Engineers and the Naval Facilities Engineering Command are the most efficient and effective allocations of the total DOD workload.

A related matter to the assignment of construction responsibilities has been the level and comparability of costs reported by the various construction agencies for the design and construction supervision, inspection and overhead functions. The latter was the subject of a study conducted by the Office of the Assistant Secretary of Defense—Comptroller—which was completed in September of last year. A copy of the report, which was provided to the committee at that time, concluded that, at present, the costs reported by the Air Force are not on a comparable basis with those reported by the principal construction agencies. Most importantly, a detail follow-on study involving all of the construction agencies was indicated, with the objective cost accounting systems and the comparability of costs reported. My staff is working with the staff of the Comptroller on this effort as well as continuing to work with the construction agencies towards our mutual goal of obtaining the lowest practicable costs for design and construction management.

Concluding this general subject, the Comptroller General completed a similar study of relative cost comparability and efficiency in a report dated January 1973. The GAO report confirmed the difficulty of comparing costs reported by the various DOD construction agencies and further indicated that insufficient data were available to make meaningful comparisons of DOD agent costs with those of other Federal agencies and with the private sector. We concur in general with the findings and conclusions of this GAO report.

STATUS OF VIETNAM CONSTRUCTION

I would like to briefly discuss the status of Vietnam construction as I know of the committee's deep interest in this subject in the past.

The cost-plus award fee contractor combine of Raymond Morrison-Knudsen/Brown and Root & Jones completed the work under its contract in Vietnam last June. Lump sum contractors and Vietnamese Army engineers are completing the remaining projects for improving the South Vietnamese Armed Forces self-sufficiency, as well as the balance of the primary highway upgrade program and dependent shelter program. As in 1972 and 1973, no additional appropriations are sought this year. In fact, a total of \$23,800,000 has been recouped from Vietnam military construction appropriations so far and is included as a source of financing a portion of the fiscal year 1974 military construction program.

REAL PROPERTY SURVEYS

In February 1970, Executive Order 11508 was promulgated by the President, assigning responsibility to the General Services Administration—GSA—for conducting surveys of all Federal properties in order to identify unneeded and underutilized properties. The order also established the Property Review Board (PRB) to make recommendations to the President on the highest and best use to be made of the resulting excess properties.

Closely allied to this program, in February 1971, the President proposed a new legacy of parks program to help States and local governments provide parks and recreation areas for public use. In discussing the objective of the legacy of parks program, the President stated that "among the most important legacies that we can pass on to future generations is an endowment of parklands and recreational areas that will enrich leisure opportunities and make the beauties of the earth and sea accessible to all Americans." As part of this program, he has directed the PRB to give priority to potential park and recreational areas in its search for alternative uses of federally held real property determined to be excess.

Since July 1971 and in consonance with Executive Order 11508, the Department of Defense conducted surveys of defense installations in addition to those being conducted by the GSA. The defense objective in these surveys was to insure that real property being retained was sufficient and adequate to support current and long-range requirements and that property no longer needed was reported for disposal. With this purpose in mind, the DOD agreed to over 430 separate actions involving the release of approximately 1.2 million acres of land during the period January 1970 to March 1973. As part of this effort, the DOD undertook over 470 installation surveys and special projects involving over 14.3 million acres of defense land since July 1971. Since February 1970 the GSA accomplished 200 surveys of defense installations involving about 5 million acres of land. We are proud of our achievements in these areas. We are also pleased that the President was able to announce in February 1973 that 273 properties had been transferred to State and local governments in the 50 States, Puerto Rico, and Washington, D.C., as part of the legacy of parks program. These properties consist of about 46,300 acres of land with an estimated fair market value of \$136 million. Of the 273 properties, 145 or 54 percent

were formerly DOD properties representing approximately 23,900 acres or 52 percent of the total acreage conveyed.

We are pleased with the results of these programs and we plan to continue the installation survey effort in 1974 in support of the requirements of Executive Order 11508.

INSTALLATION AND ACTIVITY REDUCTIONS AND REALINEMENTS

As you know, on April 17 we announced a significant installation and activity reduction and realignment package with annual recurring savings of \$375 million after one-time costs. These actions relate to our identification of those military installations which should be retained in order to meet our national priorities. Without such installation and activity consolidations, reductions, and closures, it would not be possible for the DOD to remain within budget levels. In addition, installation and activity consolidations and closures had to follow the significant reductions in force levels which occurred.

Since 1969, the DOD announced a total of 2,269 installation and activity reduction, realignment, and closure actions worldwide. These actions reduced over 302,000 military and over 195,000 civilian personnel positions and will result in the reduction of annual defense expenditures of almost \$4.4 billion when completed. Although most of the actions have already been completed, some, including those most recently announced, will not be completed until the end of fiscal year 1974 and a few will take somewhat longer. As part of these actions, the DOD closed over 400 installations, activities, and properties worldwide since January 1969.

TURNKEY CONSTRUCTION

I would like to briefly update the committee as to our recent actions relating to turnkey construction.

First, let me review the turnkey concept and the procedures we utilize. Basically the turnkey concept involves the use of performance or narrative specification of the facility requirements, with competing contractors submitting a technical concept which will satisfy these Government requirements together with a price for the construction. In our one step competitive negotiation procedure the technical concept and the price proposal are submitted simultaneously and are evaluated to obtain the award decision. In the two step procedure, contractors first submit a technical concept. After approval of the technical proposals, they then submit a price based upon their own technical proposal—the award going to the low-price bidder.

Two major considerations are, however, involved in the effective use of turnkey. First, we must insure that potential proposers can readily and economically provide design proposals which will in fact meet our valid facility requirements. Secondly, we must insure that use of these procedures does not unnecessarily compromise the quality of the design in order to achieve the lowest bid price.

During the past year we have completed the development of policy and guidance directed toward the enhanced and uniform use of the turnkey procedures by the military departments. This guidance rec-

ognizes the two major considerations I addressed, and provides specific criteria for the most effective application of both turnkey procedures.

Our policy guidance also identifies types of facility projects for which potential contractors can readily provide acceptable design proposals. The final decision to utilize the turnkey approach is left in each case to the military department and the contracting officer concerned, so that this decision can be made in terms of the specifics of the project and the local contractor market.

In order to clarify the application of the one step competitive negotiation turnkey procedure in accordance with our policy guidance, we believe it is desirable to obtain certain technical statutory language changes. This modified language is contained within our legislative program for this year.

RELOCATABLE BUILDINGS

Within the past two months we have published a Department of Defense instruction establishing policies and procedures for the use of relocatable buildings. The instruction is principally directed toward the controlled utilization of relocatable buildings to meet interim facilities requirements, generally of 3 years or less duration, wherein the use of more conventional construction or other alternative measures may not be as economical. Additionally, this instruction provides general guidance and authority for the establishment of stockage levels by the services for buildings required to meet contingency requirements.

We believe that this instruction provides for the effective application of the evolving technology in the field of relocatable buildings to the urgent requirements of the Department of Defense while maintaining accord with the military construction authorities and limitations.

NATURAL RESOURCES CONSERVATION

Again this year we would like to discuss briefly our continuing interest and improvement in the program for the conservation of our natural resources and in the sharing of these resources with the public. As trustee for the third largest land area controlled by the executive agencies, the Department of Defense has a vital concern for wise use of its forests, proper fish and wildlife management, soil and water conservation, and recreation opportunities on military lands for the civilian populace. A total of 237 cooperative agreements have been developed among the military installation commanders, the State or county agencies involved, the Department of the Interior through its regional offices of its Bureau of Sport Fisheries and Wildlife and with the local offices of the Forest Service and Conservation Service of the Department of Agriculture. These arrangements cover approximately 19 million of the 25.8 million acres of land and water that we control in the United States and possessions. Over 7 million visitors last year took advantage of the recreational opportunities offered at the many installations open to public hunting and fishing and other nonconsumptive recreational uses.

Longstanding interagency agreements which had been consummated with the Department of Agriculture and the Department of Interior governing use of natural resources at Defense installations

are constantly under review to assure the proper relationship of the DOD natural resources programs to the total environment. Defense lands, not currently required, have been made available through outleasing to State and other Government authorities for park and recreational use. Professional forestry management is being practiced on some 2,300,000 acres of Defense land.

Our conservation and natural resources programs have been, for the most part, financed by the sale of hunting and fishing permits by the military installations as authorized by Public Law 86-797. Increased emphasis has been placed on the collection of such fees for the improvement of local programs with the result that fiscal year 1974 should be one of outstanding accomplishment.

HEALTH CARE FACILITIES

In the area of health care facilities, there are some important and challenging developments.

Beginning with this year's program, we are embarking on a 5-year health facilities modernization program. This program has been initiated to accelerate the construction of necessary new medical facilities and modernization of existing hospitals to provide modern and efficient medical care. Also, the provision of these improved facilities at an early date will permit better utilization of scarce professional talent and reduce requirements for health personnel. As I indicated earlier, this initial year of the program includes a total of \$147.8 million for medical projects. This compares to an average of \$90 million over the past 5 years. It is anticipated that funding for this important program will increase over the next 4 years to assure that the needed medical facilities are constructed.

The next item of interest is a New Generation Military Hospital project which is under development. This project involves the construction of a test-bed hospital at Travis Air Force Base, Calif., to study a wide range of cost effective innovations leading to reduced overall cost of providing modern health care services. The features to be tested in this hospital were the product of two comprehensive systems analysis studies conducted by private industrial management consortiums.

The Air Force, as program manager, has just completed requirement and criteria studies and concept studies are about to get underway. It is proposed to request funds for this 600-bed hospital in the fiscal year 1975 construction program. The Department of Health, Education, and Welfare, and the Veterans' Administration have coordinated on the development of the studies, and the studies and the benefits derived will be shared with those agencies and the private sector.

Also in connection with medical facilities, you will recall that last year Congress passed legislation which established the Uniformed Services University of the Health Sciences. Now for the first time in history, Defense will have the internal capability for training physicians, which will greatly enhance the all-volunteer service goal. At this time we are awaiting the confirmation of appointees to the board of regents which will establish the necessary policy guidance to permit site studies and development of the physical facilities to proceed in an expeditious manner.

POLLUTION ABATEMENT

This year's budgetary request continues the program for abating pollution at military installations which was started several years ago. In keeping with national environmental policies, we have again programed major funding for this important effort. Included in this year's program is \$116.5 million for 98 projects to assure compliance with current pollution control standards.

With respect to our present standards, we have turned the corner in our pollution abatement effort. This is reflected in the fact that funds being requested this year represent a decrease of 33 percent over our last year's request. However, it is important to note that the comprehensive Water Pollution Control Act, passed in October 1972, will result in more stringent standards which will be reflected in future programs.

Basically, the program proposes projects to provide proper treatment for sanitary and industrial waterborne wastes. Included in this effort is a continuation of the program initiated last year to provide onshore treatment of wastes from naval vessels. The air pollution program provides funds for heating plant projects to eliminate sulfur and fly ash, facilities for processing industrial exhausts and the construction of incinerators and sanitary landfills.

As in the past, all air and water pollution projects in the fiscal year 1974 program have been coordinated with the Environmental Protection Agency. We very much appreciate the support which this committee has given to this program in previous years and we trust that this year's projects will similarly receive your favorable consideration.

AIR INSTALLATIONS COMPATIBLE USE ZONES

A threat to our ability to maintain adequate air strength is urban encroachment on our air bases. To protect the hard-core bases, we have begun a policy of establishing compatible use zones in the intensive flying areas. A draft environmental impact statement covering this action has been prepared in accordance with the National Environmental Policy Act.

These zones will be established by many methods, ranging from local land use zoning to Federal purchase of land. Development in the zones will not be prohibited, but will be directed along lines compatible with the characteristics of airport operation. Typically, residential development would be discouraged as would development that would create flight hazards. Light industry, open space recreation, and commercial uses insensitive to noise would be encouraged. The amount of land involved will vary with the base and the type of mission supported. This year, we are asking \$25.9 million in authorization for the Air Force to acquire some 78,605 acres at 13 bases and \$5.4 million to acquire all 14,365 acres at two bases in the Navy program. However, since acquisition by exchange of land will be attempted, only \$2 million in appropriations for the Air Force purposes will be sought. The Congress can expect to receive future requests for similar purposes as further encroachment on military airfields becomes evident.

REAL PROPERTY MAINTENANCE ACTIVITIES PROGRAM

The military construction backlog and the correction of deficiencies through MILCON appropriations also impacts heavily upon our real property maintenance activities (RPMA) program for which over \$3 billion are expended annually. Necessary operational costs for utilities and services, aging facilities retained for "2 or 3 years" and austere budgets are resulting in an enforced lowering of the maintenance and repair effort and growth in the backlog of essential maintenance and repair (BEMAR) exceeding \$900 million by end fiscal year 1973, substantially more than the \$200 million considered acceptable for prudent management. As costs continue to escalate, we are seeking improvements and innovations to reduce the RPMA demand on the Defense dollar. For example, a program has been instituted to consolidate RPMA at those areas where there are major installations in close proximity to one another. To maximize consolidation efforts, Joint Utilities Review Boards were established worldwide to provide joint-service organizations to solve mutual utilities procurement problems, insure more effective utilities contract negotiations and to improve conservation programs. We feel that notable progress has been achieved and we are continuing efforts in this direction.

I am most appreciative of the opportunity to appear before you today to present the military construction request for fiscal year 1974 to discuss subjects in the installations, construction, and housing areas which are of interest to this committee. I have attempted to provide you with some measure of our efforts to achieve a strong base structure in line with the President's policy of "adequate strength" and we are hopeful that these efforts will continue for many years to come. We have been extremely fortunate to have had the support of this committee over the years and for that, we are sincerely grateful.

I have with me Perry Fliakas, Director for Facilities Planning and Programing. Mr. Fliakas, the staff and I will be available to answer your questions and we would be pleased to provide such additional information as you may request.

Thank you.

[Additional information follows:]

- (1) Summary of fiscal year 1974 Military Construction Program.
- (2) Addendum—Proposed Construction of Major Facilities Categories.
- (3) Proposed Family Housing Program.

SUMMARY OF FISCAL YEAR 1974 MILITARY CONSTRUCTION APPROPRIATION PROGRAM
[In millions of dollars]

	Army	Navy	Air Force	Total
Active forces, military departments facility class:				
Operational and training.....	82.3	123.5	60.4	266.2
Maintenance and production.....	16.4	132.3	36.9	185.6
R. & D. facilities.....	11.2	29.3	10.0	50.5
Supply facilities.....	8.1	2.1	11.7	21.9
Hospital and medical.....	45.8	65.3	36.7	147.8
Administrative facilities.....	6.0	17.6	31.1	54.7
Housing and community.....	453.4	104.0	68.1	625.5
Utilities and ground improvements.....	29.5	152.9	22.0	204.4
Real estate.....	2.7	.6	2.0	5.3
General support activities.....	51.5	69.8	33.0	154.3
Total direct program.....	706.9	697.4	311.9	1,716.2
Less financing adjustments.....	42.0	12.0	20.0	74.0
Budget authority (and appropriation).....	664.9	685.4	291.9	1,642.2
Defense agencies:				
Direct program.....				49.1
Less financing adjustments.....				-30.0
Budget authority (and appropriation).....				19.1
Reserve forces: (direct program, budget authority and appropriation).....				126.2
Family housing:				
Direct program.....				1,161.5
Less financing adjustments.....				-11.1
Budget authority.....				1,150.4
Plus appropriation applied to debt reduction.....				+100.2
Appropriation.....				1,250.6
Homeowners assistance:				
Direct program.....				5.0
Less financing adjustments.....				-5.0
Budget authority (and appropriation).....				0
SUMMARY				
		Direct program	Budget authority	Appropriation
Active forces:				
Military departments.....		1,716.2	1,642.2	1,642.3
Defense agencies.....		49.1	19.1	19.1
Reserve forces.....		126.2	126.2	126.2
Family housing.....		1,161.5	1,150.4	1,250.6
Homeowners assistance.....		5.0	0	0
Grand total.....		3,058.0	2,937.9	3,038.1

PROPOSED CONSTRUCTION IN MAJOR CATEGORIES OF FACILITIES

Active Forces (Titles I, II, III, and IV)

The Active Forces portion of the military construction budget program for fiscal year 1974 totals \$1,765.3 million for the three Departments and Defense Agencies. This portion of the program is related to the regular Military Establishment and provides for facilities and installations necessary to meet operational, logistical, and other mission requirements of the three military departments and the defense agencies, other than family housing. For purposes of easy summation, we have grouped the total request into nine standard Department of Defense construction categories. I would like to describe the principal items contained in each of these categories for the individual services. I will omit reference to the defense agencies in these descriptions, inasmuch as I will summarize their requirements separately at the end of this presentation. The first of the categories is:

Operational and Training, \$266.2 million.

The operational facilities contain essential airbase, fleet operations support, communications, security, command and control, and other operational facilities

necessary to support the combat readiness capability of the services. Under training facilities we seek to provide the instructional and training facilities necessary to the development of not only the basic soldier, seaman, airman, and marine, but also the technical and professional specialists required to operate, maintain, and repair the complex tools of modern war.

Within the above total, the requests for such facilities are:

Army—\$82.3 million.

Navy—\$123.5 million.

Air Force—\$60.4 million.

The most significant portion of the Army's request, which totals \$82.3 million, involves \$60 million for financing the U.S. share of the NATO infrastructure program additionally the program provides \$7.2 million for aircraft facilities at Fort Hood, Tex.; \$1.6 million for helicopter facilities at Fort Belvoir, Va.; \$7.6 million for academic and school facilities at Fort McClellan, Ala., Fort Meade, Md., Fort Monmouth, N.J., and Fort Sheridan, Ill.; \$0.9 million for petroleum-oil-lubricants (POL) facilities in Korea; and various operational and training facilities at five other installations for a total of \$5 million.

Of the \$123.5 million included in this category for Navy, \$72.3 million is for operational facilities and \$51.2 million for training facilities. Of the \$72.3 million for operational facilities, \$9.9 million will provide improvements and additions to airfield pavements at six Navy installations; \$5.7 million for communication facilities at eight Navy installations; \$3.5 million for aircraft operations facilities at seven installations; \$21.8 million for waterfront facilities at three Navy installations; and \$31.3 million for a wharf and dredging in support of Trident at Patrick Air Force Base, Fla. The Navy's training facilities request includes \$6 million for academic instruction facilities at Annapolis, Dam Neck, and San Diego; and \$45.2 million for urgently needed enlisted training facilities at 18 Navy installations.

The Air Force program for operational and training facilities totals \$60.4 million, of which \$52.6 million is for operational facilities, and \$7.8 million for training facilities. Significant items within the operational facilities portion include \$13.5 million for facilities for the newly approved airborne command post to support national command authorities at Andrews Air Force Base, Md.; \$11 million for an addition to the technical intelligence operations facility at Wright-Patterson Air Force Base, Ohio; \$7.9 million for communications facilities, navigational aids and airfield lighting; \$4.1 million for airfield pavements; \$5.4 million for a composite support facility at Cape Newenham Air Force Station, Alaska; \$4.5 million for an air freight terminal at Hickam Air Force Base, Hawaii; \$4.7 million for a fire station and operations buildings; and \$1.5 million for miscellaneous facilities. The training facilities include: \$2.8 million for a base maintenance training facility at Sheppard Air Force Base, Tex.; \$2.8 million for a flight simulator training facility at Reese AFB, Tex.; and \$2.2 million for four miscellaneous training facilities.

Maintenance and production facilities, \$185.6 million.

This category includes all types of facilities necessary for the production, maintenance and repair of military hardware, including field and depot maintenance shops and hangars, shore-based marine maintenance facilities for the fleet, and production, assembly and maintenance facilities for rockets, guided missiles and various types of conventional ammunition.

The totals of the services' requests for such facilities are:

Army—\$16.4 million.

Navy—\$132.3 million.

Air Force—\$36.9 million.

Within the Army's portion of their total request, the appropriation would provide \$16.4 million for various shop and maintenance facilities at four major bases in the United States. Approximately \$8.4 million of the request entails construction of phase III of an airfield complex to support an airmobile division at Fort Campbell, Ky.; \$3.8 million would finance vehicle repair and processing facilities at Anniston Army Depot, Ala.; \$2.7 million is required for tactical equipment shops at Fort Bragg, N.C.; \$1.1 million for turbine engine test cells at the aeronautical maintenance center, Tex.; and \$0.4 million for medical equipment maintenance facility at Memphis Depot, Tenn.

Significant items included in the Navy request for maintenance and production facilities include \$22.3 million related to aircraft maintenance at 12 air stations; \$12.1 million for ships maintenance facilities at five installations; \$1 million for a vehicle maintenance facility; \$6.5 million for ammunition maintenance

facilities at three installations; \$91.7 million for the first phase of the Trident refit complex all Bangor Annex, Wash.; and \$0.4 million for three miscellaneous projects.

The appropriation requested for the Air Force in this category will provide the necessary facilities to support the maintenance of new weapons systems and will provide for increased Air Force missions, changes in missions, and safety of operations. Significant amounts entered in this category are \$22.9 million for various aircraft maintenance shops including among the major items, a depot aircraft engine fuel system overhaul and test facility at Kelly AFB, Tex., \$3.2 million; alteration of a depot aircraft overhaul facility at Robins AFB, Ga., \$1.4 million; a depot aircraft landing gear overhaul facility at Hill AFB, Utah, \$6.9 million; a weapons system components plate shop at McClellan AFB, Calif., \$2.5 million; a depot aircraft electronics system overhaul and test facility at Tinker AFB, Okla., \$3.3 million; and 10 miscellaneous aircraft maintenance shops at six locations, \$5.6 million. In addition, this category includes 5 aircraft corrosion control facilities at 5 locations, \$1.9 million; 3 precision measurement equipment facilities at 3 locations, \$2.3 million; a base civil engineer maintenance complex at Dover AFB, Del., \$0.8 million and at Peterson Field, Colo., \$1.8 million; short-range attack missile maintenance support facilities at 2 locations, \$1 million; communications and electronics shops at 3 locations, \$1.1 million; and 7 miscellaneous maintenance facilities at 5 locations, \$5.1 million.

Research and Development Facilities, \$50.5 million.

This portion of the appropriation program is necessary to sustain our search for new and improved weapons systems. Despite its modest size, the Department considers the projects included herein to be of high essentially and vital to the maintenance of U.S. leadership in the development and testing of new defense systems.

The total of the Services' requests for R. & D. facilities are:

Army—\$11.2 million.

Navy—\$29.3 million.

Air Force—\$10.0 million.

The Army's request involves \$11.2 million with \$3 million required for a human factors engineering laboratory at Aberdeen Proving Ground, Md.; \$2.7 million for an explosives laboratory at Picatinny Arsenal, N.J.; and \$2.7 million to provide improvements to test range facilities at Yuma Proving Ground, Ariz. Additionally, \$2.8 million is requested to provide for various laboratories and support facilities at six locations in the United States and instrument test facilities at Kwajalein Island.

For the Navy, 14 research and development facilities total \$29.3 million, and includes \$6.4 million for the second phase of an environmental health effects laboratory at Bethesda, Md.; \$4.7 million for an integrated electromagnetic test and analysis laboratory at NRL Washington, D.C.; \$3.6 million for an engineering building at New London, Conn.; \$3.5 million for an electronic development and test laboratory increment at San Diego, Calif.; \$5.4 million for facilities at the Naval Coastal Systems Laboratory at Panama City, Fla.; \$3.8 million for facilities at Patrick AFB, Fla., in support of the Trident missile development; and \$1.9 million for miscellaneous facilities at three Navy installations.

The Air Force program for R.D.T. & E. facilities contains the following significant items: \$4.9 million for aircraft fuels and lubricants laboratory and \$1.9 million for alterations to an aircraft engine components and research laboratory at Wright-Patterson AFB, Ohio; \$0.9 million for alterations to a rocket propulsion research laboratory at Edwards AFB, Calif.; \$0.9 million for a weapons guidance test facility at Holloman AFB, N. Mex.; and \$1.4 million for five miscellaneous projects at five locations.

Supply facilities, \$21.9 million.

This category includes various supply facilities, including fuel storage, ammunition storage, cold storage, depot and arsenal warehouses and open storage facilities.

The total of the services' requests for such facilities are:

Army—\$8.1 million.

Navy—\$2.1 million.

Air Force—\$11.7 million.

The Army's request includes a container transfer and marshaling facility at Sunny Point Terminal, N.C., \$1.6 million; a multiunit supply operations and storage building at the Aeronautical Maintenance Center, Tex., \$5.2 million; a logistic and storage facility at Cold Regions Laboratory, N.H., in the amount

of \$0.6 million; and a supply and administrative facility at Fort Eustis, Va., for \$0.7 million.

The Navy's request includes two warehouse facilities and one cold storage facility totaling \$2.1 million. The \$11.7 million requested for supply facilities for the Air Force will provide \$5.4 million for a logistical materials storage facility at Tinker AFB, Okla.; \$1 million for a base supply facility at Reese AFB, Tex.; \$3 million for a ballistic missile processing support facility at Hill AFB, Utah; and \$2.3 million for five miscellaneous storage facilities.

Hospital and medical, \$14.7 million.

Replacement and improvement of our outmoded and obsolescent medical plant continues as one of our urgent priorities. A great portion of our hospital and medical facilities were constructed from 25 to 50 years ago, and over the years have become increasingly inadequate to the needs of modern medicine. In fiscal year 1974, we have included a substantial increment to continue the replacement of the most inadequate of such facilities.

The total of the services' requests for such facilities are:

Army—\$45.8 million.

Navy—\$65.3 million.

Air Force—\$36.7 million.

Army's request for hospital and medical facilities includes a new hospital at the U.S. Military Academy, \$25 million; an addition at Fort Lee, Va., for \$5.3 million; three dental clinics at Fort Carson, Colo., Fort Lewis, Wash. and Fort Monmouth, N.J. for \$3.5 million; a medical-dental clinic at Fort Shafter, Hawaii, for \$1.2 million and parking facilities at the Walter Reed Medical Center in the amount of \$10.8 million.

Significant items included in the Navy request for health and medical facilities include the \$22.3 million, 310-bed hospital at Orlando, Fla.; \$3.4 million, 150-bed addition to the hospital at New Orleans, La.; and \$39.6 million for dispensaries, dental clinics, and upgrading of medical facilities at 20 Navy installations.

Within the Department of the Air Force, the \$36.7 million requested for hospital and medical facilities will provide for the following: Additions and/or alterations to the composite medical facilities at Maxwell AFB, Ala., \$4.9 million; Tinker AFB, Okla., \$3.9 million; and Richards-Gebaur AFB, Mo., \$3.8 million; new composite medical facilities at RAF Upper Heyford, United Kingdom, \$5.5 million; Laughlin AFB, Tex., \$4.6 million; and F. E. Warren AFB, Wyo., \$5.8 million; aeromedical staging facilities at Andrews AFB, Md., \$1.7 million, and Scott AFB, Ill., \$2 million; and dental clinics at Keesler AFB, Miss., \$1.7 million; Barksdale AFB, La., \$1.2 million; and Shaw AFB, S.C. \$1.1 million; and a medical clinic at Lackland AFB, Tex., \$0.5 million.

Administrative facilities, \$54.7 million.

The total requested for administrative facilities, including headquarters, squadron operations, and similar facilities is \$55 million. Within this total, the service increments are:

Army—\$6 million.

Navy—\$17.6 million.

Air Force—\$31.1 million.

Army's request for administrative facilities is relatively minimal in nature and includes \$3.2 million to relocate Defense Department activities to Bayonne, N.J., in connection with the closing of the Brooklyn Army Terminal; alterations to an existing structure at Fort McClellan, Ala., for an addition to WAC Headquarters in the amount of \$0.3 million; and various other alterations and conversions at Fort Dix, N.J., Fort Knox, Ky., Fort Bragg, N.C., and Fort Monmouth, N.J., in the amount of \$2.5 million.

The Navy's \$17.6 million request for administrative facilities includes \$1.8 million for relocation of the Military Sealift Command from Brooklyn to Bayonne, N.J.; \$9.8 million for administrative facilities at New Orleans, La.; \$52 million for administrative facilities at Albany, Ga.; \$0.2 million for a computer support facility at Philadelphia, Pa.; and a \$0.7 million administrative facility at Meridian, Miss.

The Air Force program provides \$31.1 million which includes \$20.4 million for the Air Force Accounting and Finance Center at Lowry AFB, Colo.; \$4 million for an Armament Development Test Center Headquarters at Eglin AFB, Fla.; \$3.6 million for base personnel offices at Nellis AFB, Nev.—\$1.9 million—and at Mather AFB, Calif.—\$1.7 million; \$1.5 million for a Data Processing Plant at Randolph AFB, Tex.; \$0.9 million for alterations to a Command Headquarters

Facility at Howard AFB, Canal Zone; and \$0.7 million for administrative facilities.

Housing and Community Facilities, \$625.5 million.

Troop housing is one of the most important and vital requirements in our construction program. We recognize the importance of this item in persuading personnel to stay in the military service as a career, and we believe implicitly that improved housing will provide both immediate and long-range benefits through increased reenlistment, heighten morale, and reduced recruitment costs. The Service programs in fiscal year 1974 are:

Army—\$453.4 million.

Navy—\$104 million.

Air Force—\$68.1 million.

The Army's request for troop housing and community facilities, represents a continuation of last year's reorientation of construction priorities with major emphasis being placed on "peoples projects" designed to improve the conditions under which Service personnel and their families work and live. The request includes construction of 24,553 bachelor enlisted spaces and support facilities at \$237.7 million; modernization of 46,896 existing bachelor spaces at \$143.6 million; construction of 285 bachelor officer quarters at \$4.9 million; modernization of 528 existing bachelor officer spaces at \$2.7 million; a bachelor enlisted complex support facility at \$2.6 million; and three projects for consolidated dining facilities and centralized food preparation plants at \$13.7 million. Additionally, the program includes 22 community facilities at \$48.2 million. These provide two dependent schools in Germany at \$12.1 million; two confinement facilities in the United States at \$10.7 million; and various chapels, commissaries, libraries, gymnasiums, and similar facilities at 14 other Conus bases in the amount of \$22.8 million.

The Navy's programing for this category will provide 9,368 new bachelor enlisted spaces at a cost of \$58.4 million; 2,719 modernized bachelor enlisted spaces for \$8.6 million; 103 new bachelor officer quarters at a cost of \$3.3 million; 126 modernized bachelor officer spaces for \$1.4 million; enlisted dining facilities at a cost of \$8.2 million; community support items totaling \$14.6 million; and completion of the naval home facility at Gulfport, Miss., for \$9.4 million.

The Air Force program for this category provides \$39.7 million for troop housing facilities and \$28.4 million for community facilities. The \$39.7 million will provide 4,768 bachelor enlisted spaces at a cost of \$25.6 million; modernization of existing bachelor enlisted quarters to provide 4,757 spaces at a cost of \$11.3 million; 60 bachelor officer quarters for \$1.2 million; \$0.6 million for construction of an airmen dining hall at Webb AFB, Tex.; and \$1 million for modernizing a dining hall at Lackland AFB, Tex. The \$28.4 million for community facilities will provide for additions and alterations to three chapel centers, \$1 million; three commissaries, \$7.4 million; three gymnasiums, \$2.7 million; two high schools and one intermediate school, \$7.4 million; two airmen open messes, \$2 million; four noncommissioned officer open messes, \$5.4 million; one officers open mess, \$1.1 million; and four miscellaneous community projects, \$1.4 million.

Utilities and Grounds Improvements, \$204.4 million.

This portion of the program provides for expansions and additions to utility systems and road nets at various U.S. and overseas locations. A significant element of this year's, as in last year's, program is directed toward further implementing the national policies for controlling water and air pollution. The military department totals in the category of utilities and ground improvements are as follows:

Army—\$29.5 million.

Navy—\$152.9 million.

Air Force—\$22 million.

In compliance with Federal, State, and local air and water pollution control regulations and Executive Order 11507 (4 Feb. 1970), there is included a total of \$116.5 million for 98 pollution abatement projects as a continuation of the program begun 5 years ago to eliminate pollution at our military installations. All of these projects have been coordinated with the Environmental Protection Agency.

The pollution abatement projects in each of the service programs are summarized as follows:

	Air pollution abatement			Water pollution abatement		
	Millions	Projects	Installations	Millions	Projects	Installations
Army.....	\$7.3	7	7	\$7.1	7	6
Navy.....	27.6	18	15	64.7	45	39
Air Force.....	3.7	6	6	6.1	15	15
Total.....	38.6	31	28	77.9	67	60

The Army's request includes \$14.4 million for pollution abatement; \$15.1 million for utilities systems including \$8.7 million for electrical distribution or augmentation of power facilities; \$0.3 million for a gas generating plant; \$0.5 million for extension of a parkway at Fort Benning, Ga.; and \$5.6 million for miscellaneous utility extension items at the U.S. Military Academy, N.Y., White Sands Missile Range, N. Mex., Fort Polk, La., Atlanta Depot, Ga., and Fort McClellan, Ala.

Significant items included in the Navy request for utilities include \$92.3 million for pollution abatement, \$42.8 million for electrical power distribution improvements at 26 installations; \$8.3 million for heating plant and distribution system improvements at four installations; \$3.1 million for water supply and distribution improvements at three installations; and \$6.4 million for miscellaneous utilities and ground improvements at nine installations.

This portion of the Air Force fiscal year 1974 military construction program will provide expansion and additions to existing utility systems worldwide. Significant items included in this category are \$9.8 million for pollution abatement projects; \$3.5 million for electric power distribution lines, emergency power, and substations; \$3.3 million for power and air conditioning improvements at six locations; \$3.9 million for expansion of base utility systems at two locations; and \$1.5 million for three miscellaneous utilities projects.

Real estate, \$5.3 million.

This portion of the program provides for real estate acquisitions and is by far the smallest category in the fiscal year 1974 request. The services' requests are as follows:

Army—\$2.7 million.

Navy—\$0.6 million.

Air Force—\$2.0 million.

The Army's request of \$2.7 million provides for acquisition of 71,159 acres of privately owned land located within the boundaries of the White Sands Missile Range, N. Mex.

The Navy's request includes \$0.6 million for acquisition of 129 acres at Yuma, Ariz. Approximately \$5.1 million is included under the Trident refit complex to acquire land at the Bangor Annex, Naval Torpedo Station, Keyport, Wash.

The Air Force request for real estate totals \$2 million as a second increment to acquire land and restrictive easements in support of the air installation compatible use zones program.

General support activities, \$154.3 million.

This portion of our budget request includes funds required for planning and design, construction of military access roads, minor land acquisition under \$25,000, and financing of minor construction projects authorized under standing legislation contained in 10 U.S.C. 2674. The amounts requested for each of the services for these activities are as follows:

	Planning	Minor construction	Supporting activities	Total
Army.....	39.0	12.5	.....	51.5
Navy.....	53.8	15.0	1.0	69.8
Air Force.....	18.0	15.0	.....	33.0
Total.....	110.8	42.5	1.0	154.3

The requests for general support funds are relatively modest and similar to that requested last year. The requests for minor construction funds are small in magnitude when compared with other elements of the total request, however, we consider these funds most important as they constitute the only immediately available source of funds to finance those relatively small but urgent projects which inevitably evidence themselves during the fiscal year. We strongly urge the committee to approve them in total.

Defense agencies (title IV), \$49.1 million.

The request for activities of the Defense agencies contains \$17.1 million for new construction and rehabilitation of existing facilities at 12 installations and \$2.0 million for general support activities for which we are seeking appropriations, and \$30 million for the Secretary of Defense Contingency Fund which will be financed with previous appropriations. The \$49.1 million program is divided as follows:

Defense Nuclear Agency (\$0.6 million) to provide for an advance research electromagnetic pulse simulator (ARES) support building at Kirtland Air Force Base, Albuquerque, N. Mex.; and a DNA administration building at the Atomic Energy Commission Nevada Test Site, Las Vegas, Nev.

Defense Supply Agency (\$8.4 million) to provide for an improved electrical distribution system, and a truck entrance and control facility at the Defense Construction Supply Center, Columbus, Ohio; medical materiel climatic controlled storage, upgrade restroom and lunchroom facilities and a troop subsistence support facility at the Defense Depot, Mechanicsburg, Pa.; ventilation of warehouses at the Defense Depot, Memphis, Tenn.; upgrade restroom facilities at the Defense Depot, Ogden, Utah; an operational equipment maintenance facility, fire station and improvement and modernization of the water system at the Defense Depot, Tracy, Calif.; a photographic materiel storage facility and a defense fuel supply center at the Defense General Supply Center, Richmond, Va.; a parking lot at the Defense Logistics Service Center, Battle Creek, Mich.; quality control laboratory improvements at the Defense Personnel Support Center, Philadelphia, Pa.; and facility improvements at the regional office, Defense Contract Administration Services, Chicago, Ill.

National Security Agency (\$8.1 million) to provide for relocation of shop facilities, logistics support facility, modernization of bachelor enlisted quarters, and an automated waste collection system at NSA Headquarters, Fort George G. Meade, Md.

GENERAL SUPPORT ACTIVITIES (\$2.0 MILLION)

This portion of the Defense agency budget includes \$1.0 million each of funds required for planning and design, and for financing of minor construction projects authorized under standing legislation contained in 10 U.S.C. 2674.

CONTINGENCY FUND (\$30.0 MILLION)

The Department of Defense is not requesting any new appropriation in fiscal year 1974 to finance contingency authorization available to the Secretary of Defense for construction deemed vital to the security of the United States. Currently available obligational authority from prior years is considered sufficient to meet anticipated needs based on recent years usage levels.

SUMMARY OF HOUSING PROGRAM

The fiscal year 1974 family housing program contains a request for 11,688 new units and a total appropriation request of \$1,250,567,000 for the following functions:

Construction of new housing (11,688 units):		<i>Thousands</i>
Army (6,135 units) -----	\$178, 208	\$351, 904
Navy (3,741 units) -----	117, 675	
Air Force (1,800 units) -----	55, 501	
Defense Intelligence Agency (12 units) -----	520	
Construction of mobile home facilities (1,340 spaces) -----		5, 700
Acquisition of utility system -----		240
Improvements to existing quarters -----		62, 510
Minor construction -----		2, 720
Planning -----		700
Total appropriation request, construction -----		423, 774

	<i>Thousands</i>
Operating expenses-----	334, 210
Leasing -----	44, 703
Maintenance of real property-----	294, 419
Debt payment—principal-----	103, 585
Debt payment—interest and other expense-----	58, 408
Mortgage insurance premiums—Capehart and Wherry-----	2, 206
Serviceman's mortgage insurance premiums-----	3, 780
	<hr/>
Total operation and maintenance and debt payment-----	841, 311
Less: Anticipated reimbursements and amounts available from prior years -----	-14, 518
	<hr/>
Appropriation request, operation and maintenance and debt payment--	826, 793
	<hr/>
Total appropriation request-----	1, 250, 567

FISCAL YEAR 1974 REQUEST

Mr. SIKES. You mentioned that the amount included in this year's budget for replacement and modernization is approximately \$1 billion. Let me say that I am pleased with the fact that the military construction program requested this year has increased somewhat over last year. I think this is in keeping with the committee's views on the need for pushing ahead with the military construction program.

We particularly have stressed housing, both for families and for bachelor personnel, and that is emphasized in this year's budget. So, I am happy at the progress that is being made in the general field.

Does this increase really bring the fiscal year 1974 budget estimate about in line with last year's bill when you consider inflation, or is it actually an improvement over last year's bill?

REPLACEMENT AND MODERNIZATION

Mr. SHERIDAN. I think it is an improvement, because in the replacement last year we had \$610 million. For replacement in the 1974 budget, the request covers \$1.010 billion.

On modernization, the percentage of the total appropriation requested last year amounted to 45 percent, and this year it amounts to 59 percent of the total.

It is beyond just taking care of inflation.

Mr. SIKES. I am pleased that that is the case.

We have discussed the fact that the amount included in this year's budget for replacement and modernization is approximately \$1 billion. Provide for the record a comparison we have been able to achieve in this area in recent years.

[The information follows:]

Funds for replacement and modernization have gradually increased from a low of \$175 million in fiscal year 1969 to \$610 million in fiscal year 1973. This year's request includes approximately \$1 billion for replacement and modernization. The following table shows the amounts and proportions of the replacement and modernization of the total amount for the Active Forces portion of the military construction program.

5-YEAR SUMMARY OF REPLACEMENT AND MODERNIZATION FUNDS

Fiscal year:	Total appropriations (millions)	Replacement and modernization	
		Millions	Percent
1969.....	\$1,182	\$175	15
1970.....	1,024	245	24
1971.....	1,262	325	26
1972.....	1,202	479	40
1973.....	1,357	610	45
1974.....	1,716	1,010	59

¹ Request.

Mr. SIKES. With regard to replacement and modernization, overall, would you consider that we are catching up, or is that true only in certain areas such as bachelor housing and medical facilities?

Mr. SHERIDAN. The emphasis, of course, is on bachelor housing and medical facilities, but the \$1 billion being requested this year, we feel, is approaching an annual plateau that would mean that in 10 years, we would be in very good shape.

MEDICAL FACILITIES MODERNIZATION

Mr. SIKES. You mentioned that the average amount for health care facilities over the past 5 years has been \$90 million. Is this year's request a real increase, or does it just keep up with inflation?

Mr. SHERIDAN. The allowance for inflation amounts to about 11 percent, or about \$14.6 million out of a total of \$147.8 million. The remaining \$42.4 million represents an increase in level of effort of 47 percent over the past 5-year average.

NEW GENERATION HOSPITAL

Mr. SIKES. You stressed the development which has taken place at Travis Air Force Base. What differentiates this new type of hospital construction, that the services have been so impressed with?

Mr. SHERIDAN. The basic concept behind the new generation hospital is to avoid having a hospital obsolete by the time the construction is finished. That has happened quite often in the past, both in military hospital construction and civilian hospital construction.

Starting off with the idea of reaching into the future hospital criteria that will be followed in the years ahead, we had studies performed, which was called phase I, of this project. If I may, I would like to ask Mr. Gerber to expand.

Mr. SIKES. Yes. I would like to have more information on this.

Mr. GERBER. In a general way, sir, this facility will incorporate the latest state of the art, both in delivery of health care as well as the efforts—

Mr. SIKES. What does that mean, Mr. Gerber? What is different about it?

Mr. GERBER. For example, sir, it will consolidate in a maximum mode the capability of electronics relating to both communications and health care, monitoring of the patient as well as services supporting the

patient, both in the testing facility and the clinical areas, the intensive care units, the coronary care units, the pharmacy, as well as down to all levels of plant engineering.

Although a lot of this is being done on a unilateral basis in many medical facilities throughout the United States now, this project will maximize and consolidate into one facility so, hopefully, that we can have a cost-effective facility as well as minimizing the necessary efforts on the part of the professionals.

Mr. SIKES. Is this patterned after civilian hospitals, or it is a new development?

Mr. GERBER. It takes advantage of what is being done in the civilian community as well as what has been done in an experimental nature in the military medical area.

Mr. SIKES. Will this be a test hospital, the first of a kind, or have you already endorsed the concept and is it planned to use this approach in other military hospitals?

Mr. GERBER. In the findings of our phase I study that Mr. Sheridan referred to, many of the recommendations can indeed be retrofitted into existing facilities. Some others have to be put into a new facility such as the one we are designing for Travis.

Mr. SIKES. You propose to build a new hospital at Orlando. Will that hospital be patterned after the Travis program, or does it follow the more conventional type hospital?

Mr. GERBER. The answer is, yes and no, sir. Comparing Orlando to Travis, Travis is a regional hospital for the Air Force. The Orlando requirements are basically for a station hospital and are not as broad on a regional or teaching requirements basis as we will have at Travis.

Travis is both a teaching hospital and a regional hospital. Therefore, it has a greater scope of health beneficiary services.

Mr. SIKES. Is the type of construction that you plan at Travis significantly more costly than the type of hospital you have been building?

Mr. GERBER. Yes, sir, primarily because of the magnitude of electronics that will be incorporated into it.

Mr. SIKES. How will the public or the military benefit from that additional cost? Will there be added efficiency or improved capability?

Mr. GERBER. There will be both added efficiency and improved capability, and particularly long-range benefit from the lessons, hopefully, to be learned.

Mr. SIKES. You have not generally embarked on a hospital construction program of the Travis design. This is really a pilot program, is that correct?

Mr. GERBER. That is correct, sir. However, there has been much coordination with the private community as well as the other Federal agencies, such as Public Health Service and Veterans' Administration.

Mr. SIKES. Are all of them cooperating with you in this program?

Mr. GERBER. Yes, sir.

Mr. SIKES. Have they made suggestions about design?

Mr. GERBER. They had input into our early Phase I studies, and they will continue to work with us in the evaluation process.

Mr. SIKES. Are they learning from you, or vice versa?

Mr. GERBER. It is a mutual effort, sir. It goes in both directions.

Mr. SHERIDAN. We were at Orlando 2 weeks ago, Mr. Chairman, and the people there, in discussing their new hospital, feel that theirs is going to be the hospital of the future. So, there is competition there that will be interesting to watch, too, developing better standards, and so forth.

FISCAL YEAR 1974 HEALTH CARE FACILITIES PROGRAM

Mr. SIKES. Provide for the record the details of the presently proposed fiscal year 1974 health care facilities program, including the amount of planning money to be obligated.

[The information follows:]

FISCAL YEAR 1974 HEALTH CARE FACILITIES PROGRAM SUMMARY

[In millions of dollars]

Military departments	Facilities cost	Planning and design cost
Army.....	45.8	2.494
Navy.....	65.3	3.350
Air Force.....	36.7	1.900
Total.....	147.8	7.744

DETAILED LIST OF HOSPITAL AND MEDICAL FACILITIES APPROVED FOR INCLUSION IN THE FISCAL YEAR 1974 MILITARY CONSTRUCTION PROGRAM

ARMY, FISCAL YEAR 1974

<i>Installation and project</i>	<i>Cost</i>
U.S. Military Academy, new hospital.....	\$25,000,000
Fort Lee, Va., addition to the Kenner Army Hospital.....	5,310,000
Fort Carson, Colo., dental clinic, 28 chairs.....	1,036,000
Fort Lewis, Wash., dental clinic, 28 chairs.....	1,200,000
Fort Monmouth, N.J., dental clinic, 32 chairs.....	1,198,000
Fort Shafter, Hawaii, medical/dental clinic.....	1,233,000
Walter Reed Medical, parking facilities.....	10,830,000
Total appropriations.....	45,807,000

NAVY, FISCAL YEAR 1974

<i>Installation and costs</i>	<i>Cost (thousands)</i>
NH Great Lakes, Ill., hospital modernization and upgrade.....	\$2,800
NTC Great Lakes, Ill., medical and dental processing facility.....	1,923
NH Guam, modernize intensive care unit.....	177
NAS Cecil Field, Fla., dispensary addition.....	107
NH Quantico, Va., hospital alterations.....	484
NH New Orleans, La., nursing unit addition.....	3,386
NH Oakland, Calif., hospital alterations.....	4,280
NH Orlando, Fla., hospital replacement.....	22,312
NS Pearl Harbor, Hawaii, preventive medicine unit.....	845
NAS Lemoore, Calif., dental clinic.....	1,333
NTC Orlando, Fla., dental clinic.....	1,481
NAS Barbers Point, Hawaii, dispensary and dental clinic.....	4,306
Charleston NSY, S.C., dispensary addition.....	252
NAS Chase Field, Tex., dispensary and dental clinic.....	2,300
NTC Great Lakes, Ill., dispensary and dental clinic.....	4,259
NAS Kingsville, Tex., dispensary and dental clinic.....	2,064
NAB Little Creek, Fla., dispensary and dental clinic.....	3,211
NAS Meridian, Miss., dispensary and dental clinic.....	2,500
NSGA Skaggs Island, Calif., dispensary and dental clinic.....	641
NAS Whiting Field, Fla., dispensary and dental clinic.....	2,186
MCRD San Diego, Calif., dispensary.....	3,825
NH Guantanamo Bay, Cuba, air conditioning.....	633
Total appropriations.....	65,275

AIR FORCE FISCAL YEAR 1974

<i>Installation and Project</i>	<i>Cost (thousands)</i>
Upper Heyford RAF, U.K., composite medical facility-----	\$5, 525
Laughlin AFB, Tex., composite medical facility-----	4, 635
Maxwell AFB, Ala., add to and alter composite medical facility-----	4, 900
Richards-Gebaur AFB, Mo., add to and alter composite medical facility--	3, 758
Tinker AFB, Okla., add to and alter composite medical facility-----	3, 879
F. E. Warren AFB, Wyo., composite medical facility-----	5, 834
Andrews AFB, Md., aeromedical staging facility-----	1, 739
Scott AFB, Ill., aeromedical staging facility-----	2, 019
Lackland AFB, Tex., dispensary-----	450
Keesler AFB, Miss., dental clinic-----	1, 666
Barksdale AFB, La., dental clinic-----	1, 200
Shaw AFB, S.C., dental clinic-----	1, 089
Total appropriations-----	36, 694

Mr. SIKES. What are the objectives of this program in terms of what its goals are and when they will be met?

Mr. SHERIDAN. The objectives of the medical facilities modernization program are to replace outmoded and inefficient military hospital and clinic facilities, improve efficiency and functional relationships, satisfy current hospital accreditation, fire, and safety standards, and improve the satisfaction of patients, physicians, dentists, and other health care personnel to enhance the achievement of an all-volunteer force.

These objectives were to have been met during the 5 years, fiscal year 1974 through fiscal year 1978, but several projects originally planned for fiscal year 1974 were deleted due to insufficient design progress and may result in extending the program until fiscal year 1979.

LONG-RANGE MEDICAL PROGRAM

Mr. SIKES. What is the average program projected for fiscal year 1975 through fiscal year 1978?

Mr. SHERIDAN. The average total military medical facility construction program for each of the fiscal years 1975 through 1978 is about \$400 million.

CROSS-SERVICE MEDICAL CARE

Mr. SIKES. What success has there been in attempting to coordinate Defense medical care on a cross-service basis?

Mr. SHERIDAN. An Armed Forces regional health service system has been established to organize and manage the delivery of health care in specified geographical areas to achieve economies and increase productivity without unnecessary duplication of resources.

The concept was tested in four regions beginning on July 1, 1972. Communications and cooperation among the three services has improved during this test, and there is demonstrated evidence of increased productivity, improved procedures in the delivery of health care, and monetary benefits.

The test also demonstrated that problems within the regions can be resolved at the departmental level without coming to the Office of the Secretary of Defense. Planning for worldwide implementation is under way with a target date of July 1, 1973.

Mr. SIKES. Have you established procedures to program for medical facilities on a cross-service basis?

Mr. SHERIDAN. Yes, sir.

Mr. SIKES. How do those procedures work?

Mr. SHERIDAN. Medical facilities planning personnel within the Office of the Assistant Secretary of Defense (health and environment) receive and coordinate military department recommendations for all medical facility construction.

The proposals are evaluated based on installation and geographical requirements, the impact on other governmental and community medical facilities, the scope of the project and its sophistication.

Coordination with the comprehensive health planning agencies is also accomplished.

Recommendations are then presented for approval to the hospital planning review panel in OSD. This panel consists of representatives of the Office of Management and Budget, the Assistant Secretaries of Defense for Manpower and Reserve Affairs, Installations and Logistics, Health and Environment, and the Comptroller, plus the military departments' Surgeons General.

COSTS OF HIGHER STANDARDS

Mr. SIKES. The Active Forces deficit of \$23.2 billion as well as the figure of \$10.8 billion for modernization presumably take into account the quantum jump which has been made in the last few years with regard to the type of bachelor housing considered adequate. Also, we are building medical facilities to be more flexible and, hopefully, cheaper to operate. The Army is proposing the same thing with its centralized messing facilities.

It costs more money to build to these new standards. This is the price of this.

The question is: Is it worth the cost? This committee is more expert on some items than others. I think we know something about housing, and we have stressed housing. That is a little easier to understand than hospital construction or even centralized messing.

This committee fully endorses the new standards on family housing and bachelor housing. We do not doubt their desirability even when measured against cost.

But in the field of medical facilities, centralized messing, and some training areas, if we were building facilities to the older standards, the figures would be considerably lower, would they not?

Mr. SHERIDAN. For construction costs, they would be.

Mr. SIKES. What do we gain by spending the additional money?

Mr. SHERIDAN. The completely new feeding system is designed to reduce the overall cost of feeding the troops, improve the quality of the food, reduce food wastage, and encourage higher utilization of dining facilities.

When we consider the cost differences between the central preparation facilities and dining facilities having their individual preparation capabilities, the central system, as now proposed by the Army, will simplify the dining facilities and further reduce overall operating costs.

It is apparent right now—we have gone far enough on this—that in the feeding systems where there are a large number of dining facilities, the use of central food preparation will provide the greatest overall reduction of the total cost, while simultaneously offering uniform high quality prepared food.

This program should have been started many years ago. I think it is very well thought out.

Mr. SIKES. You mean we have had the design and the proposals but there has been reluctance to embark on it because of the higher investment costs? Has that been the problem?

Mr. SHERIDAN. Yes, sir, that is it.

Mr. SIKES. How much more percentagewise is it costing to build to the new standards for hospitals, barracks, and central messing facilities? Can you give us that information?

Mr. SHERIDAN. May we provide that for the record?

Mr. SIKES. Please do.

[The information follows:]

HOSPITALS

The criteria for hospitals have been revised in several areas since the fiscal year 1973 program. The allocations for mechanical equipment, physical therapy, central material, and intensive care have been increased nominally to overcome documented deficiencies. The resultant average increase to military hospital costs is about 3.4 percent.

BARRACKS

The basic barracks standards for housing personnel in the fiscal year 1974 program remain the same as in fiscal year 1973. However, we have made a minor adjustment in the total gross square feet of area of E2-E4 personnel from 150 square feet in fiscal year 1973 to 155 square feet in fiscal year 1974. Due to this change, there is an increase of about 3.5 percent in the fiscal year 1974 barracks costs as compared with fiscal year 1973.

CENTRAL MESSING FACILITIES

A comparison of construction costs for upgrading dining facilities to continue the present food service system versus the construction costs for central food preparation facilities (CFPF) is dependent upon the dining facilities currently available at each installation. For example, Fort Benning would require \$10,750,000 to upgrade their present food service systems, modernizing 28 dining facilities, and constructing five new consolidated dining facilities to replace the World War II structures presently being utilized. The Fort Benning CFPF and upgrading of associated dining facilities are expected to cost \$9,230,000, or 14% less. This yields a net savings in construction costs of \$1,500,000 for the CFPF versus upgrading the present system in the present mode.

The Fort Lee comparison yields different results. Fort Lee is presently utilizing all permanent dining facilities. Therefore, to upgrade the present system at Fort Lee would cost approximately \$1,250,000. This is much less than the cost of the Fort Lee CFPF which would be approximately \$10,575,000. However, the Fort Lee CFPF will also contain classrooms and provide the Army with their food service doctrine procedures and training facility. The two installations, however, illustrate the fact that comparisons must be made on a case basis at each installation.

The comparison of only construction costs does not consider the savings involved in operating costs when you compare a machine intensive system (CFPF) with a manual intensive system (present food service system). Besides offering a more cost-effective, flexible system, the CFPF is expected to reduce labor costs by at least one-third annually.

BACHELOR AND FAMILY HOUSING AND OTHER CONSTRUCTION PROGRAMS

Mr. SIKES. Provide for the record a table showing the number of bachelor enlisted and officer spaces built and modernized, the number and cost of family housing units built and the cost of family housing modernized; the number and cost of hospital beds constructed as approved in each program for the last 5 years and proposed in fiscal year 1974. Also show the amounts programed for other categories of facilities.

[The information follows:]

NEW AND MODERNIZED BACHELOR HOUSING BUILT FISCAL YEARS 1969-73 AND PLANNED FOR FISCAL YEAR 1974
 [Dollar amounts in millions]

Fiscal year	Barracks				Bachelor officers' quarters			
	New		Modernized		New		Modernized	
	Number of spaces	Amount	Number of spaces	Amount	Number of spaces	Amount	Number of spaces	Amount
1969	15,665	\$50.5			3,308	\$36.8	480	\$0.5
1970	36,603	126.9	23,848	\$8.7	1,900	19.9	610	1.7
1971	24,604	103.8	8,858	8.9	1,574	20.3	173	.6
1972	25,548	126.8	99,534	85.0	2,604	36.8	523	2.7
1973	35,430	219.2	71,434	144.4	905	15.6	813	3.8
1974	38,689	321.8	54,372	163.5	448	9.4	654	4.1

NEW AND MODERNIZED FAMILY HOUSING BUILT FISCAL YEAR 1969-73 AND PLANNED FOR FISCAL YEAR 1974
 [Dollar amounts in millions]

Fiscal year:	New		Modernized cost
	Number of units	Cost	
1969	2,000	\$42.9	
1970	4,800	105.5	\$11.5
1971	8,000	194.8	19.2
1972	9,862	257.5	32.7
1973	11,938	302.2	43.6
1974	11,688	351.9	62.5

NUMBER AND COST OF HOSPITAL BEDS CONSTRUCTED DURING FISCAL YEARS 1969-73 AND PLANNED FOR FISCAL YEAR 1974
 [In millions of dollars]

Fiscal year:	Number of beds	Cost
1969	1,548	53.5
1970	655	25.2
1971	960	51.4
1972	1,645	155.5
1973	590	47.6
1974	615	65.4

COMPARISON OF MILITARY CONSTRUCTION APPROPRIATION BY FACILITY CLASS, FISCAL YEAR 1969-FISCAL YEAR 1974

[All amounts in millions of dollars]

Facility class	Enacted fiscal year—					Requested fiscal year 1974
	1969	1970	1971	1972	1973	
Operational and training.....	382.4	276.6	464.3	209.3	142.7	206.2
Maintenance and production.....	123.4	105.4	84.6	100.6	105.6	185.6
R. & D.....	51.8	36.4	62.3	55.3	87.5	50.5
Supply.....	23.0	38.3	9.9	24.4	34.3	21.9
Hospital and medical.....	63.4	28.3	109.8	150.1	94.6	147.8
Administrative.....	10.9	21.3	24.9	20.5	14.4	54.7
Housing and community.....	101.7	219.3	188.6	306.5	487.0	625.5
Utilities and ground improvements.....	53.2	115.4	130.4	164.8	219.9	204.4
Real estate.....	5.8	7.1	6.6	19.8	2.2	5.3
NATO infrastructure.....	47.0	50.0	41.5	14.0	48.0	60.0
Southeast Asia.....	207.1		25.0			
General authorization.....	112.0	125.7	133.1	121.1	138.0	154.3
Subtotal TOA.....	1,181.7	1,023.8	1,281.0	1,186.4	1,374.2	1,716.2
Financing adjustments.....	-120.0	-152.3	-47.4	-4.9	-176.9	-74.0
Subtotal NOA.....	1,061.7	871.5	1,233.6	1,181.5	1,197.3	1,642.2
Defense Agencies.....	83.4	33.9	46.3	14.8	36.7	19.1
Subtotal—Active Forces.....	1,145.1	905.4	1,279.9	1,196.3	1,234.0	1,661.3
Family housing.....	583.7	688.5	806.5	945.0	1,064.0	1,250.6
Homeowners assistance.....	6.2			7.6	13.3	
Reserve components.....	23.3	53.1	42.0	90.6	111.8	126.2
Total.....	1,758.3	1,647.0	2,128.4	2,239.5	2,423.1	3,038.1

Mr. SIKES. Also provide for the record the corresponding dollars and, if possible, the numbers of units programed for the 4 out-years; that is, fiscal years 1975 through 1978.

[The information follows:]

NEW AND MODERNIZED BACHELOR HOUSING PLANNED FOR FISCAL YEAR 1975 THROUGH FISCAL YEAR 1978

[Dollar amounts in millions]

Fiscal year:	Barracks				Bachelor officers' quarters			
	New		Modernized		New		Modernized	
	Number of spaces	Cost	Number of spaces	Cost	Number of spaces	Cost	Number of spaces	Cost
1975.....	40,391	\$380.1	67,639	\$53.9	1,195	\$19.5	998	\$1.9
1976.....	34,433	321.4	81,032	60.4	1,325	22.1	2,297	4.4
1977.....	28,384	266.6	14,893	38.2	4,047	72.7	783	4.0
1978.....	28,189	251.0	19,743	59.8	3,878	70.6	339	2.6

NEW AND MODERNIZED FAMILY HOUSING PLANNED FOR FISCAL YEAR 1975 THROUGH FISCAL YEAR 1987

[Dollar amounts in millions]

Fiscal year:	New		
	Number of units	Cost	Modernized cost
1975.....	13,538	\$396.9	\$62.5
1976.....	11,906	351.2	62.5
1977.....	10,706	310.3	62.5
1978.....	8,680	252.3	62.5

NUMBER AND COST OF HOSPITAL BEDS PLANNED FOR FISCAL YEAR 1975 THROUGH
FISCAL YEAR 1978¹

Fiscal year:	Number of beds	Cost (millions)
1975.....	2,067	\$299.7
1976.....	2,015	332.9
1977.....	1,765	145.3
1978.....	550	88.0

¹ The amounts shown in the preceding tabulations for fiscal year 1975 through 1978 represent internal Department of Defense planning estimates only, covering anticipated program levels which have not been approved by the President.

COMPARISON OF MILITARY CONSTRUCTION APPROPRIATION, BY FACILITY CLASS, FISCAL YEARS
1975-78¹

(In millions of dollars)

Facility class	Fiscal years—			
	1975	1976	1977	1978
Operational and training.....	210	150	160	169
Maintenance and production.....	325	232	164	126
R. & D.....	70	68	67	71
Supply.....	45	47	55	50
Hospital and medical.....	437	358	323	308
Administrative.....	35	42	37	60
Housing and community.....	649	582	515	497
Utilities and ground improvements.....	176	177	153	119
Real estate.....	19	8	3	11
NATO infrastructure.....	60	60	60	60
Southeast Asia.....	.....	.....	.....	.....
General authorization.....	153	143	141	140
Subtotal, GOA.....	2,179	1,867	1,678	1,611
Financing adjustments.....	.....	.....	.....	.....
Subtotal, NOA.....	2,179	1,867	1,678	1,611
Defense agencies.....	50	44	44	46
Subtotal, Active Forces.....	2,229	1,922	1,722	1,657
Family housing.....	1,101	1,179	1,183	1,191
Homeowners assistance.....	5	5	5	5
Reserve components.....	143	141	144	149
Total.....	3,478	3,236	3,054	3,002

BARRACKS STANDARDS

Mr. SIKES. I wish you would discuss what is proposed in the fiscal year 1974 program with regard to new barracks standards and what that is going to cost.

Mr. SHERIDAN. As I previously mentioned, the basic barracks standards for housing personnel in the fiscal year 1974 program remain the same as in fiscal year 1973. The housing accommodations provide a three-man room of 270 net square feet with an adjacent bathroom for E2 through E4 personnel. This same size room is being provided for E5-E6 personnel on the basis of two-man occupancy and for E7-E9 personnel at one man per room.

However, as I have previously stated, we have made a minor adjustment in the total gross square feet of area for E2-E4 personnel from 150 square feet in fiscal year 1973 to 155 square feet in fiscal year 1974. This increase was considered necessary to permit a better development of the design of the total barracks facility with respect to the ancillary requirements such as corridors, laundry rooms,

lounges, and office space. Also, due primarily to escalation in construction costs, we are recommending an increase in the statutory limitations from \$27 to \$28.50 per square foot. Due to these changes, the cost of barracks spaces in the fiscal year 1974 program is approximately 10 percent higher than in fiscal year 1973.

FAMILY HOUSING STANDARDS

Mr. SIKES. There is an increase also in criteria proposed for family housing in the fiscal year 1974 program. We will discuss this in great detail with Mr. Fliakas this afternoon. This committee has pressed for higher standards for family housing. Are we actually getting higher standards, or are we simply getting an increase to take care of inflation? Tell us what you are requesting and how it compares with prior years.

Mr. FLIAKAS. We are requesting increases in the statutory net floor area, for selected grades.

Mr. SIKES. But will you still have to build to a lower standard of housing. What are you getting other than an inflationary cost increase?

Mr. FLIAKAS. We hope to get, with the new statutory limits, an increase in dining rooms, in secondary bedrooms, and in additional bathrooms—for example, in a 2-story house, a full second bath on the second floor as opposed to the half-bath or the 1½ baths that are authorized now—and with the gross area that is reflected in these increases, some additional interior storage space.

As you know, sir, with your prompting 2 years ago, we initiated an occupants' survey in which the military departments had a questionnaire in which we encouraged all the occupants, and especially the wives, to indicate their degree of satisfaction with our military housing. We attempted to learn some lessons from these surveys. A good many of our recommendations are predicated on just that evaluation.

Mr. SIKES. What did the wives tell you about the housing?

Mr. FLIAKAS. You would be surprised, sir; generally, it is considered that we have offered fairly decent housing, but there are many complaints with respect to size, privacy, and storage. Overall, I would say that more people are satisfied than dissatisfied.

Mr. SIKES. I think that is miraculous. I do not know of many wives who are fully satisfied with their houses.

Mr. FLIAKAS. They offered recommendations, especially with respect to size and privacy.

Mr. SIKES. Those were the principal things?

Mr. FLIAKAS. Yes.

General JOHNSON. And a requirement for a toilet on the first floor of a 2-story residence.

Mr. FLIAKAS. Many of our improvement projects are furnishing a powder room on the first floor, which is missing in our older housing.

Mr. SIKES. I will agree that is an important improvement.

Mr. FLIAKAS. I think I would be remiss if I did not answer fully your question with respect to whether we will get these standards. We are seeking them, and we hope that we will be able to obtain these higher standards within the money, but I must caution that if the current spiraling cost of construction continues, we may not be able fully to accomplish them.

Mr. SIKES. Can you do it under the budget estimates, which include, of course, the cost increases for which you are seeking authorization?

Mr. FLIAKAS. I would have to say that we will have to have a leveling off of the current escalation to the levels that we had predicted when we put this estimate together last winter. I will be very candid in saying that we had predicted a 6-percent increase for cost growth and that already is inadequate.

Mr. SIKES. Will you spell out for the record just where we will be insofar as current cost estimates are concerned, including anticipated inflation, what improvements you now think you will be able to build and which you cannot build under these estimates?

Mr. FLIAKAS. Yes, sir, we will provide that.

[The information follows:]

Using the fiscal year 1973 cost limitation as a baseline, the proposed fiscal year 1974 cost limitation included a predicated 6 percent cost growth factor plus considerations for increased livability and programing changes addressed in the opening statement. Cost records based on actual cost growth show that the anticipated 6 percent increase was actually 9 percent. It is anticipated that the higher cost growth will generally prohibit the construction of the quarters for senior NCO's at the higher standards proposed.

LABOR RATES

Mr. LONG. I have always been concerned about the tremendous inflation in construction costs because of the Walsh-Healy and Davis-Bacon Acts, and Public Contracts Act. I was talking to Secretary Shultz last week, and he indicated that the impact of those laws had been modified. I think he said Walsh-Healy was virtually inoperative.

I am wondering to what extent those laws are still in effect and to what extent the Defense Department is trying to get that artificial inflation of costs modified or thrown out.

Mr. SHERIDAN. Dr. Long, that surprises me very much, because I have not heard anything along that line. That has been one of our big problems in cost increases. I have not heard of any indication to that effect.

Mr. FLIAKAS. There was a temporary suspension of Davis-Bacon about 2 years ago, but this is not applicable any longer.

Mr. LONG. Walsh-Healey and Davis-Bacon are in full force?

Mr. SHERIDAN. That is right.

Admiral DILLON. Davis-Bacon is the law that applies to construction, and it is the one that is most operative and the one that keeps costs of labor high.

Mr. SIKES. It was suspended for only 3 or 4 months.

Mr. SHERIDAN. It was out, and then back in again.

Mr. LONG. Why was it suspended, and why was it brought back in?

Mr. FLIAKAS. It was in conjunction with the moratorium on construction, I believe, about 2 years ago.

Mr. SIKES. It was an effort on the part of the administration, as I recall it, to hold down inflation and to keep costs down, but there were a lot of protests, and apparently it was not accomplishing very much. Actually, it was dropped before they had a chance to find out what it would accomplish.

Mr. SHERIDAN. That is correct.

Mr. LONG. My observations had been that it is very hard on small local contractors, because they cannot turn off and on. In other words,

a small local contractor in a small county like Carroll County, Md., cannot bid on Government construction and pay Walsh-Healey and Davis-Bacon high wages, and subsequently bid on a local project, saying, "All right, boys, the party is over; you have to go back to realistic local wages." Small local contractors cannot touch these contracts so the contracts are awarded to big, national construction companies which are very high-cost producers.

What are we doing about proposing legislative changes or about possibly holding up construction in certain areas until these people have become more realistic? For example, we know about the case at West Point where they soaked the heck out of us. When I was at West Point in April, I was told—although others disagreed—that labor costs were running about \$100 a day per worker.

What can be done to hold up construction there until these people start talking turkey?

Mr. SHERIDAN. Taking West Point as an example, the private sector of the economy is going ahead in that same area with an extensive construction program. The cost for power generating facilities for the New York City area is having the same increase as for the military. If we did not go ahead with the construction program at West Point, I do not believe, after being in this subject for quite a few years, that would have any impact on the contractors' prices, because they have enough outside business, but it would have a distinct impact on the lack of fulfilling the requirements for the Academy. So we would suffer, and the result would be that when you get ready to go ahead maybe 5 years from now, or whatever the trial period might be, then the costs will have gone up so that we would not only have been without the facilities for that period of time, but also we would have paid increased costs when we do get them.

We are not the sole center of the construction market.

Mr. LONG. I understand. I would think it would be marginally very important. It is wrong for these men to be paid fantastic salaries to travel from New York City up to West Point and all the way back again, that is, double pay or worse.

Mr. SIKES. I understood there had been some improvements. The portal-to-portal pay from New York City, for instance, I agree, is an abomination. Have there been any improvements in that picture? Is anyone here prepared to discuss it?

Admiral DILLON. I do not have information on that, but I will provide it for the record.

[The information follows:]

Portal-to-portal pay, which means the payment of hourly wages for the time traveled from home to the jobsite and return, is not being used at West Point. Instead workers are being provided a daily travel allowance, such as \$4.50 a day which boilermakers receive for their travel.

There has also been some improvement in construction labor rates as a result of the Construction Industry Stabilization Committee's (CISC) actions to abate the rapid rise of wages. For instance, bricklayers were scheduled for a wage increase of 84 cents an hour effective June 1, 1972, but CISC intervened and approved an increase of 53 cents instead.

Mr. SIKES. We will have that information when the Army witnesses are here. They will have details on it. We want to go into that.

HIGHER COST OF GOVERNMENT CONSTRUCTION

Mr. LONG. I am interested in that from the standpoint of our whole construction program and how military building costs compare with comparable construction costs in the private economy.

Mr. SHERIDAN. You have to look at that in two ways. I am not trying to evade the answer. You get reduced standards in the military compared to comparable income areas in civilian life because of the added cost of building on the base.

Mr. LONG. I have seen the houses, and they are not as good as the houses you can buy on the private economy, but they cost just as much, even though the Government is providing the land and other facilities. The average enlisted man is paying for it in a lower standard of living and the taxpayer is paying just as much for it.

Mr. SHERIDAN. About 20 years ago, we had a test program at Fort Belvoir, where the Army took the plans for that development just south of the Hunting Creek and, using exactly the same plans perhaps a year after the private building had been completed, the cost was 18 percent to 20 percent higher. The inflation rate was not going up fast at the time.

That is the only comparative figure I know.

Mr. SIKES. Historically, the military have had requirements in their construction that have caused prices to be higher than for a comparable house in the private economy. I believe that is one of the reasons for turnkey houses. You were trying to get away from some of that.

Mr. SHERIDAN. That is correct, sir. That was one of the arguments used in favor of the turnkey approach.

Mr. SIKES. We will go into all of that in more detail later.

STANDARDS FOR FISCAL YEAR 1974 PROGRAM

In what other areas in the fiscal year 1974 program do you propose higher criteria or better standards?

Mr. SHERIDAN. We propose improved design criteria in a number of areas, including energy conservation, safety of structures in earthquake zones, and environmental considerations.

In the design of new facilities in connection with energy conservation, we are requiring an evaluation of a new kind of energy conservation system to minimize the cost of the energy.

On the earthquake construction, based on data obtained from the 1971 San Fernando, Calif., earthquake, revised criteria has been developed to provide buildings with improved capability to withstand seismic forces. That will improve the life safety and operational features located in those seismic areas.

In environmental considerations, the general policy has been adopted that personnel type facilities should not be sited in high-noise areas, such as those near aircraft runways. Where such siting cannot be avoided due to land restrictions or other reasons, we require that the facility be designed to attenuate the outside noise to a degree which will result in a reasonably quiet and pleasant interior.

We have also relaxed our requirement to permit increased use of air-conditioning in our buildings in order to be more comparable to the private sector provisions.

MR. SIKES. Since we mentioned comparability of standards between Government housing and housing in the private sector, I would like some detail for the record on the differences in those standards which are resulting in higher costs for what is apparently the same housing so far as living convenience is concerned.

MR. SHERIDAN. Yes, sir.

[The information follows:]

The major differences in our criteria and in some instances that of the private sector is in the area of construction material quality in those portions of the house known to have an impact on the maintenance and operation cost and energy conservation. The following are typical comparative examples :

Material	Military	Nongovernment private sector
Paint.....	Exterior: Paint quality controlled by specification requirements in an effort to reduce maintenance painting through extended life. Normal repainting cycle of 5 years. Interior: Paints having good washability characteristics specified to reduce interior maintenance painting requirements.	Exterior: Paint quality not controlled by specification, choice normally left to developer who has no maintenance responsibility after 1 year. Interior: No washability requirement specified since developer not responsible for maintenance painting.
Exterior cladding materials (siding and roofing).	Quality of materials selected to provide for low maintenance and to give the appropriate service in the climate to which the material is exposed.	Quality of material selected primarily on the basis of initial appearance and providing service for the initial construction 1-year warranty period.
Thermal insulation.....	Prime consideration given to physical comfort and energy conservation in specifying quantity and quality of insulating materials.	Prime consideration given to minimum physical comfort in determining quantity and quality of insulating materials.

These differences in criteria are necessary because of the high turnover in occupancy in our housing and the need to properly manage the expenditure of operation and maintenance dollars.

SECTION 236 HOUSING

MR. SIKES. We are going to talk about all phases of housing in much more detail, but at this point I would like to have some information on the section 236 program. This is an area in which this committee has a particular interest, but because of the higher pay for the lower grades of enlisted personnel, some of them now are being priced out of eligibility for section 236 housing.

I note that you are now making the E-4's eligible for on-base housing; is that correct?

MR. FLIAKAS. That is correct, sir.

MR. SIKES. That will eventually take care of one group, but for those who still are not eligible for on-base housing, what do you propose to do to improve their eligibility under the 236 program? Do you propose a change in language?

MR. FLIAKAS. Not at this time in specific reference to the 236 program as it has been operating. It is true, as you say, Mr. Chairman, that our extended and future use of the program will decline. However, it is still expected that we will have requirements at some installations for those personnel that can qualify under the guidance or the regulations as they now exist.

As you know, however, the Department of HUD is working on a housing reform study and recommendations which will, hopefully, continue some form of subsidized housing and some form of military set-aside.

We have been in communication with HUD. We have had many discussions with them and have exchanged correspondence with respect to the application of the current freeze on subsidized housing.

In answer to your inquiry with respect to legislation, we have turned our attention somewhat to a different area, which will still benefit all grades, and especially the lower grades. We have proposed that HUD extend their insurance activity and support to nonmetropolitan areas, the so-called high-risk areas that have a military impact.

Mr. SIKES. As I am sure you recall, last year this committee discussed with the Banking and Currency Committee, the Housing Subcommittee, this area, and at our request that committee included in their bill a section which would have accomplished this.

That bill fell by the wayside last year. Presumably there will be a housing bill this year, and I think we can have that language included.

If you are familiar with the language, does it meet the requirements?

Mr. FLIAKAS. It does, sir. I am familiar with it. We have proposed essentially the same to HUD again.

Mr. SIKES. Are you also proposing that the eligibility of certain military personnel be determined on the basis of the grade they hold rather than the salary they get?

Mr. FLIAKAS. Not for the 236 program per se, Mr. Chairman. We have included language in our proposal to HUD to permit subsidized housing to be built under their insurance programs in nonmetropolitan areas, which then, rather than just confining it to the low income, would also benefit the middle income categories as well.

Rather than just eligibility for 236, it will be supplemented, we hope, by eligibility for other insurance programs like the 222(d)(3) program, for example. We think this is the direction to go.

We have said that we still have the requirement for the 236 program in selected areas as it now is constituted. We hope to have both.

CONSTRUCTION BACKLOG

Mr. LONG. In connection with the construction backlog, what are the deficits in each category of facilities now, and what will they be upon completion of the fiscal year 1978 construction program?

Mr. SHERIDAN. We have a tabular summary by category of facilities. A \$23.2 billion backlog for the Active Forces is available, and I would like to furnish it for the record.

[The information follows:]

MILITARY DEPARTMENTS TOTAL FACILITY DEFICIENCY (EXCLUDES CURRENT YEAR) (MILITARY CONSTRUCTION) BY FACILITY CATEGORY

Facility category:	Millions
Operational and training.....	\$3,301
Maintenance/production	3,325
Research and development.....	1,680
Supply	1,360
Medical	1,818
Administrative	1,767
Troop housing and community.....	5,813
Utilities	2,042
Land	246
General authorization.....	1,539
Total	23,191

Mr. SHERIDAN. With respect to the out-year deficit beyond fiscal year 1978, we will attempt to develop such a summary on an order of magnitude basis and furnish that to the committee, also.

[The information follows:]

MILITARY DEPARTMENTS TOTAL FACILITY DEFICIENCY BEYOND FISCAL YEAR 1978
(MILITARY CONSTRUCTION) BY FACILITY CATEGORY

Facility category:	<i>Millions</i>
Operational and training-----	\$2, 106
Maintenance/production-----	2, 293
Research and development-----	1, 354
Supply-----	1, 141
Medical-----	244
Administrative-----	1, 538
Troop housing and community-----	2, 945
Utilities-----	1, 213
Real estate-----	199
General authorization-----	1, 107
Total-----	14, 140

Mr. LONG. You have already partly answered the next question. The backlog is \$23.2 billion. That is the equal of almost 10 years of current construction.

Mr. SHERIDAN. Yes, sir.

Mr. LONG. Without counting any wear and tear between now and then?

Mr. SHERIDAN. That is right.

Mr. LONG. How realistic is that? Anybody can come up with figures on backlog. My wife could come up with a fabulous backlog of items our family needs, and I would have to trim it down.

Mr. SHERIDAN. I personally believe it is high.

Mr. LONG. Unrealistic to some extent.

Mr. SHERIDAN. It is as realistic as we can get it from the sources where we have to obtain it, and that is in the field, the local plans. It is then reviewed by the commands and then by the headquarters, and then we question it.

I still think it is a little high, because you cannot take into consideration realignment of bases that may be 5 or 10 years off that will eliminate the backlog completely at one or more bases.

I would say it is the best figure we can get, but I think it is on the high side.

REDUCTION OF BACKLOG DUE TO SALT

Mr. LONG. You mentioned 3 factors that have reduced the backlog. One or more of these seem to be tied in with the treaty, the interim agreement reached as a result of the SALT talks. How much did the SALT Agreements reduce your backlog?

Mr. SHERIDAN. It was reduced about \$2 billion when the 12-site deployment plan was revised. We can give you the exact amount for the record.

Mr. LONG. It cut the backlog down about \$2 billion. It was \$25 billion. Has it been reduced to \$23 billion?

Mr. SHERIDAN. That is correct.

EFFECT OF BASE REALIGNMENTS ON BACKLOG

Mr. LONG. How much did these base realignments that were given so much publicity in recent months cut your backlog?

Mr. McCREARY. I do not have an exact figure on this. We have been furnished figures which show in the next 5 years the put and take between Army, Navy, and Air Force. The order of magnitude of those is not very great in relation to the total \$23.2 billion program.

Mr. LONG. So, the base realignments really did not have much effect on your backlog?

Mr. McCREARY. Not a great deal, sir.

BASE CLOSURES

Mr. LONG. Were they real base closures?

Mr. SHERIDAN. Some were. There are some large ones.

Mr. LONG. I got the impression it was mostly a shuffling around, moving people from here to there.

Mr. SHERIDAN. No. There were actual closures.

Mr. LONG. I know there were. There were closures in Maryland. I understand the major closures were in the Navy.

Mr. SHERIDAN. Those were the largest, yes. Over the past years, the Air Force has done an excellent job of realining its base structure. The Navy made a real push at it in this recent base realignment program. We hope the Army will come along the same way in the next one.

Mr. LONG. I am talking about the three services, of course. We were lead to believe that all these base closures were real economy measures. I had some skepticism at the time. If they were real economy measures, why are they not cutting down on our military construction requirements?

Mr. SHERIDAN. They do cut down on the military construction requirements, but the backlog is what we are answering.

Mr. LONG. Why do they not cut down on the backlog?

BASE CLOSURES—CONSTRUCTION AVOIDED AND REQUIRED

Mr. KERR. Mr. Chairman, as a result of these closure programs, we avoid construction of about \$272 million to fiscal year 1978, but there is about \$144 million cost associated with some of the construction at places where we move people to. Therefore, we are coming up with not quite a \$30 million reduction from fiscal year 1973 and earlier to fiscal year 1978.

Mr. LONG. Could I get that straight again?

[Discussion off the record.]

Mr. LONG. You are talking about all three services?

Mr. KERR. All three services. That is construction avoided.

Mr. LONG. You say they avoided about \$272 million of construction. On the other hand, they had to put up about \$144 million—

Mr. KERR. I took it all the way out, sir. We avoid about \$130 million construction for the three services from fiscal year 1973 and earlier programs to the fiscal year 1978 program which includes our normal 5-year future Milcon projections. This, however, does not include an-

other \$19 million in possible construction avoidance which the Navy is still studying.

Mr. NICHOLAS. Could you provide that table for the record?

Mr. KERR. Yes, sir.

Mr. LONG. As a matter of fact, I would like to have that table fairly soon.

[The table follows:]

SUMMARY OF DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION COSTS REQUIRED AND AVOIDED AS A RESULT OF THE BASE REALIGNMENT PLAN ANNOUNCED APR. 17, 1973

[In thousands of dollars]

	Fiscal years						Total	Long range
	1973	1974	1975	1976	1977	1978		
CONSTRUCTION REQUIRED								
Army.....	4,346	6,584	18,648	13,166	2,388	1,795	46,927	19,800
Navy.....	0	45,499	48,298	0	0	0	93,797	(¹)
Air Force.....	2,736	0	1,050	0	0	0	3,785	(¹)
DOD total.....	7,081	52,083	67,996	13,166	2,388	1,795	144,509	19,800
CONSTRUCTION AVOIDED								
	Fiscal year 1973 and earlier	Fiscal years					Total	Long range
		1974	1975	1976	1977	1978		
Army.....	0	7,331	9,350	13,648	6,365	4,455	41,149	33,026
Navy.....	² 14,573	14,669	26,325	36,257	50,720	33,476	176,025	(¹)
Air Force.....	1,597	0	13,983	17,277	14,804	7,375	55,036	(¹)
DOD total.....	16,175	22,000	49,658	67,182	71,889	45,306	272,210	33,026
Net cost avoidance....	9,094	-30,083	-18,338	54,016	69,501	43,511	127,701	13,226

¹ Not available.

² Construction has not commenced on an additional \$19,317,000 which is under review for possible cancellation.

Mr. LONG. This is really startling. We were led to believe that this was big stuff. There was tremendous publicity on the base closures.

Mr. KERR. It really is.

Mr. LONG. How can you say it is big stuff when you just told me that so far as the construction requirements are concerned, they almost canceled out?

Mr. SHERIDAN. What we answered were two questions. One was on the reduction in the backlog, and the second was what have we avoided in the military construction in the foreseeable future?

There is a third question: How much was saved in the reduction of maintenance and operation costs? That is where the large figure comes, the reduction in maintenance and operation costs.

Mr. LONG. Will that be reflected in the Defense appropriation request?

Mr. SHERIDAN. Not in 1974.

Mr. LONG. This is so heartbreaking. It is so difficult to explain to your constituents why, with the war over, we are not cutting down on military expenditures. We have to swallow hard with all these base closures. Everything has been wiped out in my area.

Then you find no result. First, the construction request almost cancels out. Even over a 5-year period, savings may be very tiny.

There is supposed to be a substantial amount of operating expenses cut out, but not for 1974. Why not?

Mr. SHERIDAN. Because we are right in 1974 now.

Mr. LONG. Not quite.

Mr. SHERIDAN. The savings from the majority of these actions will take place after 1974.

Mr. LONG. I would have thought there would be some effect in 1974.

Mr. SHERIDAN. There is some.

CLOSURE OF FORT HOLABIRD

Mr. LONG. It is understanding that Holabird in my district will be largely closed down beginning in fiscal year 1974. We are told this is because it is an expensive base to operate with a lot of antique buildings that are almost as old as my house, which is now worth 3 times what it was when I paid for it. That is why the Department of Defense took its actions.

Yet we do not save anything.

Mr. SHERIDAN. I do not think Holabird was included in the recently announced plan.

Mr. KERR. It was announced earlier and it will be closed at the end of June this year.

Mr. LONG. By the beginning of fiscal 1974.

Mr. SHERIDAN. Isn't there some activity that will stay there?

Mr. KERR. The GSA is considering taking over portions of it.

Mr. LONG. I would like to know exactly what is happening at Holabird. We cannot find out. We know the Army garrison has closed down, but that is only the housekeeping operation. We understand some of the Defense Intelligence Command will keep operating for a while, with the General Services Administration performing housekeeping functions.

Is this not still part of the Defense budget?

Mr. KERR. They are reflected in our funding.

Mr. LONG. Why can we not find out what is happening there?

Mr. KERR. There is no reason why we cannot, sir.

Mr. LONG. We are pleading with you to get the story.

Mr. ROBISON. Would the chairman permit a question?

Mr. LONG. Yes, sir.

Mr. ROBISON. As a stranger to the subcommittee and one who is hesitant to demonstrate his ignorance on the overall subject and being not sure to whom I ought to address the question, but somewhere along the line I presume this subcommittee and the Congress would want some information from gentlemen such as those you have here as witnesses, Mr. Chairman, as to the possible eventual recovery by the Government from the disposition of some of these properties.

Let me give you an example. I do not know whether it is a proper example, but I happen to have visited Ramey Air Force Base in Puerto Rico on a couple of occasions. That is extremely valuable property, for a whole variety of potential purposes. I have no idea, it is probably much too soon to ask these witnesses from the Department of Defense what in the long run is going to be done with that

property. Yet it does strike me as an outsider again that somewhere along the line there is going to be a recapture by the Government of dollars, as some of these properties or the peripheral parts of the properties are disposed of and moneys from these sales come back into the Government.

That has to be included as a part of the quote savings unquote that Mr. Long is looking for.

FUNDS RECAPTURED FROM SALE OF DEFENSE INSTALLATIONS

Mr. LONG. Along that line, I might point out that both bases proposed to be shut down in my general area. Holabird and Bainbridge Naval Station are extremely valuable real estate. I would guess in the case of Holabird that real estate must be worth anywhere from \$10,000 to \$30,000 an acre. There are several hundred acres there. So I do think the gentleman's question is very pertinent.

Mr. SHERIDAN. The question can only be answered, Mr. Chairman, by the General Services Administration because, as you know, the Defense Department does not receive any funds for the sale of property which has been exceded. It goes into the general fund of the Treasury. We have tried for quite a few years to get a sell and replace bill through the Congress. We felt that that would be strong initiative for the departments to not only modernize their activities, consolidate, make them more efficient, if they got the funds that were obtained by the sale of outmoded installations, but we do not get it. We do not get any of the money.

Mr. LONG. So the costs go into the military construction budget, but savings go somewhere else; is that what you are saying?

Mr. SHERIDAN. Yes, sir, that is correct.

Mr. KERR. From sales, Mr. Chairman.

Mr. ROBISON. Any recapture of the Federal investment from the sale goes into the general Treasury account?

Mr. SHERIDAN. Yes.

Mr. LONG. In fairness to this committee and the Defense Department, I would think we at least ought to have some figures on it that we can give to the public.

Mr. SHERIDAN. We can furnish those.

Mr. SIKES. It would be very good to have an estimate for the current year and maybe for the last 2 years to give us a comparison, some explanation of just what is happening.

[The information follows:]

Most of the money recaptured in the sale of DOD installations goes into the land and water conservation fund of the U.S. Treasury. General Services Administration disbursement is set forth in title 41, chapter 101, section 47.307-6 of the Code of Federal Regulations which states: "All proceeds (except so much thereof as may be otherwise obligated, credited, or paid under authority of those provisions of law set forth in section 204(b)-(e) of the act (40 U.S.C. 485(b)-(e), or the Independent Offices Appropriation Act, 1963 (76 Stat. 725) or in any later appropriation act) hereafter received from sale, lease, or other disposition of surplus real property and related personal property shall be covered into the land and water conservation fund in the Treasury of the United States." An estimate of funds received from such sales for the current year is not available; however, \$71.3 million was received in fiscal year 1970, \$18.9 million in fiscal year 1971, and \$7.2 million in fiscal year 1972.

SAFEGUARD AND SITE DEFENSE

Mr. LONG. What is the out year projection for Safeguard and site defense?

Mr. SHERIDAN. No additional military construction funding for either Safeguard or site defense is contained in the out years estimate of construction requirements. Currently available prior year appropriations are considered adequate to complete the Safeguard facilities now authorized.

And with respect to site defense, approximately \$20.4 million was appropriated in 1973 fiscal year for the design and construction of prototype site defense facilities. And that should be adequate to complete the facilities at Kwajalein.

No further construction funds for deployment are programed in the out years.

SUMMARY OF NET ANNUAL BY FISCAL YEAR AS A RESULT OF BASE CLOSURES

Mr. LONG. Going back to our previous discussion of base closures, I wonder if you could, Mr. Secretary, put in the record the savings, counting the savings in cost of operations as a result of the base closure.

Mr. SHERIDAN. Yes, sir.

Mr. LONG. Both fiscal 1974 and then if you want to, the next 5 years.

Mr. SHERIDAN. Yes, sir. We have those figures.

[The information follows:]

DOD base realignment announcement of April 17, 1973, net annual savings

Fiscal year :	Millions
1973 -----	(\$15.1)
1974 -----	(33.8)
1975 -----	224.7
1976 -----	361.4
1977 -----	375.0
1978 and future -----	375.0

() Indicates costs.

[Additional information appears on page 859, in the appendix to this volume.]

Mr. LONG. There should be a net savings, right?

Mr. SHERIDAN. Yes, sir.

Mr. LONG. Also, if you would put in what the impact on the military construction budget is, even if it is a small impact. I think we should have in there what the cost to military construction budget is and what the savings are.

Mr. SHERIDAN. Yes, sir.

Mr. LONG. Because I have felt for some time that many of these base realignments are not savings at all, but are merely movements to somewhere else where new buildings have to be built to house people tossed out of old buildings which still had some life in them. Give us the figure on that.

Mr. SHERIDAN. Yes, sir. [See page 552.]

TRIDENT LONG-RANGE CONSTRUCTION COST

Mr. LONG. What is the current estimate for the long-range construction cost attributable to the Trident program?

Mr. SHERIDAN. The total estimate for design and construction of Trident facilities is \$543 million.

Mr. LONG. For the long run?

Mr. SHERIDAN. That is right. That is considerably lower than the \$1 billion estimate that we gave you last year.

Mr. LONG. That does strike me as low, especially since the single Trident is supposed to cost over \$1 billion. How has that total cost been reduced?

Mr. SHERIDAN. It is a result of a reevaluation of the facilities requirements which indicated the depot level maintenance should be performed by our existing shipyards, some functions which had been planned to be accomplished by military personnel could be done by civilian personnel, and we hope to be able to reduce the estimated land requirement at the Bangor site.

Mr. LONG. So this is being done by contracting out basically?

Mr. SHERIDAN. Yes, by putting work into the existing Navy shipyards, rather than building up the facilities at Bangor.

Mr. LONG. Are there other costs associated with Trident such as family housing or medical support which may be picked up in other areas of the military construction or family housing program?

Mr. SHERIDAN. We estimate that 1,400 to 1,600 military families will require housing which will be included under the family housing title. The cost and number of units of this requirement to be funded from military construction is contingent upon the growth of community support housing and upon FHA's determination of whether they will provide mortgage insurance. Medical support facilities are projected and included in the current estimate for Trident facilities at Bangor. The size and cost is subject to a more detailed evaluation of the medical facility requirements and the assessment of the available facilities at the site.

Mr. LONG. Do you have an estimate of these costs?

Mr. SHERIDAN. Not right now.

Mr. LONG. Going back to that question on the current estimate for long-range construction cost, is the long-range construction cost attributable to building just 1 or 2 Tridents or the full employment of 10 or up to 30 that they are thinking of?

I gather this is assuming that the Trident program is for the time being going to be a modest program?

Mr. SHERIDAN. Yes, sir.

Mr. LONG. Half a billion dollars?

Mr. SHERIDAN. On one coast, the west coast.

Mr. LONG. One place?

Mr. SHERIDAN. Just one place.

Mr. LONG. If we ever go ahead with the full Trident program, these construction costs could be enormously greater?

Mr. SHERIDAN. Yes, sir.

Mr. SIKES. You would only have a one-time dredging cost at Patrick, for instance, would you not?

Mr. SHERIDAN. We have included that in our cost, that would be a one-time operation. There undoubtedly would be some maintenance dredging, but that would be further down the road.

Mr. SIKES. As I understood the answer, a full-scale Trident program is going to cost a lot more money; is that the true situation?

I would assume that you have certain basic requirements for construction, dredging, or for instance docks, which, once constructed, are useful for one or a dozen Tridents.

Mr. SHERIDAN. Oh, the number of boats, yes, that is correct; yes, sir. Let me check that.

Mr. SIKES. All right. We want to be sure the record is clear on this, that the cost of construction itself is not necessarily increased in proportion to the number of Tridents.

Mr. LONG. If you build a lot of them, you could not locate them all in the same spot, could you? If you were building two, three, or four at once, then your construction costs would go way up.

Mr. SHERIDAN. I did not want to give the impression that our anticipated cost estimates at Bangor were going to go up. But if other facilities were built elsewhere, there would be an increase.

Mr. McCREARY. The program for Trident is based on a 10-boat program. The facilities at Patrick are based on the R. & D. approach.

Mr. SIKES. For the entire program?

Mr. McCREARY. For the entire program; yes, sir.

Mr. SIKES. That clears it up.

EFFECT OF SALT ON NAVY CONSTRUCTION NEEDS

Mr. LONG. As a result of the SALT agreements, the total number of submarine-launched ballistic missiles and the number of ballistic missile submarines was limited. Does the Navy's long-range program reflect reductions as a result of this?

Mr. SHERIDAN. Yes, sir. We are in compliance with the interim SALT agreement now, since Trident is not introduced during the period of that agreement.

The Trident weapons system has been an element of our long-range strategic program and our planning has taken into consideration possible follow-on submarine-launched ballistic missile limitations.

Our current program makes maximum use of existing facilities, focuses on Trident's peculiar requirements as much as possible and in no way commits us at this time to construction of facilities that would not be required in the post-1977 Trident environment.

SATELLITE BASING PROGRAM

Mr. LONG. Last year this committee went into considerable detail on the Air Force's proposed long-range satellite basing plans. Can you tell us the status of that program or provide details for the record on the current and projected construction programed in this area?

Mr. SHERIDAN. Sixteen of the projected 20 satellite bases in phase I are currently operational. The balance of the facilities in phase I are under construction. At the moment there are no plans to proceed

beyond phase I as the requirement for additional satellite basing is currently under review within the Department of Defense. And I think when you get to the Air Force title of the bill, they can give you much more detailed answers.

RELIANCE ON COMMUNITY SUPPORT FOR BACHELORS

Mr. LONG. To what extent does the policy of the Department of Defense rely on off-base housing for bachelor personnel, where it is available and where these personnel are not required to live on base for military reasons, in lieu of constructing new bachelor housing facilities on base?

Mr. FLIAKAS. Mr. Chairman, except where military necessity requires that bachelor personnel live on base, the DOD policy is to liberalize our criteria and to permit more off-base housing of bachelor officers as well as some enlisted men. Generally the policy is that pay grades O-4 through O-10, for example, are permitted voluntary occupancy of Government quarters or they can have the option of living off base. Bachelor officers and enlisted personnel in grades O-1 through O-3 and E-5 through E-9 are given the option of living off base if only inadequate quarters are available on base.

Bachelor enlisted personnel in the lower grades, E-1 through E-4 must live on base if adequate quarters are available. However, it is the prerogative of the commander to permit off-base living for bachelors if military necessity does not require it.

Mr. LONG. If you encourage greater reliance on off-base support, would it reduce the bachelor housing deficit substantially?

Mr. FLIAKAS. Not very substantially. Mr. Chairman, because military necessity for effective training and operations does require a preponderance of the lower grades to be on base. Also for supervision and disciplinary purposes, some of the higher grades also. So this is taken into consideration in our projected requirements.

Mr. LONG. Has off-base support for bachelor personnel increased with higher pay?

Mr. FLIAKAS. Yes. Except that the senior personnel who have the option of living off base are already doing so. I would not say that it has had a significant impact since most of the larger pay raises, have been in the lower grades.

The majority of the lower grades still live on base. We have found this to be true in many of our visits, however two or three bachelors will get together and rent a house in town, subject to the commander's permission. In some cases, for example, they compete with families for those houses.

Mr. LONG. Also for maid service?

Mr. FLIAKAS. Yes.

CHAMPUS VERSUS NEW HOSPITAL CONSTRUCTION

Mr. LONG. To what extent does the Department of Defense intend to rely on the CHAMPUS program versus the construction of new hospital facilities?

Mr. SHERIDAN. We have a representative of the Assistant Secretary for Health and Environment here, Mr. McKenzie.

Mr. McKENZIE. Mr. Chairman, the CHAMPUS program was designed primarily to provide care for the dependents of active duty members who did not have access to military facilities. Since then, it is true it has been expanded to include retired members and their dependents. But the last time we did a cost comparison on the cost of providing care in our facilities for our beneficiaries versus the cost of buying or purchasing this care in civilian facilities, we found that there was a distinct advantage from a cost standpoint in providing care in our own facilities. So we do not envision or view the CHAMPUS program as being a substitute for providing care or a way of reducing the provision of care in our facilities, but rather as a means of providing care primarily for those who do not have access to our facilities.

Mr. SIKES. Let's spell that out in use terms.

There has been quite an increase in the use of CHAMPUS since the program was developed. Is all of this due to the unavailability of military medical facilities or personnel on base, or is some of it also based upon convenience?

Mr. McKENZIE. The primary reason, of course, for the increased costs under the CHAMPUS program is simply the inflationary trends in health care costs, as in other portions of our economy.

Mr. SIKES. Has there not been an increase also in the number of participants?

Mr. McKENZIE. Yes; there has been a distinct increase in the number of participants.

Mr. SIKES. So you have both factors?

Mr. McKENZIE. Yes, sir, particularly as retired members and their dependents are concerned.

Mr. SIKES. Back to my question: Is the increase due largely to the lack of medical facilities on base or is it due to the fact that it may be more convenient for them to obtain medical care elsewhere?

Mr. McKENZIE. Mr. Chairman, I think both of those considerations do enter into the increased CHAMPUS costs.

Mr. SIKES. Do they have a choice? Do they first have to seek medical care on base?

Mr. McKENZIE. Under the terms of the CHAMPUS legislation, the only restrictions that can be imposed as between choosing care on the base and choosing care downtown relate to those active duty dependents who reside with their sponsors. That is related again only to in-patient hospital care. For all other categories of beneficiaries under the CHAMPUS and for all types of outpatient care, the beneficiaries have a free choice.

Mr. SIKES. Then we can anticipate that there will be a continuing increase in the cost and size of the CHAMPUS program, can we not?

Mr. McKENZIE. Yes, sir.

Mr. SIKES. Does that mean that we may be overbuilding hospitals in some areas?

HOSPITAL PROGRAMING LIMITS FOR RETIRED PERSONNEL

Mr. McKENZIE. No, sir; it does not. We do have restrictions, for example, on the amount of space that we can program in new hospital construction for retired members and their dependents.

You may recall for several years we programed no such space. Then in the 1966 amendments to the CHAMPUS law, we were authorized to program for certain limited purposes. Roughly, what it amounts to now is that we may not, in a regular military hospital, program an amount for retired members and their dependents in excess of 5 percent of what we are otherwise programing; in teaching hospitals such as Walter Reed and Bethesda, the amount is 10 percent.

There is also provision in the law under which we can program space for these groups in areas where there is an inadequate number of hospital beds in the private sector. But since 1966, when that provision of law was enacted, we have not had a program where that particular concept operated.

Mr. SIKES. Thank you.

Mr. LONG. The issue of hospital facilities for retired people intrigues me. I assume that we are not supposed to build new hospitals for retired people, but once the hospital facilities are constructed, retirees are allowed to use them on a space available basis, right?

Mr. MCKENZIE. Yes, sir.

Mr. LONG. Do you have any estimates of what percentage of the use is by retired people?

Mr. MCKENZIE. Yes, sir, I do have.

For fiscal year 1972, on an average day, 4,840 beds were occupied in military hospitals by retired members and their dependents.

Mr. LONG. What percentage is that of the beds?

Mr. MCKENZIE. That would have been slightly less than 10 percent.

Mr. LONG. Of the total beds or of the beds occupied?

Mr. MCKENZIE. Of the beds occupied.

Mr. LONG. Ten percent?

Mr. MCKENZIE. Slightly less, yes, sir.

Mr. LONG. Do you have a variation, as to how that varies in certain places?

Mr. MCKENZIE. Yes, sir. There are tremendous variations. Of course in some unpopular areas there would not be any retired families.

Mr. LONG. What is it, for example, at West Point?

Mr. MCKENZIE. May I provide that data for the record, sir, I do not have it with me.

[The information follows:]

For fiscal year 1972, on an average day, 14 beds were occupied in the West Point hospital by retired members and their dependents. This was 27 percent of the total beds occupied for that facility.

Mr. LONG. I would be very much interested in that. Did your cost analysis of CHAMPUS versus in-house care take into account the investment costs of the accelerated medical facilities modernization program?

Mr. MCKENZIE. No, sir, because the cost comparison that I referred to was done several years ago.

We are now planning to do a new cost comparison and we will take that into account.

EFFECT OF REGIONALIZATION ON MEDICAL FACILITIES REQUIREMENTS

• Mr. LONG. To what extent should interservice use of existing and proposed facilities reduce the amounts required?

Mr. MCKENZIE. We are hopeful that under our new regionalization concept that was discussed earlier this morning, significant reductions can be made. In one of the four test areas that was referred to this morning, we found we can close a complete hospital under the new approach and provide care for those who have been getting it there at adjacent hospitals of another service.

Mr. LONG. Can you give us some idea of how much a reduction that would involve, for the record?

[The information follows:]

As a result of medical regionalization in the San Antonio, Tex. area, the hospital at Randolph Air Force Base will be reduced to a dispensary effective July 1, 1973.

A projected annual dollar savings of \$320,657 is expected with a manpower reduction of 26 spaces (13 military and 13 civilian).

EFFECT OF FORCE REDUCTIONS ON CONSTRUCTION REQUIREMENTS

Mr. LONG. With the war winding down and increased pressure on military spending, you are reducing the baseline forces well below that proposed in earlier years.

For example, several years ago the total overall strength was projected at 2.5 million men, with 925,000 in the Army; now you are projecting a fiscal year 1974 end strength of 2,233,000 with 804,000 in the Army.

Has the long-range program been modified to meet these strength deductions?

Mr. SHERIDAN. The military departments have assured us that they have adjusted their long-range programs to reflect the reductions in strength. However, as the committee recognizes, there are always ongoing studies and refinements which occur in the assignments of forces and personnel to the base structure. So in reality this is a never-ending process. It is being taken into consideration and constantly adjusted and readjusted.

Mr. LONG. It does not seem to result though in very much less military construction request.

Mr. SHERIDAN. Well, the effect would be that we would catch up on that backlog a lot faster.

Mr. LONG. Will you give us a figure as to just how much you are going to be able to reduce your backlog as a result of this? In other words, now that you are constructing for a smaller defense establishment and a smaller Army, and are able therefore to divert some of your construction to catching up your backlog, how much will this reduce your backlog?

Mr. SHERIDAN. We will try to furnish the figures.

Mr. LONG. Can you give us figures on that? A lot of people are going to be intensely interested in this, an awful lot of them. You just cannot explain to the people back home why we need a bigger military construction for a peacetime military with a much smaller, much smaller military.

Mr. SHERIDAN. I can understand your problem. I have it in my own family, trying to explain it. I guess you do, too.

Mr. SIKES. Yes. I would like to match explanations with you.

[The information follows:]

The backlog of facility deficiencies testified to previously (\$23.1 billion), compares to the backlog computed last year of \$26.5 billion. The current total reflects substantial reductions attributable in the main to reduced estimates of facility needs for the Safeguard and Trident weapon systems. The revision of the Safeguard system from a 12-site deployment to the current one site, now virtually complete, resulted in a reduction of \$1.7 billion. Similarly, Navy has trimmed some \$500 million from estimated Trident costs and an additional \$1.2 billion in shore station requirements which they believe are no longer valid. We understand Navy is continuing to study their backlog and further reductions may be forthcoming shortly.

It is probable that further reductions in the total backlog may be made in the next fiscal year as the military services reexamine their current listings against the reduced force levels and base realignments which have already occurred or which may be indicated for the future. Since fiscal year 1968 the total military force has dropped some 1,239,000 spaces with an additional 55,000 spaces scheduled for reduction in fiscal year 1974. Within this environment and considering the ongoing base requirements studies of all the services, it is reasonable to anticipate some future reductions, although it is not possible to forecast such reductions until future firm decisions in these areas become available.

Mr. LONG. There has been a base closure package announced, and prior to that the Army reorganization plan was announced, which also achieved some reductions. Most of these actions are to be achieved in 18 months or less.

CLOSURE ACTIONS UNDER STUDY FOR SOME TIME

The closures have been pending for a long time. Is that right?

Mr. SHERIDAN. Yes, sir. The actions were under study for some time, particularly the Navy actions. They undertook their studies on the shore establishment realignment plan 2 years ago.

Mr. LONG. Longer ago than that, did they not?

Mr. SHERIDAN. Not on as concerted and intensified a manner in which they did it on this present one.

FUTURE REALIGNMENT ACTIONS

Mr. LONG. In the event further force reductions are planned for beyond the end of fiscal 1974, will there likely be further reductions in installations to coincide with them?

Mr. SHERIDAN. Well, if there are force reductions of a significant size, we would of necessity reevaluate our whole base posture, and that would ultimately lead, perhaps, to more base realignments.

Mr. LONG. I note that although training workloads have dropped substantially, the number of training bases has not been reduced in the same ratio. How do you explain this?

Mr. SHERIDAN. Well, the proportion of training installation reductions may not equate to the strength reductions, but we have reduced the DOD training establishment significantly. The recently announced closure of Hunter Army Airfield in Georgia and Fort Wolters, Tex., will reduce the Army aviation training structure. The closure of the Naval Training Center at Bainbridge and Naval Air Station at Glynco will also reduce the Navy's training structure, and the closure of Laredo Air Force Base will reduce the Air Force's.

The Army has closed the Army Training Centers at Fort Campbell, Ky., and Fort Lewis, Wash., and is now studying further reduc-

tion in its basic training structure as was indicated in the Secretary of Defense's April 17, 1973, statement on the base realignment plan.

Mr. LONG. I would appreciate it, since the Bainbridge Naval Station has always been a matter of interest to me. I think it will still be a matter of interest to me when I retire from Congress say 20, 30 years from now, just how much this reduction applies to Bainbridge.

Could you put that in the record?

[The information follows:]

The savings to the naval training structure alone will be a reduction of 207 military and 298 civilian positions and save over \$5.5 million annually. In addition, the training structure will reduce its inventory of real property by \$48 million (acquisition cost) and 1,109 acres.

TRAINING INSTALLATIONS WORKLOAD

Mr. SIKES. You are just starting on your second 20-year term.

Mr. LONG. Provide for the record the information on the workloads for training which were included in the Defense Subcommittee's record, and show the number and capacity of the bases associated with each which have been closed and are being retained.

Mr. SHERIDAN. Yes, sir.

[The information follows:]

Following by service is the information requested on the training loads and capabilities of the individual installations:

ARMY

Base	Capacity for training	President's budget, 1974 workloads for training	
		1973	1974
Fort Dix.....	25,500	10,500	9,400
Fort Knox.....	25,000	12,401	11,282
Fort Jackson.....	22,600	12,650	11,400
Fort Gordon.....	7,900	8,583	8,256
Fort McClellan.....	4,500	2,586	2,451
Fort Campbell.....	0	0	0
Fort Sill.....	13,000	5,092	4,533
Fort Bliss.....	15,800	3,609	2,967
Fort Sam Houston.....	11,300	6,007	5,546
Fort Polk.....	28,400	14,100	12,700
Fort Leonard Wood.....	28,000	12,200	11,000
Fort Ord.....	24,100	12,600	11,300
Fort Lewis.....	0	0	0
Fort Benning.....	30,600	4,918	4,372
Fort Belvoir.....	8,300	2,480	2,033
Fort Huachuca.....	4,500	1,422	1,258
Fort Ben Harrison.....	2,900	2,855	1,761
Fort Hamilton.....	1,000	204	135
Fort McNair.....	300	272	272
Aberdeen Proving Grounds.....	8,700	2,863	2,769
Fort Lee.....	10,800	3,781	3,008
Fort Bragg.....	25,200	703	586
Fort Eustis.....	9,700	1,509	1,334
Fort Leavenworth.....	800	975	932
Fort Rucker.....	11,400	1,596	1,593
Fort Wolters ¹	3,300	470	462
Fort Monmouth.....	4,300	2,590	3,194
West Point.....	5,200	3,958	4,091
JAG School, Charlottesville.....	0	84	84
Red Stone Arsenal.....	2,500	1,960	1,656
Rock Island.....	0	13	9
Carlisle Barracks.....	200	188	188
Hunter Army Airfield ¹	2,300	39	23
Defense Language Institute.....	0	3,126	2,667
Total.....	² 338,100	136,334	123,262

¹ To be placed in caretaker status by end fiscal year 1974.

² Includes 129,000 spaces in permanent housing.

NAVY—LOADS AND CAPACITIES SPECIFIED TRAINING INSTALLATIONS

Training activity	Fiscal year	
	1973	1974
Recruit training:		
Average on board.....	19,383	18,994
Capacity ¹	27,000	27,000
Service schools:		
Average on board.....	11,855	13,586
Capacity ²	14,325	14,325
Technical training:		
Average on board.....	18,638	25,131
Capacity ³	27,455	25,131
Professional training:		
Average on board.....	6,973	6,944
Capacity ⁴	7,260	7,260
Officer training:		
Average on board.....	1,013	1,471
Capacity ⁵	2,410	1,471
Aviation training:		
Average on board.....	2,716	3,483
Capacity ⁶	2,716	2,978
Medical training:		
Average on board.....	2,397	2,423
Capacity ⁷	2,983	2,793
Total training load.....	62,975	72,032
Total capacity.....	84,059	80,958

¹ Capacity for recruit training is based on 3 naval recruit training commands located within the 3 naval training centers. Closure of any 1 of the 3 would result in insufficient capacity to handle the average on board (AOB) load for any given fiscal year; consequently, the capacity depicted must be greater than the load. In fiscal year 1974 the load will commence an increase due to the assumption of reserve recruit training which was previously conducted by separate reserve training centers.

² The same rationale as ¹ above holds true since service schools are co-located with the recruit training at the 3 Navy training centers. Service School Command, Bainbridge is being closed with the load assumed by the Service School Command, NTC Orlando as part of existing long-range plan to close Service School Command, Bainbridge, Md.

³ A total of 8 technical training facilities are being closed. Capacity, however, will be keeping pace with (AOB) as approved new construction, that is, EW School, Corry Field, Fla. and Nuclear Power School, Orlando, Fla. comes on line to accommodate the Navy's greater need for technical training in the All Volunteer Force (AVF) environment.

⁴ There are no activities planned for closure action in the professional training arena, consequently the capacity will remain relatively stable to accommodate the projected AOB, based on total Navy training requirements.

⁵ There are no activities planned for closure action in the officer training arena. Rationale identical to ⁴ above.

⁶ Although the capacity for aviation training is keyed primarily to aircraft availability, facilities must of necessity be kept open to accommodate the aircraft inventory to provide sufficient support, airspace, et cetera, consequently only 1 facility is being closed.

⁷ The present figures reflect the closing of 1 medical facility at which medical training formerly was conducted for a maximum of 30 students. Capacity has been reduced over the past 3 fiscal years to align closer to the projected load (AOB). No attempt has been made to change the capacity figures because of the small percentage of the total involved and because of some limited flexibility in the capacities of the remaining facilities.

LIST OF NAVY TRAINING ACTIVITIES CLOSING

Recruit training: None.

Service schools: Service School Command, Bainbridge, Md.

Technical training: Fleet Training Center, Newport, R.I., Fleet Training Center, Long Beach, Calif., Naval Aviation Technical Training Center, Jacksonville, Fla., Naval Aviation Technical Training Center, Glynco, Ga., Fleet Sonar School, Key West, Fla., Underwater Swimmers School, Key West, Fla., Nuclear Power School, Bainbridge, Md., Nuclear Power School, Mare Island, Calif.

Professional training: None.

Officer training: None.

Aviation training: Naval Air Station, Glynco, Ga.

Medical training: Naval Hospital, St. Albans, N.Y.

It should be noted that a straightline reduction of capacity in the same ratio as workload reduction is not feasible, since a basic capacity must be retained regardless of the number of students in order to provide necessary functional training.

AIR FORCE, UNDERGRADUATE PILOT TRAINING (UPT) PROGRAM¹

Base	Capacity	Training loads fiscal year	
		1973	1974
Randolph		438	498
Laredo		480	411
Laughlin	432	444	430
Reese	430	411	428
Columbus	342	360	347
Craig	398	407	404
Moody	443	432	437
Vance	407	409	380
Webb	546	568	542
Williams		221	221
Sheppard		82	0
Keesler			
Total	3, 428	4, 252	3, 698

¹ Capacity computations are based on capacity which can be accommodated by the T-37 and T-38 aircraft, while loads computed are based on total load at each base, including academic pre-flight.

² Base closure, early fiscal year 1974.

UNDERGRADUATE NAVIGATOR TRAINING (UNT) PROGRAM, MATHER AIR FORCE BASE, CALIF.

Aircraft	Capacity ¹	Training load fiscal year	
		1973	1974
T-29C	1, 017		
T-29C/T-43A ²	952		
Total	1, 969	1, 076	972

¹ 92 percent of maximum.

² The mixed T-29C/T-43A capacity of 952 represents the introduction of the new Undergraduate Navigator Training System (UNTS). The first class will enter the UNTS program in March 1974. UNTS will be fully implemented in October 1974 (fiscal year 1975).

AIR FORCE TRAINING CENTERS

Centers	Capacity ¹	Training load fiscal year ²	
		1973	1974
Chanute	6, 082	6, 276	5, 755
Keesler	9, 162	9, 304	8, 530
Lowry	5, 304	5, 939	5, 445
Sheppard	8, 309	8, 319	7, 627
Lackland	22, 588	16, 848	13, 798
Total	51, 445	46, 686	41, 155

¹ Capacities reflect adequate and substandard spaces currently in the inventory and approved for construction through fiscal year 1973. All new construction is replacement projects for substandard dormitories now in use and will not increase dormitory spaces available for students.

² Loads include active duty, Air Force Reserves, Army, Navy, other Government agency, Air Force civilians, and foreign students. These loads also include officer and civilian students who may be housed off base. When airman on-base housing requirements exceed the stated dormitory capacity, additional students are assigned to existing dormitories on a temporary basis.

ARMY RESTUDYING ITS BASE UTILIZATION

Mr. LONG. The Army has indicated that its fiscal year 1974 request includes some projects at weak bases, but that they will not know which until they have completed a study of their small single-mission posts.

They also have indicated that the bulk of their effort went into the study of their reorganization plan, rather than into eliminating excess installations.

When can we expect further closures of Army bases?

Mr. SHERIDAN. I have no way of forecasting. We will continue, the Army will continue to reevaluate their basic structure in their smaller installations and quite a bit will depend, of course, on the actions of the Congress on the 1974 budget and future defense budget reviews and actions.

Mr. NICHOLAS. I think the point of this question is to show that regardless of future acts of the Congress, there are certain base closures which are in a kind of suspension.

For instance, the Army is studying and will complete by the end of this calendar year a study of the utilization of their small installations. They are making a study of the use of Fort Dix and the use of training installations which will perhaps affect other installations if it is decided to backfill at Fort Dix.

These studies will be completed, I believe, this summer and at the end of this calendar year. This might result in some realignment actions. In fact, it is anticipated that they will.

Mr. SHERIDAN. That would be a matter for review later on this year, after the studies have been completed and reviewed.

UTILIZATION OF FORT HOLABIRD

Mr. LONG. I would also be interested in the question which Mr. Nicholas posed: To what extent is Fort Holabird still under study?

I gather that there is still a study going on because we cannot get a firm decision out of the Defense Department on exactly what is going to happen to some of the activities that are still there.

Mr. SHERIDAN. We promised earlier on a similar question to provide an answer for the record. We will incorporate that in there. I cannot answer it right now.

Mr. LONG. When do you think you can give us an answer, Mr. Sheridan?

Mr. KERR. I think perhaps, sir, we can give you a partial answer now.

Fort Holabird has been declared excess to the General Services Administration. The arrangements are being negotiated with them now for DIS to remain there as a tenant of GSA; but we can supply you with a separate little fact sheet on this if you like, and also insert it in the record.

Mr. LONG. You see, that is not really an answer. It is really sort of shifting the suspense a little.

Mr. KERR. Perhaps I misunderstood your question.

Mr. LONG. If DIS is continuing on there and nobody can tell me when it may leave, if it is operating under different housekeeping arrangements, we are still left with the question of what is going to happen to Fort Holabird. People ask me that question every day in the week.

Mr. KERR. The General Services Administration will, of course, make an adjudication as to what portions they can dispose of or put to other Federal use. The only Federal installation is that portion occupied by DIS.

Mr. SHERIDAN. We can give you a clear-cut answer on defense plans, but as Mr. Kerr pointed out, GSA is going to determine what the best use of the Holabird reservation is. I do not know.

Mr. LONG. I understand that. But the point is, we have not gotten out of the Defense Department what their plans are. DIS is part of it. I believe the intelligence command is still up in the air. I believe there are a number of small operations here and there that are still up in the air.

Mr. KERR. I believe except for DIS, which we will keep there, now there may be something else—I understand the commands are leaving. GSA I think is going to negotiate a sale of the balance of the property, sir. We are going to occupy building 320 or 321, something like that, for DIS. The rest of the property I believe, I cannot speak for them, but I think they are negotiating a sale.

Mr. LONG. You are going to occupy one of the buildings. That does to some extent represent a military occupancy.

Mr. KERR. Much like we are tenants of GSA in other parts of the country, yes, sir.

Mr. SHERIDAN. We will give you a clear-cut answer of our own plans. I do not know what they are right now, but we will get you an answer within a week.

Mr. LONG. This is most exasperating.

We have had many answers, but we have never had an answer to this.

Mr. SHERIDAN. On what defense plans are for occupancy at Holabird?

STRATEGIC AIR COMMAND FORCE LEVELS

Mr. LONG. Provide for the record information on projected SAC force levels and SAC base utilization.

[The information follows:]

STRATEGIC AIR COMMAND FORCES

The Strategic Air Command (SAC) includes B-52 and FB-111 bombers and KC-135 air refueling tankers, as well as the Titan and Minuteman missiles. In the current fiscal year (fiscal year 1973), there are 26 squadrons with 397 B-52 aircraft assigned to 23 air bases in the United States and its territories. This force represents the optimum use of these bases for the SAC B-52 force. By early fiscal year 1975, this force will decrease to 23 squadrons with 352 B-52 aircraft at 21 air bases. This reduction of the B-52 bases takes into account McCoy and Westover Air Force Bases which were announced for closure on April 17, 1973.

The FB-111 force consists of four squadrons with 66 aircraft at two air bases. No change in this force is contemplated.

The KC-135 tanker force consists of 38 squadrons with 615 aircraft and 30 air bases, some of which are the same B-52 bases as indicated above, since bombers and tankers are located on our base. While some redistribution of tanker squadrons will take place due to the closure of McCoy and Westover Air Force Bases, no change in the total force of tankers is contemplated.

In addition, no change is contemplated in the SAC missile force.

CRITERIA FOR BASE UTILIZATION

Mr. LONG. Would you provide for the record the criteria developed by the three services with regard to base utilization?

Mr. SHERIDAN. Yes, Mr. Chairman.

[The information follows:]

ARMY CRITERIA FOR BASE REALIGNMENT ACTIONS

1. PURPOSE

The purpose of this document is to present the criteria and major considerations used within the Army to determine which bases and activities should be consolidated, reduced, realigned, or closed.

2. BACKGROUND

(a) Army missions involve the accomplishment of a wide variety of functions requiring both general and specialized accommodations. The base structure varies from administrative office space to production/rebuild plants; from troop bases with tens of thousands of acres to small complexes in urban areas. As missions and the size of the Army vary, so do the requirements for bases and facilities.

(b) The Army continually reviews its missions, strength and structure and, concomitantly, the base structure requirement to insure that it is in proper balance. Some requirements are relatively fixed because they support more stable missions such as military schools, research and development activities, materiel testing, and specialized depot activities. These bases may experience variations in workload; however, the need for the bases, and their physical plants, is a continuing requirement. On the other hand, some Army missions are subject to large variations and may either generate additional requirements or reduce requirements for bases. Examples are training centers for basic and advanced individual training, aviation training facilities, production facilities, administrative space to support specialized activities, and troop unit bases.

(c) The Army also reviews its missions to determine where and in what manner it can consolidate, realine, and reduce resource requirements and still operate efficiently. This review may or may not result in a change in the base structure.

(d) Inherent in these analyses is consideration of the following criteria (not rank-ordered):

Mission requirements; Budget/manpower constraints; Cost savings; Personnel turbulence; Civilian labor market; Facilities/housing availability; Capital investment (sunk cost); Geographical location; Land area; Impacts on other services/agencies; Community impact; Environmental impact; Reserve components support; Mobilization and contingency requirements; Encroachment; and Long range plans.

(e) The Army does not wish to convey that the analyses will produce clear-cut advantages for proposed realignments vis-a-vis related alternatives. This is not always the case. Decisions are often charged with great emotionalism for the decisionmakers, the public, and Congress. There are formidable realities that must be confronted. Some examples follow:

(1) Investment in Facilities. The decisionmaking criteria often work at cross-purposes to one another. On the one hand, the Army is short of permanent facilities in every construction category; and, if a base is to be closed, it usually means "walking away from" some permanent facilities. On the other hand, if the missions performed at that post can be performed satisfactorily by consolidating them with missions at other posts, then substantial overhead savings could generally be realized.

(2) One-time Realignment Cost. A factor complicating the execution of realignment actions, regardless of the long range savings associated with the actions, is their one-time costs. These costs must be amortized within a reasonable period of time.

(3) Emergency Expansion. The Army often finds itself in a crossfire with respect to base management and pressing facilities requirements. In some cases, the urgency of the moment forces the Army to adopt courses of action which run counter to the long range—peacetime—objectives. For example, during the Vietnam war the Army expended funds on aviation facilities at a number of bases, all of which will not be required by a peacetime Army.

3. *Mission requirements.*—The base structure of the Army exists to support Army missions. These missions are influenced by many factors; such as strategy, budget, force level, Department of Defense guidance, weapons systems, new technology, and so forth. As mission changes occur, an analysis of the resources, including bases, allocated to accomplish that mission is made by the Department of the Army staff agency having proponency for the mission. Existing resources are weighed against the new requirements and adjusted accordingly. It is here that those bases no longer required for accomplishment of the changed mission are most frequently identified. It is here that the economies of consolidation, realignment or reduction in scope of operations are identified. The ability of each base to meet the unique operational and training requirements of the assigned force or function is of paramount importance.

4. *Budget/manpower constraints.*—These constraints permit retention of only the minimum number of bases; demand the avoidance of costs for unnecessary

personnel relocations; and militate against construction at those bases with limited land area and outmoded, old, functionally inefficient facilities requiring large investments for replacement facilities. Significant annual savings may result from the closure of such bases. Consolidation of missions on a single multimission base which subsequently results in a base closure generally produces significant annual savings. However, these savings are offset in some instances by additional investment at the gaining base. Additionally, onetime relocation costs become a factor. In evaluating the budget implication of base realignments it is necessary to weigh initial and annual savings against the onetime construction and movement costs of the various options. In general, large outlays in construction or equipment funds are not feasible and options which depend on such outlays are avoided unless no other viable alternative exists.

5. *Cost savings.*—The objective of the Army is to accomplish the assigned mission at the least cost. Where alternatives exist it is essential that the least cost, both in terms of dollars and manpower, be selected. The decisionmaker must not be lulled into thinking that the proposed action will save an amount approximately equaling the base's operating budget and military pay if he closes the base. In cases where the mission requirement for the base is eliminated, a savings equaling the operations cost prior to phasedown and closure cannot be achieved. As the activity phases down, fewer plumbers, carpenters, supply clerks, et cetera, are needed and utility costs also decrease. Those savings would be realized with or without closure. In cases where the mission is not eliminated the savings as the base to be closed must be offset by the increased costs at the base (or bases) assuming the mission to determine net savings. In this connection, a base function easily overlooked is that of area support. Many bases provide support to the Reserves, ROTC, recruiting activities, air defense, and a host of other Army and other service activities in the geographical area. Although it is feasible to provide many of these services from another location, or through contract, these alternatives carry offsetting costs.

6. *Personnel turbulence.*—The adverse impact of military and civilian personnel turbulence must be given significant consideration because of both the high cost and the adverse effect on morale.

7. *Civilian labor market.*—Many Army missions involve utilization of a highly specialized and unique civilian work force. Many of these people establish deep roots in the local community and are reluctant to dislocate with the transfer of the functions they perform. The lack of appropriate labor market thus becomes a factor in evaluating proposed realignment actions.

8. *Facilities/housing availability.*—Maximum utilization of existing Government facilities with minimum expenditures for new facilities is the primary goal in realignment actions. This includes both mission related facilities and support facilities. The facility types that are of prime concern in base realignment actions vary dependent on the mission under consideration. For combat and combat support units, the firing ranges, vehicle maintenance space, parking area and maneuver area are of major concern in evaluating realignment proposals. Conversely, for administrative and headquarters activities, adequate administrative space is essential. For training activities, classroom and student housing are key factors. For all actions, availability of housing—bachelor and family—is a significant element. However, facility availability varies in importance and influence on base realignment actions. In some cases, mandatory requirements exist. For example, adequate firing ranges and maneuver area are an absolute requirement for combat and combat support units. Certain unique facility requirements are generated by intelligence, communications, logistical, and research and development activities. Relocation of these functions which do not have facilities available to accommodate them may not be feasible due to the cost of new facilities. Also, due to mission requirements, the required facilities must often be available prior to transfer of the function. This can often be expensive in terms of delay in savings to be realized as well as redundancy in equipment and facilities. Additionally, in considering bases for closure, the overall condition of the real property facilities at the base is an important element in the selection process. Relocation of an activity housed on a base with considerable substandard facilities—both prime mission as well as support—may be most effective even if certain facility criteria cannot be initially met. Over a period of time provision of a few additional facilities could prove economically beneficial as opposed to a large expenditure for expensive replacement facilities at the former base. An additional facility consideration is the extent of area support to other bases. For example, if a base provides hospital, housing, and

other support facilities for surrounding bases, then it may not be possible to completely close the base. As a result, savings from the realignment are significantly less than at a base where all activities can be shut down and facilities declared excess.

9. *Capital investment (sunk cost).*—Realignment actions are designed to achieve the best utilization of permanent facilities at large, multimission, bases. If relocation of a function or mission requires new construction of duplicate facilities, then the cost reduction sought must be carefully weighed against movement and construction costs that result from the proposed realignment. This consideration is especially important in view of the shortage of construction funds and the large construction backlog. Where mission changes dictate relocation of a particular function utilizing permanent facilities at a large, multimission base, attempts are made to backfill the vacated facilities with other compatible activities from small, singlemission, high cost bases or from leased facilities.

10. *Geographical location.*—The geographic location influences the ability of assigned forces to execute their mission. Weather, terrain, vegetation, proximity to strategic airfields, transportation networks, and so forth, all contribute to retention of bases which enhance operational effectiveness. In some cases certain mandatory elements may present themselves. For example, basic combat training and aviation training require good weather in order to maintain course schedules. Combat and combat support training activities require appropriate firing ranges and maneuver area. Each type unit has its unique requirements. A geographical location which is adequate for the training of the infantryman would not necessarily be adequate for the training of tank crews.

11. *Land area.*—The need for adequate and suitable land area to support major combat units and their supporting forces is a major consideration. Bases must be capable of supporting the readiness and deployment of the assigned forces as envisioned in the U.S. strategy. This requirement often determines which bases will be retained in the active inventory. Where mission compatibility can be achieved, the consolidation of activities at large, multimission bases, takes precedence over utilization of small, singlemission bases.

12. *Impact on other services/agencies.*—The Army provides support to many units and activities of the Department of Defense, the other services, and other Federal agencies. Inherent in any base realignment action is consideration of the impact on these agencies. The personnel turbulence and costs associated with relocating or supporting these type activities are an integral part of any analysis conducted.

13. *Community impact.*—Civilian support resources—that is, community housing, medical, schools, and recreational facilities—are a consideration in developing base realignment actions. Of particular importance is family housing. Areas which have residual capability to adequately house families negate the cost of providing Government housing and facilitate rapid completion of the proposed action. Adequate support should exist on or off a gaining installation to avoid a realignment action being counterproductive in terms of morale. Since personnel support capability on our installations is limited, the contribution of the civilian community in this area is important. Conversely, realignment actions, which reduce the Army presence in an area, seriously impact on communities, particularly those in which the major source of the economic base is the military installation. When possible, realignment actions are designed to minimize the impact on local communities. Where appropriate, assistance is provided to local community leaders in their negotiations with the Office of Economic Adjustment, Department of Defense, whose function is to assist communities in re-establishment of an economic base where reduction in Defense expenditures has been severe.

14. *Environmental impact.*—All actions must be assessed to determine their impact on the environment. Base realignment options must have an initial assessment during the preliminary planning. If significant environmental impact is indicated, or the action is determined to be controversial, at either a gaining or losing base, then an environmental impact statement must be prepared.

15. *Reserve components support.*—The increased emphasis on utilization of Reserve component forces to meet future contingency requirements must be considered. Reserve units are generally constituted in areas where there are population resources. Their readiness depends upon availability of adequate ranges and training areas. This requires that the range facilities and training areas not only be of the proper size and configuration, but also that they

be within reasonable commuting distance. Readiness is adversely affected by increased commuting time and corresponding decreased training time availability. Concomitantly, personnel job satisfaction is lowered and personnel recruiting and retention rates decreased. Many of our bases, both active and inactive, are used extensively for support of these units, both for weekend training and annual summer training. The impact on these type units is an integral part of any analysis conducted.

16. *Mobilization and contingency requirements.*—The type and number of bases required are determined by the need to be capable of supporting the strategy directed by national policy, the operational and training requirements of the Army, and the retention of sufficient flexibility to support unprogramed increases in troop strengths. Coupled with this is the uncertainty as to when a base might be needed again. The costs of inactivating and reactivating a base can offset savings derived from its closure. Although we hope that we are entering upon a prolonged period of peace—a hope and expectation which is not unlike that after World War II and the Korean conflict—any decision to inactivate a base, whether it is retained in standby status for mobilization and contingency requirements, or is disposed of, is made without positive assurance that the decision—in the long term—will prove to be a good one.

17. *Encroachment.*—Urban and airspace encroachment into vital areas surrounding installations is of continuing concern. Some installations which were originally remote have attracted major population growth and, as a result, continued operations have been threatened through urban expansion. Civilian aviation activity has served to restrict the airspace available for military operations. Encroachment, therefore, is an element in determining the future viability of an installation. Currently, programs to protect installations from encroachment are being instituted. These are comprised of efforts to obtain properties adjacent to bases so that only activities compatible with military operations will be developed in these areas. It is also possible that major weapons changes may bring about encroachment “from within.” For example, ranges now adequate for artillery firing, may become too small for artillery weapons which may be introduced in the future. However, where encroachment has become a problem, its impact is considered during development of base realignment actions.

18. *Long range plans.*—Since the future forces cannot be predicted with certainty and are subject to unprogramed changes, flexibility to accommodate these changes within the base structure should be preserved when possible and economical. This entails developing reasonable assumptions on what unprogramed force changes might occur and determining how the various options could support the assumed force changes. However, flexibility is difficult to quantify and, as a result, tends to be a subjective consideration. There are some instances though which do lend themselves to objective analysis. For example, basic combat training production capability at each training center can be determined. Based on the required levels of production, the degree of flexibility (unused production capacity) within the structure can be determined and the degree that the structure can meet increases can be calculated. Similarly, workload versus capacity can be determined in a quantifiable manner for production and depot activities. Conversely, the degree of flexibility of the installation structure to meet other program changes not the result of clearcut workloads is difficult to determine. For example, the flexibility of the base structure to accommodate major combat units currently deployed overseas, depends on many variables. These variables include, type of units, equipment density, mission requirements of the unit, if they are to be retained as Active Duty Forces, or as Reserve Forces. Realignment alternatives are weighed in terms of their potential to meet unprogramed force changes.

NAVY CRITERIA FOR REALIGNMENT OF THE U.S. NAVAL SHORE ESTABLISHMENT

BACKGROUND

By 1975, the Navy's programed ship force levels will have been reduced by 40 percent and aircraft force levels reduced by 34 percent as compared with a 1964 base level. During this same timeframe the Navy has been unable to achieve significant reductions in its shore establishment. This continuous reduction of operating forces has created a corresponding excess of shorebased facilities capacity to support these forces. In order to achieve a maximum of managerial

efficiency, elimination of excess capacities, redundancy of support facilities and budgetary waste, the Navy is proposing a major realignment of its shore establishment. This realignment will provide for the reduction and consolidation of CONUS shore activities and shorebased fleet activities commensurate with the reduction of the operating units of the fleet already implemented, or anticipated in the Department of Defense program fiscal year 1974-78.

GENERAL METHODOLOGY

With programed ship and aircraft force levels and corresponding personnel end-strength reductions as the prime determinate, all ship homeport and aircraft basing complexes were examined in detail, to determine their capacities and excesses. Homeporting/Squadron base-loading alternatives were developed to achieve maximum utilization of excess capacities, availability of support and the elimination of redundant and wasteful overhead. All major claimants actively participated in the identity and determination of those complexes no longer required in support of the operating forces, including; ship homeport/aircraft bases, supply and logistics, shipyards, air rework facilities, and research and development facilities as well as administrative commands which do not render measurable direct support to the operating forces.

CRITERIA

In the development of the Navy's shore establishment realignment proposals the following significant factors were considered.

1. *1974-1980 force levels/mix.*—(Includes the numbers and type of each ship and aircraft, their weapon systems and specialized support required.)

2. *Ship homeporting/aircraft basing excess capacities.*—(Includes the identity of requirements for pier spaces, anchorages, boat landings, runways, taxi strips, parking aprons, hangar spaces and ship and aircraft support.)

3. *Navigation limitations.*—(Includes, restrictive drafts (depth of water), transit time, shipping congestion, length and breadth of channel, specialized navigational aids required, periods of reduced visibility and seasonal weather conditions.)

4. *Air space restrictions.*—(Includes, approach patterns, airspace congestion (civilian), noise factors, civilian encroachment, periods of reduced visibility and seasonal weather conditions.)

5. *Nuclear clearances.*—(Includes nuclear area clearances existing by type and future clearances required.)

6. *Shipyard locations and capabilities.*—(Includes nuclear surface/subsurface repair capabilities and requirements, weapon and electronic systems repair capabilities and requirements, specialized drydock requirements by number and type, civilian workforce availability and general repair/design capabilities.)

7. *Accessibility to operating areas.*—(Includes, transit time, air and surface congestion, periods of reduced visibility, seasonal weather conditions and availability of services.)

8. *BEQ/BOQ requirements.*—(Includes increases in base complex population entitlements, availability and desirability of private rentals, and adequacy of messing requirements.)

9. *Cold iron facilities.*—(Includes availability of steam, water, air, and electricity including nuclear ship electrical power requirements, pollution abatement, and nuclear waste disposal requirements.)

10. *Aviation support facilities.*—(Includes airframe and engine rework requirements, new and future aircraft introductions, and contractor operations.)

11. *Medical and supply support.*—(Includes active and retired tri-service military populations. CHAMPUS/Military Hospital cost comparison, location of supply centers vis-a-vis concentration, supply control centers, usage data, and type depth of supply support requirements.)

12. *Personnel support facilities.*—(Includes availability and adequacy of social and recreational facilities, public transportation, and distances from quarters to facilities, commissaries and exchanges.)

13. *Private and family housing.*—(Includes availability and adequacy of public quarters and public rentals/sales. Excesses and short-falls have been identified.)

14. *Impact on the civilian economy.*—(Includes loss of job availability, payroll reductions, housing surpluses and unemployment.)

15. *Environmental impact*.—(Includes, decreases in solid waste, water, air, and noise pollutants at losing complexes.)

16. *Costs to implement*.—(Includes, severance pay and unused leave pay to discharged civilian employees, transportation costs for relocated employees, PCS costs for military personnel and dependents, preservation and caretaker costs, equipment transportation costs, and MILCON requirements at gaining activities.)

17. *Savings achievable*.—(Includes eliminated military and civilian salary avoidances, overhead and maintenance costs, and approved MILCON costs avoidance.)

CONCLUSION

The resultant smaller, realigned shore establishment will constitute the "hard-core" naval shore establishment through the 1980 time frame. Those naval complexes proposed for major reductions and/or consolidations will remain soft sites pending implementation authority or future study in the event implementation authority is denied. "Hard-core" Active Forces basing and principal support complexes identified are :

SHIP HOMEPORT COMPLEXES

Naval Station (NAVSTA), New London, Conn.
 Naval Station (NAVSTA), Norfolk, Va.
 Amphibious Base, Little Creek, Va.
 Naval Station (NAVSTA), Charleston, S.C.
 Naval Station (NAVSTA), Mayport, Fla.
 Naval Station (NAVSTA), San Diego, Calif.
 Amphibious Base, Coronado, Calif.
 Naval Station (NAVSTA), Alameda, Calif.
 Naval Station (NAVSTA), Pearl Harbor, Hawaii

AIRCRAFT BASE COMPLEXES

Naval Air Station (NAS), Brunswick, Maine
 Naval Air Station (NAS), Patuxent River, Md.
 Naval Air Station (NAS), Norfolk and Oceana, Va.
 Naval Air Station (NAS), Jacksonville, Fla.
 Naval Air Station (NAS), Cecil Field, Fla.
 Naval Air Station (NAS), Key West, Fla.
 Naval Air Station (NAS), San Diego, Calif.
 Naval Air Station (NAS), Miramar, Calif.
 Naval Air Station (NAS), Lemoore, Calif.
 Naval Air Station (NAS), Moffett Field, Calif.
 Naval Air Station (NAS), Whidbey Island, Wash.
 Naval Air Station (NAS), Barbers Point, Hawaii

PRINCIPAL INDUSTRIAL SUPPORT COMPLEXES

Naval Shipyard (NAVSHIPYD), Portsmouth, N.H.
 Naval Shipyard (NAVSHIPYD), Philadelphia, Pa.
 Naval Shipyard (NAVSHIPYD), Norfolk, Va.
 Naval Shipyard (NAVSHIPYD), Charleston, S.C.
 Naval Shipyard (NAVSHIPYD), Long Beach, Calif.
 Naval Shipyard (NAVSHIPYD), Mare Island, Calif.
 Naval Shipyard (NAVSHIPYD), Puget Sound, Wash.
 Naval Shipyard (NAVSHIPYD), Pearl Harbor, Hawaii
 Naval Air Rework Facility (NARF), Norfolk, Va.
 Naval Air Rework Facility (NARF), Cherry Point, N.C.
 Naval Air Rework Facility (NARF), Jacksonville, Fla.
 Naval Air Rework Facility (NARF), Pensacola, Fla.
 Naval Air Rework Facility (NARF), San Diego, Calif.
 Naval Air Rework Facility (NARF), Alameda, Calif.

Each "hard-core" site was identified after exhaustive study of general or special support capabilities peculiar to one of these complexes. Some had a greater capability to absorb additional operating forces or populations than a corresponding "soft" site. Some had specialized support or repair capabilities not possessed by other sites. Where general support or repair capabilities and home-

port/base loading excesses were basically equal, then optimum geographic location/weather conditions and lower operating costs determined the selection of the "hard-core" site. Programed military construction avoided or required as well as the backlog of essential maintenance or modernization requirement costs also played an important role in determining "hard-core" vs "soft" sites. In each case, identified "hard-core" site has one or more tangible aspects for retention than its "soft" side counterpart as follows :

SHIP HOMEPORT COMPLEXES—NAVAL STATIONS (NAVSTA)

NAVSTA New London, Conn.—The major submarine training complex. Facilities are not duplicated at any other complex, nor are they in excess to the needs of the operating forces.

NAVSTA Norfolk, Va. (including amphibious base, Little Creek, Va.)—The largest naval complex in the United States. The complexity and completeness of support facilities and the availability of services and ship's berthing does not exist at any other NAVSTA or combination of east coast NAVSTA's. There are no restrictions on type of ships, nor major encroachment problems. This complex is considered the ranking "hard-core" site in the United States and the last side to be considered for major reduction.

NAVSTA Charleston, S.C.—The major SSBN submarine base and FBM support and training complex in the United States and the only SSBN base on the east coast. NAVSTA Charleston possesses a full range of support facilities, piers and services for nuclear subsurface and selected surface ship types. In addition, the Charleston complex is the only mine warfare training and support base in the United States. The scope of its support and training facilities are not duplicated at any other NAVSTA, nor are they in excess to the needs of the operating forces.

NAVSTA Mayport, Fla.—The newest and only CV/CVA operating base other than NAVSTA Norfolk, Va. Tactical considerations dictate the retention of two complexes on each coast capable of supporting and berthing CV's. No other NAVSTA possesses this capability besides NAVSTA Norfolk. The Mayport/Jacksonville operating area is considered the finest on the east coast enjoying almost universally ideal flying weather and unrestricted visibility for surface operations. In addition, the Mayport complex provides access to the sea with the least transit time to the local operating areas of any NAVSTA in the United States.

NAVSTA San Diego, Calif. (including amphibious base, Coronado, Calif.)—The largest naval complex on the west coast. The complexity and completeness of support facilities and the availability of services and ship's berthing does not exist at any other NAVSTA or combination of west coast (including Hawaii) NAVSTA's. There are no restrictions on size or type ship with the exception, at this time, of nuclear propelled surface ships for which AEC clearance must be obtained. This complex is considered the ranking "hard-core" complex on the west coast.

NAVSTA Alameda, Calif.—The largest CV/CVA base complex on the west coast and the only complex possessing the capability of supporting and berthing CV's other than NAVSTA San Diego. Excess capacity does not exist at any other NAVSTA or combination of NAVSTA's to absorb the ships homeported at Alameda. NAVSTA Alameda, in addition possesses the only AEC homeporting clearance for CVAN's on the west coast.

NAVSTA Pearl Harbor, Hawaii.—The farthest permanent Pacific base complex capable of a full range of support for ships of all types and the major SSBN submarine base in the Pacific. Its functions and support capabilities are not fully duplicated at other west coast NAVSTA's, nor are they in excess to the needs of the operating forces.

Conclusion.—NAVSTA's Key West, Fla., and Newport, R.I., possess no unique support features or facilities which are not possessed by other east coast NAVSTA's. Since neither of these complexes, singularly or in combination can provide the specialized support required and rendered by the other NAVSTA's, and because of the excess capacities existing at the other NAVSTA's, they are not required for support of the operating forces in being or projected through the 1980's and are considered in excess to the needs of the Navy. The same criteria applies to NAVSTA Long Beach, Calif., as it relates to other west coast (including Hawaii) NAVSTA complexes.

AIRCRAFT BASE COMPLEXES—NAVAL AIR STATION (NAS)

NAS Brunswick, Maine.—The northernmost and major ASW patrol (VP) operating complex. Due to the principal submarine threat in the North Atlantic and relatively short transit time to these waters, NAS Brunswick is considered a top priority "hard-core" site.

NAS Patuxent River, Md.—The principal research and development (R. & D.) aircraft operational test complex. Its facilities are not duplicated elsewhere and are not in excess to the needs of the Navy.

NAS's Norfolk and Oceana, Va.—The principal fighter (VF)/airborne early warning (VAW)/light attack (VA) aircraft base complexes on the east coast. Their proximity to homeported CVA's at NAVSTA Norfolk and their full range of support facilities make them indispensable. Excess capacities and facilities do not exist at other NAS's in sufficient depth to allow their excessing.

NAS's Jacksonville and Cecil Field, Fla.—The principal southern ASW patrol (VP) and attack (VA) aircraft base complexes. NAS Jacksonville is the major ASW operating complex in the southern east coast possessing a full range of support facilities for this mission which are not in excess at any other site. The close proximity of NAS Cecil Field to the CVA's homeported at NAVSTA Mayport and the full range of its support facilities and base loading excess capacity makes this complex ideal for retention and further base loading of aircraft.

NAS Key West, Fla.—The southern and most strategically located of the east coast NAS's provides basing for maritime air surveillance of the Caribbean area in general and Cuban waters and the Gulf of Mexico in particular. Due to the short transit time provided by this complex, its functions cannot be performed by any other NAS without some degradation in time of response or on station. In addition, excess capacity for base loading makes this complex ideal for retention and further base loading of aircraft.

NAS's San Diego and Miramar, Calif.—The principal Carrier ASW (VS), airborne early warning (VAW) and fighter (VF) NAS's located on the southern west coast providing support to the NAVSTA San Diego, homeported CVA/CV air groups. In addition, excess capacity exists at NAS Miramar which can be utilized to produce efficiencies by maximizing base loading at NAS Miramar and excessing an NAS elsewhere.

NAS Lemoore.—The principal attack (A) base on the west coast. Its facilities are not duplicated at any other west coast NAS and are not in excess to the needs of the operating forces.

NAS, Moffet, Calif.—The only ASW patrol (VP) base on the west coast (excluding Hawaii). Its facilities in support of the Pacific ASW effort are not duplicated at any other west coast NAS and are not in excess to the needs of the operating forces.

NAS Whidbey Island, Wash.—The major attack (VA) base on the west coast. Its facilities are duplicated at NAS Lemoore; however, sufficient excess capacity for base loading all west coast VA squadrons is not present at NAS Lemoore which precludes the excessing of NAS Whidbey Island.

NAS Barbers Point, Hawaii.—The westernmost Pacific ASW patrol (VP) base. The area of its squadron operations span water not capable of being covered by VP squadrons from NAS Moffett Field due to transit and stay time. NAS Barbers Point is not considered in excess to the needs of the operating forces.

Conclusion.—NAS's Quonset Point, R.I., Lakehurst, N.J. and Albany, Ga. possess no unique support features or facilities which are not possessed by other east coast NAS's. Since these complexes cannot provide the functional support rendered by other NAS's, nor do they possess sufficient excess capacities for functionally base loading aircraft from other NAS's, they are considered excess to the needs of the operating forces. Their aircraft squadrons can be base loaded within the excess capacities and support facilities of other NAS's. The same rationale pertains to the excessing of NAS Imperial Beach and the reduction of NAS Alameda, Calif. on the west coast.

PRINCIPAL INDUSTRIAL SUPPORT COMPLEXES—NAVAL SHIPYARD (NAVSHIPYD) AND AIR REWORK FACILITIES (NARF)

NAVSHIPYD Portsmouth, N.H.—The smallest naval shipyard on the east coast—Portsmouth possesses the size drydock, type of equipment, boiler shop and electronic capacity to perform any type submarine repair work and new submarine construction. While the facilities at Portsmouth may restrict the

amount and type of work it can do, Portsmouth has both the capability and certification to work on any class nuclear submarine in the fleet today. NAVSHIPYD Portsmouth is not considered to be in excess to the needs of the Navy.

NAVSHIPYD Philadelphia, Pa.—The only building yard and one of two yards capable of performing overhauls on CVA/CV's with facilities to perform work on any ship type other than nuclear surface and subsurface ships. NAVSHIPYD Philadelphia enjoys proximity to a near inexhaustible source of skilled manpower. Its drydocks are among the largest in the Navy and are not in excess to the needs of the Navy. Any consideration to excess NAVSHIPYD Philadelphia would necessitate extensive MILCON expenditure to replace the NAVSHIPYD Philadelphia drydocks at other complexes.

NAVSHIPYD Norfolk, Va.—The largest and most complete complex in the shipyard inventory capable of any type of repair, alteration or modernization for any type ship or submarine, nuclear or nonnuclear. Its facilities and capabilities cannot be duplicated by any of the other east coast yards, singularly or in combination. The Norfolk NAVSHIPYD is not excess to the needs of the Navy.

NAVSHIPYD Charleston, S.C.—A shipyard located at a major "hard-core" NAVSTA complex with a wide range of capabilities both surface ship and nuclear submarine. Excessing this yard in return for the retention of the Portsmouth, N.H. NAVSHIPYD would allow a major dual purpose yard to be replaced by essentially a single purpose one, and one that would require extensive and prohibitive modernization if it were to remain viable through the 1980's. NAVSHIPYD Charleston is not considered to be in excess to the needs of the Navy.

NAVSHIPYD Long Beach, Calif.—A relatively modern shipyard with a full range of repair or alteration capability with the exception of submarine and nuclear propulsion. The Long Beach Yard is the most modern and complete weapons and electronic systems yard on the west coast. The completeness of its facilities are not fully duplicated at other west coast yards. NAVSHIPYD Long Beach is not considered to be in excess to the needs of the Navy.

NAVSHIPYD Mare Island, Calif.—A nuclear submarine building and repair yard. Unlike the east coast, where commercial nuclear submarine repair shipyards exist, the west coast possesses only three nuclear certified repair yards—all of them Navy. A lesser number than three cannot meet the needs of the Navy through the 1980's even if prohibitive expansion were contemplated. The Mare Island NAVSHIPYD is not considered to be in excess to the needs of the Navy.

NAVSHIPYD Puget Sound, Wash.—The largest shipyard on the west coast in terms of drydock capacity and major new construction capability. This yard is also one of the nuclear certified repair yards and is capable of both major surface and subsurface nuclear ship overhauls. It is also the only west coast yard capable of nuclear major ship (CVAN) overhaul. Its capabilities are not duplicated at other west coast yards. NAVSHIPYD Puget Sound is not considered in excess to the needs of the Navy.

NAVSHIPYD Pearl Harbor, Hawaii.—The westernmost Pacific shipyard capable of most types of overhauls including nuclear submarine, surface ship and effecting emergency CVA/CV repairs. Due to its strategic location and the "hard-core" NAVSTA Pearl Harbor proximity, this yard is considered essential to the needs of the Navy.

Conclusion.—The reduced ship force levels in being today and new construction types and numbers projected through the 1980's provide for an excess of NAVSHIPYDs which cannot be gainfully utilized or economically loaded. This excess capacity has become an intolerable financial burden which can no longer be justified. With capabilities, modernization costs and drydock requirements as principal determinates, it has been found that Boston, Mass. can be excessed without necessitating any new drydock construction through 1980.

The remaining east coast yards are capable of rendering all the support required now and through the 1980's. The retention of NAVSHIPYD Boston is both uneconomical and unjustifiable due to its lack of multipurpose capability. Excess capacity existing on the west coast can be rectified only by the excessing of NAVSHIPYD Hunters Point. The closure of this yard does not require the construction of any new drydocks.

NARF's.—Projected aircraft and engine rework for present and projected naval air forces by numbers and types produces an excess in air rework requirements by one NARF. The criteria for selection of "hard-core" complexes was carefully reviewed and revealed no singular advantage to the excessing of any specific NARF from a pure workload, efficiency or function without its host NAS, then the requirement for the NAS became the prime determinant. The

"soft coring" of NAS Quonset Point, R.I., produced the single NARF candidate in excess of the needs of the Navy. The retention of NAS Quonset Point in sole support of the NARF requires the continuation of a complex which is neither economical or justifiable.

MISCELLANEOUS SUPPORT ACTIVITIES

Hospitals.—If a major naval complex is closed, closure of the supporting hospital is expected. When setting priorities for expenditures of funds for operating Navy medical services, it is considered that areas containing the largest number of active duty naval personnel, and particularly the junior ranks and lower pay grades, should receive priority. Because medical care has proved to be a major factor in retention of career personnel, the Navy must insure expansion of medical capabilities in areas in which the Navy population increases incident to facility consolidations.

Portsmouth, N.H.—Transfer of active duty personnel from Portsmouth greatly reduces the need for Navy medical services in the area. Champus and medical services available at Pease Air Force Base can provide services for retired military personnel in the area at substantial savings.

Chelsea, Mass.—Continued operation will require extensive Milcon which cannot be justified in view of the number of active duty personnel remaining in the Boston area. Substantial savings can be realized by closure of this hospital.

St. Albans, N.Y.—Reduction of military personnel in the area, continuing decrease in patient load and extensive Milcon required to upgrade present facilities preclude the retention of St. Albans.

Boston Naval Station Complex.—The programed force reduction, closure of the shipyard and ship relocations from the New England area reduces the naval station's support functions to a level which precludes its continued operation. The elimination of the supporting activities in turn dictates a substantial reduction or elimination of the first naval district headquarters staff as its tasks are reduced.

Naval Training Center (NTC), Bainbridge, Md.—Included within this training complex are buildings in various states of repair. To retain Bainbridge in its present status would require extensive new construction. Existing facilities and training requirements are available and can be fulfilled at other locations for most activities. The remaining activity, the Naval Academy Preparatory School, can be housed in permanent buildings at the site, excessing remaining land and buildings.

Naval Ammunition Depot (NAD), Oahu, Hawaii.—The reduction of force levels and associated ammunition storage requirements in the Pacific permits the closure of one of three branch storage areas at NAD Oahu. The remaining branches are capable of supporting area ammunition requirements providing for excessing of land and reductions of operating costs.

Naval Support Activity (NSA), Omaha, Nebr.—Emphasis on Reserve Forces capabilities dictates the consolidation of all reserve force administration into one command at one location. The requirement for the support activity at Omaha is eliminated once the surface Reserve headquarters is relocated. This will result in a reduction of personnel and operating costs and provide for a more efficient operation of the shore establishment.

Naval Air Engineering Center, Philadelphia, Pa.—The mission and functions of the center can be assumed by the Naval Air Test Center (NATC), Lakehurst and the Test Center at NAS Patuxent River. The center's mission to conduct research, development, test and evaluation (R.D.T. & E) of systems integration and fleet engineering support in launching, recovery and landing aids for aircraft and in ground support equipment for aircraft and airborne weapons systems is closely related to the missions of the foregoing activities and the facilities are generally duplicated at those activities.

Navy Electronic Systems Test and Evaluation Facility, St. Inigoes, Md.—The functions and tasks of the facility can be transferred to the Naval Electronics Laboratory at San Diego, using existing excess capacity at that location. Facilities currently exist at China Lake to provide for testing of aircraft navigation and traffic control systems. This consolidation will provide for more efficient operations at a reduced cost and utilize excess capacities and facilities at these sites.

Naval Air Station, Glynco, Ga.—The air station supports naval flight officer training and technical training of enlisted and officer students. Naval flight officer (NFO) training at Glynco supports only approximately 17 percent of

the total NFO student load. This amount of training can be absorbed at Pensacola in existing facilities. Naval air technical training students can be relocated to NAS Memphis, NAS Meridian and Dam Neck, Va., utilizing excess facilities now existing at those locations. Consolidation of training is desirable and the closure of Glyco will result in more efficient base loading within the training command.

Electronics Supply Office, Great Lakes Consolidation.—Navy has three inventory control points (ICP's)—electronics supply office (ESO), Great Lakes, Ill.; ships parts control center (SPCC), Mechanicsburg, Pa.; aviation supply office (ASO), Philadelphia, Pa. Each ICP is a center of technical competence; ESO and SPCC are primarily fleet surface/subsurface oriented while ASO is air oriented. Analysis of the efficiencies and excess capacities at each inventory control point reveals we can consolidate ICP's and achieve savings in overhead costs. The most expedient approach is to consolidate the data base and automatic data processing (ADP) centers of ESO and SPCC since both ICP's are primarily fleet surface/subsurface oriented. Consolidation of ASO with another ICP was considered; however, in terms of line items managed, space requirements/availability and ADP capability, the consolidation at SPCC Mechanicsburg, Pa., is the only feasible alternative for centralized ADP operations for the two ICP's. From a weapon systems management point of view, the consolidation action is not without risks. Some degradation in fleet support is possible. For this reason the action cannot be completed immediately. A phased-in consolidation would result in some immediate savings in personnel and administrative overhead. Later with a merged data management, additional savings can be achieved. It would appear that if a systematic and phased approach to the consolidation is taken to insure that weapon system capability is maintained, satisfactory and timely support will be continuously provided to operational and emerging weapon systems. To provide sufficient support and planning time, 3 years will be required to complete this effort. Out year achievable savings of \$2.2 million will result from this proposal.

GENERAL AIR FORCE

CRITERIA FOR BASE REALIGNMENT ACTIONS

The base posture of the Air Force exists to support the assigned forces. The major considerations and criteria used to determine base realignments must insure that the action selected from the available alternatives is the most consistent with the overall mission requirements of the Air Force and retains in the inventory the most effective bases. In determining the effectiveness of an installation, several major considerations are germane.

Operational and training requirements.—Each force element has its own peculiarities in terms of mission and training which manifests itself in terms of airspace, range requirements, facility requirements, and so forth. Base realignments should enhance the ability of the force to meet its unique operational and training requirements.

Force deployment.—The Air Force structure is based on the national strategy which determines which forces should be deployed overseas and which forces would be deployed or employed from the CONUS. This serves to determine how many and what kind of bases we need overseas versus the CONUS.

Use of multimission bases.—A major expense of each installation is the resources required to "open the door". This base operating and support force does not increase in a direct proportion to a growth in assigned base missions. Addition of new missions to an existing base results in significantly less base operating and support resources than does operating a single-mission installation.

Future flexibility.—Base realignment actions which result in base closures or contribute to the maximum utilization of an installation can result in a limiting of future flexibility to meet future force adjustments. The selection of bases to be closed should result in closure of the least flexible bases.

The following criteria are used for evaluating base realignment alternatives:

Geographic location.—The geographic location of an installation influences many factors which bear on the ability of assigned forces to execute their mission. These include weather, availability of training areas, airspace, and so forth. For each mission there are optimum geographic locations which provide maximum operational effectiveness.

Facility availability.—Maximum practical utilization of existing Government facilities with minimum expenditures for new facilities should be a primary goal in realignment actions.

Community support.—When possible, base realignment actions should take maximum advantage of already developed civilian resources; (that is, housing, medical, schools, and so forth.) which can be used to support the assigned personnel.

Potential.—Since the future forces cannot be predicted with certainty and are subject to unprogramed changes, flexibility to accommodate these changes within the base posture should be preserved when possible and economical.

Encroachment.—Encroachment into vital areas surrounding installations is of continuing concern. Urban expansion and increased civil and private air activity has served to restrict military operations at some installations.

Budget.—High-cost, single-mission installations requiring large investments for replacement facilities are prime candidates for closure. Significant annual savings result from the closure of such bases. However, these savings are offset in some instances by the required investment, particularly in facilities, needed to consolidate. In evaluating the budget implication of a base realignment it is necessary that initial and annual savings be weighed against the one-time construction and movement costs of the various options.

Environment.—All actions must be assessed to determine their impact on the environment. If significant environmental impact is indicated, then an environmental impact statement must be filed.

Mission degradation.—Realignment actions result in turbulence both in personnel and in mission output. Certain activities cannot be allowed to "stand down" and, as a result, realignment of these activities require in being capability at the new location. Also, a highly specialized or unique work force of civilians may not facilitate relocation.

SPECIFIC AIR FORCE CRITERIA FOR BASE REALIGNMENT ACTIONS

Purpose.—The purpose of this document is to present the major considerations and criteria used within the Air Force in developing base programs which result in realignment actions.

Background.—The base posture of the Air Force exists to support the assigned forces. Since forces are a dynamic element, the base posture is also dynamic in its nature. As forces change, base requirements change, and as a result realignments in the base posture are required. The major considerations and criteria used to determine base realignments must insure that the action selected from the available alternatives best meets the various operational, geographic, facility, environmental and economic parameters and is the most consistent with the overall mission requirements of the Air Force. The Air Force has pursued a policy of achieving an optimum base structure to support the currently assigned and projected forces. As force levels and oversea deployments have reduced during the last 12 years, the number of Air Force bases has also reduced. The following table reflects the reduction in Air Force major installations since fiscal year 1960.

Major installation	Fiscal year—					
	1960	1964	1968	1970	1972	1973
CONUS.....	163	151	129	116	112	111
Overseas.....	90	65	69	62	49	47
Total.....	253	216	198	178	161	158

The reduction in the number of Air Force bases worldwide has been the result of a continual evaluation of the forces' base requirements. The most effective bases are selected for retention when base closure actions are initiated.

Major considerations and criteria.—In determining the effectiveness of an installation, several major considerations are germane. First is the need to provide installations which meet the various operational and training requirements of assigned forces. Second, there is the need to provide bases to support the force deployments envisioned in the United States strategy. Third is the policy that multimission bases, i.e., ones at which various force types (strategic, logistical, airlift, etc.) are stationed, will be used to the maximum extent possible. Fourth, that the base posture should retain the flexibility to bed down the force when unprogramed changes occur.

The above considerations have evolved into broad criteria which are used in the Air Force in developing and evaluating base realignment actions. These are : geographic location ; facility availability and condition ; community support available for Air Force activities/population ; potential to accommodate future force requirements ; existing or future encroachment which might impact Air Force operations ; budgeting consideration inherent in the proposed realignment action ; possible adverse environmental impact ; and mission degradation as a result of force turbulence.

In developing realignment actions, the major considerations and criteria have to be evaluated for each proposal in total, as opposed to each one being independent, with the goal of achieving an optimum balance. A discussion of the four major considerations and the resultant criteria is provided below.

Major considerations

Operational and training requirements.—Since the Air Force base posture exists to support the mission of the assigned forces, the ability of each base to meet the unique operational and training requirements of the assigned force is of paramount importance. Each force element, such as strategic offense, tactical fighter, strategic airlift, etc., has its own peculiarities in terms of mission and training which manifests itself in terms of airspace, range requirements, deployment and employment routes, availability of lines of communications, survivability, facility requirements, etc. The current base posture reflects a force bed down in which the forces' operational and training requirements are best supported. Realignment of forces can make alterations of the base posture necessary ; however, the resulting bed down must, to the extent possible, enhance the ability of the force to meet its unique operational and training requirements. These requirements are summarized below.

Strategic offense (bombers/tankers).—Prelaunch survivability of the alert force coupled with geographic locations which allow proper bomber-tanker mating after launch and optimum entry into primary employment routes to target areas.

Strategic defense (fighter interceptors).—Peripheral coverage of the continental United States.

Tactical fighter.—Accessibility of weapons ranges (air-to-air and air-to-ground) plus sufficient airspace to allow for extensive operational training in flight maneuvers such as formation flying. Maximum "good weather" days to facilitate operational flight training under visual conditions.

Tactical airlift.—Accessibility to training areas for assault landing and drop zones and close proximity to Army elements which use tactical airlift support in training and during deployment.

Strategic airlift (MAC).—Accessibility to transportation networks which can carry cargo/passengers to and from the terminal complex, coupled with proximity to cargo generation areas.

Pilot training.—Availability of a large area of dedicated airspace which is required for student flight activities coupled with minimal poor weather days which could preclude visual flight activities.

Air Reserve Forces.—Potential to man assigned units.

Force deployment.—The Air Force structure is based on the national strategy. This strategy determines potential areas in which forces would be used and determines which forces should be deployed forward in overseas locations and which forces would be deployed or employed from the CONUS. This strategy then serves to determine how many and what kind of bases we need overseas versus the CONUS.

Use of multimission bases.—A major expense of each installation is the resources required to "open the door." That is the basic number of people and things needed to support any assigned mission. This base operating and support force, however, does not increase in a direct proportion to a growth in assigned base missions. Addition of new missions to an existing base results in significantly less base operating and support resources than does establishing a new base or retaining and operating a single-mission installation which is not limited by geographic or other requirements. Therefore, when missions are compatible and facilities available or obtainable, it is cost-advantageous to develop multimission bases. This is particularly true when one of the missions is of a support nature such as headquarters, materiel depot, or research and development activity and the other is operational such as tactical fighter, strategic bomber, etc. Additionally, missions which have a relatively small number of personnel or equip-

ment are most economically accommodated on bases which have other major missions. An example is the stationing of ADC fighter interceptor squadrons on bases which have other major missions such as airlift or strategic offense. Although multimission bases are economical, the compatibility of missions must be given prime consideration. Certain missions, such as pilot training, do not lend themselves to multimission installations. Additionally, the more missions assigned to an installation the greater the difficulty in closing the installation if a major mission at the base is reduced, since relocation of residential missions often proves impractical. In this sense, on the basis of a reduced base structure, multimission bases may inhibit future flexibility in restructuring the overall base posture.

Future flexibility.—Base realignment actions which result in base closures or contribute to the maximum utilization of an installation, especially Air Force bases which contain a relatively small amount of land, can result in a limiting of future flexibility to meet various programed and nonprogramed force adjustments. Although base closures and maximum base utilization are economically sound objectives, the selection of bases to be closed, should, to the extent possible, therefore, result in closure of the least flexible bases. If flexibility were the sole determinant, bases which have constraints in the nature of airspace, encroachment of civilian activities, single missions, limited real estate, poor community support facilities, poor physical facilities, etc., should logically be considered for closure prior to bases which have the potential to accommodate additional or new missions.

Criteria

Geographic location.—The geographic location of an installation influences many factors which bear on the ability of assigned forces to execute their mission. These include weather, availability of training areas, proximity to employment/deployment routes, survivability, airspace availability, transportation networks, etc. For each mission there are optimum geographic locations which provide maximum operational effectiveness. These locations, to the extent possible, should be used in selecting bases to beddown missions. In some cases certain mandatory elements may present themselves. For example, undergraduate pilot training requires 216 good weather work days during each year in order to maintain the course schedule. Locations which cannot meet this weather criterion should not be considered for such a mission. Tactical fighter activities require that appropriate air-to-ground and air-to-air ranges be in close proximity (200 miles). Lack of these ranges requires that training be degraded by reduced mission time as a result of increased ferry time to and from the range. Therefore, lack of a range in close proximity to a base eliminates it from consideration as a tactical fighter base. However, other geographic factors are not as binding in developing base realignments. For example, survivability of strategic offensive forces is a prime consideration.

If submarine-launched missiles are postulated to be the most critical threat, inland bases provide the greatest survivability due to the longer flight time of the missiles. However, this does not imply only inland bases should be considered for strategic offensive forces. Consideration of factors such as the inability of the runway complex to support strategic operations, lack of needed large maintenance facilities to house strategic bombers and tankers, poor quantity and quality of personnel support facilities, and lack of munitions storage capability all may negate the use of an existing inland base for a strategic force main operating base and dictate continual use of a coastal base where these facilities are available. In this case, survivability can be achieved through reposituring and dispersal of the alert force at satellite locations to achieve the needed time to safely launch the force.

Facility availability: Maximum practical utilization of existing Government facilities with minimum expenditures for new facilities should be a primary goal in realignment actions. This includes mission-related facilities as well as support facilities. The facility types that are of prime concern in base realignment actions vary dependent on the mission under consideration. For example, if the unit is an operational flying activity, the runway complex (number, width, length, load bearing capacity), capacity of the aircraft parking ramp, and a maintenance complex capable of supporting the assigned aircraft (e.g., proper sized docks and hangers, sufficient communications-electronics and avionics maintenance space, etc.) are of major concern in evaluating the proposed action. Conversely, for administrative and headquarters activities, the proper amount of administrative space is essential. For training activities, classroom and stu-

dent housing are key factors. For all actions, availability of housing (bachelor and family) for any increase in population is a significant element. However, facility availability varies in importance and influence on base realignment actions.

In some cases, mandatory requirements exist. For example, parallel runways are an absolute requirement for undergraduate pilot training since the mix of training aircraft and number of air movements cannot be accommodated on a single runway. Bases with single runways do not meet the facility requirements for this mission and generally would not be considered as a feasible alternative in realignment of pilot training bases without construction of additional runways. Additionally, certain unique facility requirements are generated by intelligence, communications, logistical, and research and development activities; relocation to installations which do not have facilities available to accommodate these functions may not be infeasible due to the cost of new facilities. This, however, is a matter of economics. Also, due to mission requirements, these facilities must often be duplicated and in being prior to shutting down the current activity. This can often be expensive in terms of delay in savings to be realized as well as redundancy in equipment and facilities. Similar circumstances exist in relocating other missions such as strategic airlift which requires large terminal complexes to receive and process cargo. However, other facility requirements might not be less critical. Requirements for small missions may be provided with minor modification. This is particularly true if the unit's equipment consists of small aircraft or if no aircraft are assigned. Requirements for administrative space can be met in various ways such as conversion of excess space in other functional areas. Additionally, in considering bases for closure, the overall condition of the real property facilities at the base is an important element in the selection process. Often, if an activity is housed on an installation which has a great deal of substandard deteriorated facilities—both prime mission as well as support—then relocation to a base with permanent facilities may be most effective even if certain facility criteria cannot be initially met.

Over a period of time provision of a few additional facilities would prove economically beneficial as opposed to providing a large number of expensive replacement facilities at the previous base. An additional facility consideration is the extent a base's facilities support other installations in the area. For example, if a base provides hospital, housing, and other support facilities for surrounding installations, then it may not be possible to completely close the base. As a result, savings from the realignment may be significantly less than at a base where all activities can be shut down and facilities declared excess.

Community support. Civilian support resources (community housing, medical, schools, recreational facilities) are a consideration in developing base realignment actions. When possible, base realignment actions should take maximum advantage of already developed civilian resources which can be used to support the assigned personnel. Of particular importance is family housing. Areas which have residual capability to adequately house Air Force families will negate the cost of providing Government housing and facilitate rapid completion of the proposed action. Conversely, areas in which community support facilities are limited place an increasing degree of importance on the base facilities. Adequate support should exist on or off a gaining base to avoid a realignment action being counterproductive in terms of personnel morale. Since excess personnel support capability on our installations is limited, the contribution of the civilian community in this area is very important.

Potential.—Since the future forces cannot be predicted with certainty and are subject to unprogrammed changes, flexibility to accommodate these changes within the base posture should be preserved when possible and economical. This entails developing reasonable assumptions on what unprogrammed force changes might occur and determining how the various basing options could support the assumed force changes. However, flexibility is difficult to quantify and, as a result, tends to be a subjective consideration. There are some instances though which do lend themselves to objective analysis. For example, pilot production capacity at each undergraduate pilot training base can be determined. Based on the required levels of pilot production, the degree of flexibility (unused production capacity) within the system can be determined and the degree that the system can meet increases can be calculated. As a result, the degree of flexibility in the system can be predicted and controlled. Similarly, workload versus base capacity can be determined in a quantifiable manner for other training activities and depot activities. As a result, flexibility in these areas is to some degree quantifiable. Conversely, the degree of flexibility of the base systems to meet

other program changes not the result of clear-cut workloads is difficult to determine. For example, the flexibility of the base system to accommodate tactical units in the Conus currently deployed overseas depends on many variables such as type of unit, activity levels of the unit, if they are to be retained as active duty forces or as reserve forces, et cetera. In these instances the underlying assumptions are subjective and the requirement for flexibility is also subjective. Notwithstanding the subjectivity, it is important that base realignment alternatives be weighed in terms of their potential to meet unprogrammed force changes.

Encroachment.—Urban and airspace encroachment into vital areas surrounding installations is of continuing concern. Some installations which were originally remote have attracted major population growth and, as a result, continued air operations have been threatened through urban expansion. The increased civil and private air activity has served to restrict the airspace available for military operations. Encroachment, therefore, is an element in determining the future viability of an installation and is a consideration in determining base realignment actions. Currently, programs to protect installations from encroachment are being instituted. These are comprised of efforts to obtain zoning, easements, or fee ownership of properties adjacent to bases so that only activities compatible with air operations will be developed in these areas. As a result, encroachment should be brought under control. However, where encroachment has become a major problem, its impact should be considered during development of base realignment actions.

Budget.—High-cost, single-mission installations with limited real estate and outmoded, old, functionally inefficient facilities requiring large investments for replacement facilities are prime candidates for closure. Significant annual savings result from the closure of such bases. However, the relative cost effectiveness of retaining installations is also a major factor in determining base realignments. Consolidation of missions on a single multimission installation which allows a base closure generally results in significant annual savings. However, these savings are offset in some instances by the required investment, particularly in facilities needed to consolidate. Additionally, one-time relocation costs are a factor.

In evaluating the budget implication of base realignments it is necessary that initial and annual savings be weighed against the one-time construction and movement costs of the various options. Consideration should be given to consolidations which minimize the investment in new facilities while maximizing the annual savings. In general, large outlays in construction or equipment funds are not feasible and options which depend on such outlays should be avoided unless no other viable alternative exists.

Environment.—All actions must be assessed to determine their impact on the environment. Base realignment options must have an initial assessment during the preliminary planning. If significant environmental impact is indicated, for example at a gaining installation, as a result of the assessment, then an environmental impact statement must be filed.

Mission degradation.—Realignment actions, by their very nature, result in turbulence both in personnel and in mission output. The degree of turbulence is a consideration if the resulting mission degradation is of such a proportion as to be significant. Certain activities cannot be allowed to "stand down" and, as a result, realignments of these activities require in being capability at the new location. Also, work force composition is a consideration in that a highly specialized or unique work force of civilians may not facilitate relocation. These factors should be considered in evaluating realignment actions.

BASE REALIGNMENT METHODOLOGY

Mr. LONG. Will you discuss the methodology used in determining the base realignment actions and how these criteria were utilized by the military departments?

Mr. SHERIDAN. Yes, sir. As you know, Mr. Chairman, we are constantly reviewing our base structure both in the U.S. and overseas. As part of this process, installations and activities are identified for possible realignment or closure. Periodically, as we did last year, we issue guidance to the Military Departments on base realignments. This guidance is not only administrative in nature but is also specific in that we

try to establish the kinds of actions the services should consider in their on-going reviews. In the case of the realignment plan recently announced, our staff first and then subsequently the Secretary of Defense intensely reviewed the major actions against the established base utilization criteria. As you can appreciate, the decisionmaking process on base realignments is not an exact science and involves judgments which must be made with each weighed against the basic criteria. In this manner, a base is finally selected for closure after the tradeoffs of the various bases under consideration have been evaluated.

With regard to the plan announced April 17, 1973, this process resulted in some modifications to the proposed plans and called attention to the need for further review in the case of still other proposed realignments.

Mr. LONG. It appears that the Army's headquarters reorganization was not coordinated with their base realignment package. Are there other similar situations in the other services? Provide that for the record.

Mr. SHERIDAN. The Army reorganization plan to which you refer was to a great extent driven, as the name implies, by the need to reorganize. It was principally aimed at the major headquarters structure and the base and facility implications became, I believe, secondary to its prime purpose. While it was approved and announced prior to the base closure package, I cannot help but feel certain that within the Army these actions were indeed coordinated.

In answer to the second part of your question, I know of no other similar situations.

Mr. LONG. What coordination has there been between the services realignment packages? Cite some examples of cross-service utilization resulting from the realignments. Is this something which you are continuing to follow up on?

Mr. SHERIDAN. Once the review of the proposed realignment actions has been completed by our staff, all proposals are staffed and discussed with the other interested OSD staff and the military departments. This is accomplished in order to evaluate the actions and to insure interservice review. As part of our continual review of the base structure, we are in a good position to very early identify the interservice problems or opportunities for interservice utilization. For this reason, we usually identify these problems and opportunities to the services. For instance, the significant realignment of the Army's Fort Story provides the Navy with the opportunity of acquiring land for the construction of its much needed family housing in the Norfolk area. Also, the closure of McCoy Air Force Base, Fla., provides the Navy with the opportunity of acquiring needed family housing for the nearby Naval Training Center, Orlando, Fla., thereby saving the cost of constructing such facilities. Many other similar examples could be cited. In addition, in answer to the latter part of your question, we continue to follow up on these matters.

SUMMARY OF BASE CLOSURE SAVINGS AND COSTS

Mr. LONG. Just to make the record complete, insert a summary of the base closure package for the record. Show what savings and what costs are anticipated.

[The information follows:]

REALINEMENT PACKAGE, APR. 17, 1973

Service	Number of actions	Jobs eliminated		Annual savings (millions)	1-time costs (millions)
		Military	Civilian		
Army	35	2,333	2,257	\$57.8	\$48.7
Navy	199	9,912	19,131	221.6	252.0
Air Force.....	40	4,395	4,784	95.6	22.1
DOD total.....	274	16,640	26,172	375.0	322.8

SUMMARY OF CONSTRUCTION AVOIDED AND REQUIRED AS RESULT OF ARMY REORGANIZATION

Mr. LONG. Also, insert in the record the data on construction avoided and required as the result of the Army reorganization package.

[The information follows:]

The construction on the Army reorganization plan announced by the Army on January 11, 1973, is as follows:

SUMMARY OF MILITARY CONSTRUCTION COSTS REQUIRED AND AVOIDED AS A RESULT OF THE ARMY REORGANIZATION ANNOUNCED JAN. 11, 1973

[Amount in thousands of dollars]

	Fiscal year—						Total	Long range
	1973	1974	1975	1976	1977	1978		
Construction required.....	4,154	4,598	3,377	0	1,700	0	13,829	42,199
Construction avoided.....	0	2,503	10,316	2,637	4,607	1,228	21,291	38,576

FAMILY HOUSING AT CLOSED BASES

Mr. LONG. Provide for the record the details on the family housing which will be released as the result of the base realignments.

[The information follows:]

The military departments are now carefully screening their family housing requirements at all locations affected by the base closures and realignments announced on April 17, 1973. Preliminary informal information indicates that requirements may justify retention of about 2,000 of the 13,366 units at affected locations. The remainder will be released.

RELOCATION OUT OF WASHINGTON

Mr. LONG. What progress has been made in the program to relocate activities out of Washington?

Mr. SHERIDAN. Not enough, since we were here last year, as far as I can see.

There have been several reasons for this. One was a large base closure reduction and realignment package that was developed during this period and announced last month. The package did include some minor actions affecting the National Capital region, but its main thrust was toward force and weapons system orientation, and thus it impacted most significantly on operating type facilities as opposed to administrative types which predominate in the Washington area.

A second important reason is, of course, the change in top management of defense which has not yet had an opportunity to bring this problem into focus. The new Secretary of Defense, Mr. Richardson, who is about to leave to go to the Attorney General's post, has not been made aware of the problem, and we hope that—

Mr. LONG. Is that the new-new Secretary?

Mr. SHERIDAN. That the newest, Mr. Schlesinger, we want to take it up with him as soon as he arrives on board. Progress has not been satisfactory.

Mr. LONG. When you say progress has not been satisfactory, are you saying that they are putting new things into the area, or proposing new programs for the area, faster than they are proposing moves out of the area?

Mr. SHERIDAN. No, sir, I would not give that impression at all. The number of organizations and total number of people that may have been relocated from outside Washington to the Capital region in the past year is negligible.

We will provide the number for the record, sir. It is very difficult for any agency of the Defense Department to come into the Washington area without meeting all the criteria established in the directive we referred to last year. The criteria are quite stringent. There has to be an overwhelming requirement to move anything into this area.

[Additional information provided follows:]

During calendar year 1972, the following list of DOD activities have been relocated from Washington:

Activity	To	Scope of move, number of people
Naval Training Support Command.....	NAS Pensacola, Fla.....	81
Air Force Technical Applications Center.....	Patrick Air Force Base, Fla.....	650
U.S. Army Petroleum Center.....	New Cumberland, Pa.....	75
Defense Investigative Service, element.....	Fort Holabird, Md.....	136
U.S. Army Medical Bio-Mechanical Research Lab.....	Fort Detrick, Md.....	48
U.S. Army Medical Department Historical Unit.....	do.....	51
U.S. Army Health Data Systems Agency.....	do.....	71
Total.....		1,112

Since January 1972, no new Defense activities have come into the National Capital region.

Mr. LONG. An awful lot of people seem to meet that overwhelming requirement.

Mr. SHERIDAN. No, sir, I do not think so.

Do you have a figure on that?

Mr. KERR. No, I do not have the figure with me, but it is considerably less this reporting period than it has been in the past, I assure you.

Mr. LONG. What are your goals for relocating space and people out of the National Capital region, and when do you expect to meet them?

Mr. SHERIDAN. Our main goal still remains 2 million square feet of administrative space. That equates to about 13,000 people.

The cost of relocation is very expensive, not only because of facility preparation, but because of personnel relocation, hiring, and retraining. We want to make the relocations as economical as possible.

We hope, in the next 5 years, to be able to meet that 2 million square foot reduction of defense space in Washington.

Mr. LONG. Two million square feet, out of how many?

Mr. KERR. About 20 million square feet of administrative space, I believe.

Mr. LONG. So it would represent about a 10-percent cut?

Mr. SHERIDAN. Ten percent.

FUTURE BASE REALINEMENTS

Mr. LONG. The committee notes several types of facilities which, even with the large base closures which have been announced, still seem to be underutilized. Do you expect further base closures in fiscal year 1974?

Mr. KERR. We agree that there is a possibility that some of our bases are not being completely used even after our recent closure and realignment action. We fully expect to continue our program of evaluating all our bases. It is possible that as a result, adjustments could occur in fiscal year 1974.

BASE REALINEMENT ACTIONS SINCE 1969

Mr. LONG. Insert in the record a summary of the base realignment actions since 1969.

[The information follows:]

*Announced DOD installation and activity realignments, reductions, and closures
January 1, 1969–April 17, 1973—Summary*

Number of actions-----	2, 269
Personnel positions-----	497, 700
Eliminated:	
Military -----	(302, 600)
Civilian -----	(195, 000)
Annual savings (billions)-----	\$4. 4

REDUCTIONS IN BASES OVERSEAS

Mr. LONG. What major reductions have we made in overseas bases, excluding Southeast Asia, in the last few years?

Mr. SHERIDAN. Mr. Chairman, an Army division has been removed from Korea. The Air Force has significantly reduced the numbered air forces in Europe.

Of course the committee is well aware of the reduction in Southeast Asia. Those are the substantial reductions.

Mr. SIKES. Give us the data on the base structures themselves, the reduction in base structures and what has happened to those bases.

Mr. SHERIDAN. Yes, sir.

[The information follows:]

Excluding South Vietnam and Thailand, there were 249 overseas actions taken in 19 foreign countries and areas overseas. These actions will result in the reduction of over 56,400 military personnel positions and almost 41,400 civilian personnel positions when completed. The reduction of annual Defense expenditures attributable to these actions is about \$673 million. Included in these actions is the closure of 235 installations, activities, and properties used by the U.S. forces overseas.

U.S. FORCES OVERSEAS COMPARED TO 1964

Mr. SIKES. What is the overall picture on our foreign base structure over the long term? How do the number of U.S. personnel stationed abroad as of last June compare to that figure for 1964, before the United States became heavily involved in the war in Southeast Asia?

Mr. SHERIDAN. The matter of overseas bases is part and parcel of the U.S. forces required to be overseas as part of the national strategy and policy. As such over the long term, the base structure is a function of that policy. If that strategy or policy changes, our base structure will be changed accordingly. However, within this framework we reduce, consolidate, or close administrative, logistical, command, and other such installations and activities. We are satisfied that our effort to reduce activities overseas has been successful and that not all of this effort has been related to reduction in South Vietnam. For instance, on June 30, 1968, there were 1.2 million DOD active duty military personnel, including those afloat, stationed overseas. On June 30, 1972, U.S. military strength abroad had been cut by 50 percent to less than 600,000. However, this is about 120,000 below the U.S. military strength overseas on June 30, 1964.

FUTURE REDUCTIONS IN OVERSEAS BASES

Mr. SIKES. The disposition of troops overseas is obviously a matter for the National Security Council and the Congress to decide. However, your office does have a job to do to insure that our utilization of our foreign installations is efficient during peacetime as well as capable of supporting contingency requirements.

Have we wrung all the water out of our foreign base structures? Have we closed all that can be closed under the present circumstances?

Mr. SHERIDAN. No, sir. We do not feel that we have wrung all the water out of the current overseas base structure. We have a number of specific studies currently underway in the three military departments and we are now starting on an overall study for Defense as a whole.

It is quite a ripe target for reduction.

Mr. SIKES. When would you anticipate some results from these studies?

Mr. SHERIDAN. Some will be completed in a matter of a few months.

Mr. KERR. Yes, in a few months. The overall study, I would expect, is just being initiated so we have to have 6 or 8 months on that.

Mr. SIKES. This committee wishes to be kept informed on any changes in the overseas base structure.

Mr. SHERIDAN. Yes, sir.

Mr. SIKES. Then would you tell us for the record, in order to provide more information for those who are interested, what happens when a foreign base is closed, what happens to the base itself.

Mr. SHERIDAN. In most of the areas that we are occupying now overseas, the facilities revert to the host country. I think that is generally true.

Mr. SIKES. What compensation do we get and under what circumstances?

Provide that for the record, and bring us up to date on what happened in France.

Mr. SHERIDAN. Yes, sir.

[The information follows:]

In general, we do not receive any compensation for the property we release overseas, since the property belongs to the host country. In some cases, we are entitled to a residual value compensation based upon the facilities constructed on the property paid for by the U.S. forces with U.S. dollars. This residual value, however, is usually offset by the estimated restoration costs to restore the property to its original condition as required by agreement, which usually involves a complicated formula. This is true in Germany, but up to the present time agreement has not been reached between the United States and the Germans as to the formula to be applied. This is currently under negotiation with the Germans. It should also be noted that in many cases of releases of property used by the U.S. forces overseas, the host country provides offsetting funds for construction of facilities still required by the U.S. forces on a quid pro quo basis for the property released. This is true in Japan and Okinawa where we are consolidating our activities and releasing property. It is also true, but to a somewhat lesser extent, in Germany.

With regard to your question on the status of the U.S. claims against France for the facilities vacated at French request, the following information is provided.

In 1966 France withdrew its forces from the NATO integrated command and required NATO and U.S. NATO forces to leave France. In 1968 the move-out completed and the U.S. Embassy, Paris, filed U.S. Government claims with the French Foreign Ministry. NATO also filed a claim for \$293 million with the Foreign Ministry. Both claims were based on a legal theory of loss of the use of facilities during their remaining life. Despite repeated inquiries by the U.S. Embassy, the French had not responded to the U.S. claim when French Minister of State for National Defense, Michel Debre, visited the United States in 1972. Secretary of Defense Laird asked Debre's assistance in securing a more forthcoming attitude by the Government of France, and stressed his personal knowledge of great congressional interest in securing compensation. He also related the ability of the United States to maintain large numbers of forces in Europe to the demonstration by Europeans allies of their practical support of U.S. presence.

In October 1972, discussions between the Deputy Secretary of State, Mr. Irwin; the Assistant Secretary of Defense, Mr. Nutter and M. Herve Alphand, Secretary General of the Foreign Ministry, were held in Paris. In December 1972, the French made an initial offer to settle the claim rapidly on a lump-sum basis as a political matter rather than engaging in lengthy negotiations over the legal basis of the claim. U.S. negotiators agreed that a political settlement would be acceptable if the sum could be agreed upon. Negotiations are continuing.

NAVY'S OVERSEAS HOMEPORTING PROGRAM

Mr. SIKES. How does the Navy's overseas homeporting program affect the total picture?

In other words, is it relatively large or relatively small in its effect on our overseas population?

Mr. SHERIDAN. Mr. Chairman, except for Japan, where we will increase the Navy's presence due to the forward deployment of the carrier task force, the other approved homeporting plans will affect the overall picture very little.

The carrier task force scheduled for the Mediterranean results in only a very slight increase in U.S. military personnel presence since the ship's forces are already included in the overseas count.

We will add some dependents to the overseas areas, but that is the primary purpose of the homeporting concept, to reduce the separation of Navy families.

Mr. SIKES. That has been a very serious matter, particularly for the Navy?

Mr. SHERIDAN. Yes, sir, it has been.

Mr. SIKES. This committee, I think, applauds the efforts that have been proposed and what has been accomplished in dealing with these problems.

FUNDING OF FISCAL YEAR 1974 REQUEST

More than \$120 million of the cost of fiscal 1974 program is being absorbed through various financing adjustments. The Army, for instance, has \$42 million from various savings, recoupsments of funds, reimbursements which it can apply to the fiscal 1974 program to reduce the new budget authority being requested.

HISTORY OF FINANCING ADJUSTMENTS

Supply for the record a tabulation showing the amounts which have been made available in a similar fashion in the past 5 years and the amounts absorbed through congressional reductions in unobligated balances in each of these years.

Mr. SHERIDAN. It is my understanding that the OSD comptroller will furnish that data and will have it included in the record.

Mr. SIKES. All right.

[The information follows:]

MILITARY CONSTRUCTION FINANCING ADJUSTMENTS

[In millions of dollars]

Fiscal year:	As submitted by DOD	Additional congressional adjustments	Total
1969.....	25,564	120,140	145,704
1970.....	125,305	47,600	172,905
1971.....	25,149	39,459	64,608
1972.....	34,613	7,717	42,330
1973.....	71,814	177,044	248,858

Mr. SIKES. Is there a likelihood, insofar as you can now determine, that further cost savings or financing adjustments will be available so that this committee can apply them to reduce the amount of new appropriations required?

Mr. SHERIDAN. The OSD Comptroller is developing that information and will provide it at the same time that they make their appearance to discuss the status of funds.

RECOUPEMENTS OF CONSTRUCTION FUNDS DUE TO BASE CLOSURES

Mr. SIKES. I note that the Navy, as a result of base closure actions, appears to have more than \$35 million worth of projects which were provided in prior years, but which may not now be required.

Provide for the record the amount of dollars to be recouped from projects expected to be reduced or canceled because of the base realignment and Army reorganization packages.

[The information follows:]

Currently, the following amounts are estimated to be recouped from projects expected to be reduced or canceled because of the base closure/realignment and Army reorganization :

[In millions of dollars]

DOD component	Active forces	Family housing	Total
Army.....	0.3	2.6	2.9
Navy.....	14.5	26.3	40.8
Air Force.....	.5	4.3	4.8
Total.....	15.3	33.2	48.5

ARMY REQUESTS AT SMALL BASES BEING STUDIED

Mr. SIKES. The Army is requesting projects at various small installations for which they admit they are studying the long-range requirement. If some of these bases should be reduced or closed, will that not mean a reduced requirement for new obligational authority?

Mr. SHERIDAN. Mr. Chairman, until the studies are completed, the current valid construction needs must be recognized and met.

After the completion of the studies, if it appears that any of the relatively few installation are not required, the funds requested for these bases would not be used to construct at those locations.

Mr. SIKES. Tell us whether that means there can be a reduction in those instances.

Mr. SHERIDAN. Yes, sir.

Mr. SIKES. Provide details for the record on what these funds will be used for.

[The information follows:]

Of the \$64.1 million of Southeast Asia military construction funding unobligated, \$37.7 million is presently programmed against specific projects. This work is either under design or being processed for contract at this time. Included are portions of the remaining LOC program to upgrade the primary highways in Vietnam and projects to improve the RVNAF self-sufficiency. The remaining unobligated funds are being held against unforeseen program adjustments or additional projects in support of the Vietnamization effort. These remaining balances are being consolidated and any proposed use of these funds requires prior approval of OSD.

Mr. SIKES. You mentioned a recoupment of \$23.8 million of Southeast Asia funds this year. What unobligated and unexpended balances does this leave in this area?

Mr. SHERIDAN. This leaves \$64.1 million of Southeast Asia military construction funding unobligated and \$80.5 million unexpended.

CONSTRUCTION COSTS

Mr. SIKES. What success has the military had in awarding contracts in the past year? Has there been strong competition; have you generally been able to award contracts at or below the estimate? What is the general picture?

Mr. SHERIDAN. In general, the services are successfully awarding construction contracts. There will be very few instances where new authorization will be required. We will develop this more specifically with the services and submit it with your permission in the record.

[The information follows:]

The fiscal year 1974 authorization contains a request for \$3,620,000 of deficiency authorization and, as of the moment, there appear to be only three other projects amounting to \$3,284,000 which we are considering for inclusion in the fiscal year 1974 program. Any subsequent deficiencies will in all likelihood have to await the fiscal year 1975 program.

Mr. SIKES. I have noted that there appears to have been greater success this year than in the immediate past in awarding contracts. The bidders are in the ballpark more than usual. Is that true?

Is it because of strong competition or is it because the estimates are more generous than they have been before?

Mr. SHERIDAN. I think the more realistic estimates that have been developed in the last 2 or 3 years, as well as the competitive spirit in the marketplace, have contributed to getting the projects awarded within the funds available.

Mr. SIKES. What are OSD guidelines to the services as far as the amount of cost increase which has been included in the fiscal year 1974 program?

Have these been interpreted uniformly by the services?

Mr. SHERIDAN. The OSD guidance to the services for costing the projects in the fiscal year 1974 program is contained in the DOD Military Construction Cost Review Guide for fiscal year 1974. This is annual guide issued by my office. It reflects military bid experience and projected building costs, as well as unit cost estimates for selected repetitive type permanent facilities. Additionally, construction cost indexes are included for the different geographic locales and are related to Washington, D.C., with a cost index of 1.0.

The Cost Review Guide makes it clear that it is not to replace the seasoned judgment of the experienced estimators—it is merely a cost review aid, and as such has been very helpful to the services. It is my understanding that this guide has been interpreted uniformly by the services even though the actual methodology varies. For example, both the Navy and the Air Force use bid price experience (which is reflected by the unit costs included in the Cost Guide) which is then factored from January 1 to the time of contract award for anticipated cost growth. The Army uses the same base as a starting point, and then adds the anticipated cost growth from July 1 to midpoint of the construction.

The Cost Review Guide is based on January 1 cost data—which reflects bid experience escalated to the January 1 date. Inasmuch as bid data is based on anticipated actual costs to midpoint of construction, the Navy and Air Force method in factoring the base data to the time of contract award, is virtually the same as the Army method of going from a starting point of 6 months later (July 1 to January 1) to midpoint of construction. The important thing is that the experience with each method is satisfactory to the construction agency involved.

Mr. SIKES. What are the projected and actual increases in the cost indexes over the period to which these cost increases have been applied?

Mr. SHERIDAN. At the time this program was developed, it was expected that the cost growth would average about 13.5 percent for the projects involved. The actual cost growth since that time and until last month, April, was already 12.6 percent. A continuance of

that trend would result in the eventual realization of a cost growth amounting to approximately 19 percent.

If that happens, the funds requested in the 1974 program would fall short of the requirement by about 5.5 percent.

The military departments recognize this and are taking appropriate action in their design instructions to accommodate this potential situation.

Mr. SIKES. I would like to have for the record, for the past 5 years, the projected cost increases and the actual cost increases.

[The information follows:]

The projected and actual cost increases for construction for the past 5 years are as follows:

Calendar year	Construction cost increase (in percent)	
	Predicted	Actual
1973.....	10.0	(?)
1972.....	9.6	8.5
1971.....	12.6	16.1
1970.....	7.7	8.0
1969.....	0	6.2

¹ At the time of budget preparation, this increase was predicted to be 8.5 percent.

² As of July 1, 1973 the cumulative increase in the cost of construction for calendar year 1973 amounted to 4.9 percent.

BOLLING/ANACOSTIA

Mr. SIKES. What are your long-range plans for the utilization of Bolling/Anacostia?

Mr. SHERIDAN. The plan for Bolling/Anacostia proposes a continued development of the existing triservice support facilities, with enlisted man dormitories, a mess hall and support facilities.

The construction is planned to cover a 15-year period. The construction planned for this summer is for the portion south of an extension of Portland Street. The further development of the north end will take place over the longer period.

We have substantial Air Force administrative space proposed in the amount of 900,000 square feet, as well as a greater amount of DOD administrative space, 1.4 million square feet.

An industrial-technical area is planned for the base civil engineering, motor vehicle maintenance and fueling, open storage, warehousing, an exchange service gas station, carrier center, a major PEPCO substation, and the existing Naval Photographic Center. Included also is a 30-acre reservation for the D.C. National Guard function as well as the Navy-Marine Corps Reserve training facility jointly called the Armed Forces Reserve Complex. In addition, the U.S. Coast Guard will maintain a relatively small operation on something less than 10 acres. The balance of the tract will be made up of housing for both officers and enlisted men. Serving this housing, as well as military personnel living in the surrounding community, will be a community center. One elementary school site, a junior or senior high school site, and a lineal park along the river's edge are proposed. 190 acres are occupied by the Executive Flight Detachment which provides helicopter support for the President.

STATUS OF FAMILY HOUSING—BOLLING/ANACOSTIA

Mr. SIKES. What is the status of the family housing which has been provided in prior years at Bolling/Anacostia?

Mr. FLIAKAS. In the 1972 program, 550 units were authorized; 150 for the Navy and 400 for the Air Force. The authorization for those projects would have expired last January; however, the authorization was saved by the awarding of some utility work.

Mr. SIKES. Was any additional authorization required on those, on the housing?

Mr. FLIAKAS. In the 1973 program, another 600 units was authorized but only 150 are to be sited at Bolling, the balance are to be at Cheltenham. The Air Force was also authorized an additional 400 units to be sited at Bolling.

So this makes for a total of 1,055 in the combined 1972-73 program which are planned for siting at Bolling. We hope to advertise those this summer and award them in coordination with an environmental impact statement, and of course with the National Capital Planning Commission which has to review and approve it.

Mr. SIKES. Is that a realistic hope?

Mr. FLIAKAS. Yes.

As you know, we have had obstacles in the past. But we are complying with the requirement to file an environmental impact statement, and we hope we will be successful.

Mr. SIKES. You do not feel increased authorization would be required?

Mr. FLIAKAS. Not at this time.

Mr. GERBER. There is one potential obstacle that we are sweating out, Mr. Chairman. That is, the finalization of the environmental impact statement, which has to do, of course, with the sewage facilities, the expansion of Blue Plains Disposal Plant.

Mr. SIKES. All right, gentlemen. Let's recess our hearing until 2 o'clock.

AFTER RECESS

Mr. SIKES. When we adjourned this morning, we were talking about Bolling/Anacostia and related items, including surplus property.

DEFENSE LAND EXCESS IN ANACOSTIA AREA

What has the Department of Defense proposed in the way of excessing Defense land for community uses in this area? That does not apply just to Bolling/Anacostia.

Mr. SHERIDAN. Mr. Chairman, within the Bolling/Anacostia tract itself, Defense studies have determined that all of the land will be required for Defense's current and projected needs.

However, with the successful—

Mr. SIKES. Of course, there has been agitation for a long time to make that available for other purposes. Congress repeatedly has expressed the desire that it be retained for Defense purposes. I take it that the Department concurs in the congressional position on this.

Mr. SHERIDAN. Yes, sir.

With the successful construction of the currently authorized family housing and the proposed Reserve facility center at Bolling/Ana-

costia, we will be able to declare excess the Camp Simms tract, which is off-base, the Wilburn housing tract, and the Marine antenna site on the St. Elizabeth Hospital grounds. These tracts total some 54 acres, and it is likely—

Mr. SIKES. Fifty-four acres out of how many?

Mr. SHERIDAN. Fifty-four acres off-base compared to 915 acres on the Bolling/Anacostia tract.

The GSA will probably make this available to the District of Columbia government if that agency, GSA, determines it is the best interests of the Federal Government.

That is the only planned disposal or excessing that we have in that general area.

Mr. SIKES. What about other Department of Defense property in the District of Columbia or the immediately surrounding area? Are there any plans to excess any of that?

Mr. SHERIDAN. The other that I mentioned is in the Anacostia area.

Mr. SIKES. What about Defense Department land other than that in the Bolling/Anacostia area?

Mr. KERR. I know of none now, although there are certain studies going on that could conceivably throw some land in Northwest Washington in excess. Aside from that, I do not know of any.

Mr. SHERIDAN. We do not have any plans right now to dispose of anything.

RELOCATION OUT OF WASHINGTON

Mr. SIKES. We have discussed with departmental witnesses a number of times their plan to move Defense programs out of Washington. What is the status of that program?

Mr. SHERIDAN. We are still aiming toward a goal of the removal of 2 million square feet, which involves around 13,000 people.

Mr. SIKES. How much progress did you make during fiscal year 1973 toward that goal?

Mr. SHERIDAN. Very slow progress.

Mr. SIKES. Do you anticipate any in fiscal year 1974?

Mr. SHERIDAN. Yes.

Mr. SIKES. How much?

Mr. SHERIDAN. We should get about 500,000 to 600,000 square feet targeted for removal out of Washington in that period to get our 5-year goal of 2 million.

Mr. SIKES. Will you spell that out for the record? We will go into more detail when the assistant secretary has been appointed and approved.

Mr. SHERIDAN. Yes, sir.

[The information follows:]

Mr. Sheridan. The milestones for attaining the objective of relocating 500,000 square feet from the Washington area are currently being developed for approval by the new Assistant Secretary of Defense—Installations and Logistics—and ultimately the new Secretary of Defense. The committee will be advised when these milestones have been approved.

Mr. SIKES. This has been a very slow process.

Mr. SHERIDAN. It has been very slow. In the past year, it has been extremely slow.

Mr. SIKES. There is almost no way to get people to move out of Washington, is there?

Mr. SHERIDAN. I think across the board, governmentwide, we could do a better job, but this pertains only to Defense activities.

Mr. SIKES. Why is it so difficult to move people out of Washington? Does everybody want to be close to the throne?

Mr. SHERIDAN. There are an awful lot of agencies that by law have to be here.

Mr. SIKES. There are also an awful lot that do not have to be here by law.

Mr. SHERIDAN. Yes, sir. There is a reluctance to move out of Washington.

Mr. SIKES. That is a vast understatement.

Mr. SHERIDAN. But part of President Nixon's overall program is and has been in this direction. The decentralization out to the local communities should help if it is carried out properly.

BOLLING/ANACOSTIA

Mr. SIKES. If you proceed with your current long-range plans, will Bolling/Anacostia be a closed or an open post?

Mr. SHERIDAN. We expect it will be an open post. However, as at any military base, if there is a major demonstration or civil unrest, the base commander may find it necessary to close the post.

Mr. SIKES. He will have that authority?

Mr. SHERIDAN. Yes, sir.

Mr. SIKES. Provide for the record a definition of closed and open post.

[The information follows:]

A closed post is one to which access is limited to those individuals having certified clearance as issued under the authority of the installation commander. A closed post may be established if one of the following characteristics prevails on the installation:

(1) Possesses or supports operational resources having national security implications.

(2) Is confronted by a highly significant and unique local security threat.

(3) Has excessive pilferage problems.

(4) Has features or activities that are significant public safety hazards, when adequate protection cannot be afforded by controlled areas.

An open post is one which, under normal conditions, has no restrictions on the flow of individuals into and out of the installation.

EXECUTIVE ORDER 11508 REAL PROPERTY SURVEYS

Mr. SIKES. What is the status of the Executive Order 11508 real property survey program?

Mr. SHERIDAN. Since February 1970, we have accomplished 295 installation surveys involving over 14 million acres of land, which resulted in the release of over 975,000 acres of that land.

Also, as part of the normal management of real property process, the DOD approved for release under Executive Order 11508. 208 additional special projects representing over 106,000 acres of land.

The total effort, including the General Services Administration installation surveys, since January 1970, covers 773 surveys and involves 19.2 million acres of land and 660 property actions whereby the DOD has agreed to release over 1,164,000 acres of land, with the vast majority of this effort concentrated in calendar year 1972.

Of the total land that DOD agreed to release, approximately 122,000 acres, involving 209 separate parcels, are in the urban areas.

During this same period, 332 separate actions representing 218,075 acres were forwarded to the appropriate committees of Congress, which have cleared for disposal 284 actions consisting of 180,592 acres of DOD excess lands.

Mr. SIKES. Has the Department of Defense given up under this program any land which it needs for long-range mobilization, Reserve training, or other foreseeable uses?

Mr. SHERIDAN. It is the Defense objective to insure not only that its real property is sufficient and adequate to support necessary missions over the long term, but also that it is not holding property unnecessarily. We do not consider that we have agreed to release any property which is required for long-term mobilization, Reserve training, or other foreseeable needs.

Mr. SIKES. To what uses have the lands which you have excessed been put? Give us some good and bad examples.

Mr. SHERIDAN. It is difficult to cite for you some bad examples, since it is the responsibility of the GSA to dispose of excess DOD property and we do not monitor the disposals that closely once we forward the disposal reports to the GSA. Offhand, however, I would say bad examples are those which delay or prevent the effective use of our excess property for the public benefit. As for good examples, we have the President's legacy of parks program which involves not only Defense lands but that of other Federal agencies.

As of April 9, 1973, the President's Property Review Board has announced as part of the legacy of parks program the transfer of 290 properties in 50 States, plus Puerto Rico. These properties consist of approximately 49,853 acres, with an established fair market value of \$141,003,176.

Of the 290 properties, 154 (53 percent) were formerly Department of Defense properties representing approximately 26,856 acres (54 percent), with an estimated fair market value of \$96,816,070 (69 percent).

The 154 former DOD properties are located in 34 States and Puerto Rico, led by California, with 25 parcels, representing 7,607 acres, with an estimated fair market value of \$50,078,600.

EFFECT OF DOLLAR DEVALUATION

Mr. SIKES. What has been the effect of the dollar devaluation on the military construction program? Give us a short answer now and additional details for the record.

Mr. SHERIDAN. The most dramatic effect, of course, has occurred in the NATO infrastructure program, where there are large unliquidated balances which are affected by dollar devaluation.

This committee has been requested by the Office of the Comptroller to approve reprogramming of \$20.65 million during this fiscal year to cover the problem for the rest of 1973 fiscal year.

It is my understanding the committee will hold hearings at which more detail can be provided.

Mr. SIKES. That is correct.

Mr. SHERIDAN. With regard to the regular military construction program in overseas areas, our experience has not been so severe.

We will give details for the record.

[The information follows:]

A current estimate of the impact, in thousands of dollars, of the dollar devaluation on our military construction program follows:

Program	Fiscal year—	
	1973	1974
Army.....	\$23,742	\$9,603
Military construction.....	(742)	(1,603)
NATO infrastructure.....	(23,000)	(8,00)
Navy.....	218	731
Air Force.....	300	1,200
Total.....	24,260	11,534

Note: Since the dollar devaluation was announced only a short time ago, the above figures represent preliminary estimates.

DEFERRED MAINTENANCE

Mr. SIKES. Will you be short of family housing maintenance funds as a result of devaluation?

Mr. SHERIDAN. We estimate that devaluation will raise family housing maintenance costs by \$8.8 million this year, and \$18.5 million in fiscal 1974, none of which is in the budget before you.

In practical terms, this means that a reduction in deferred maintenance planned in 1974 will be turned into an increase. We will lose ground. The only real relief would be through additional funding.

Mr. SIKES. How much additional funding would be required?

Mr. FLIAKAS. We have programed in the 1974 budget a total of \$19.7 million to apply against the deferred maintenance backlog. As you can see, this \$18.5 million loss estimated for 1974 will just eat that up entirely.

Mr. SIKES. Let us be sure we have a clear answer. Look at your remarks when they come down to you. I want the exact details on how much additional money would be required for the fiscal 1974 budget to stay even.

Mr. SHERIDAN. \$18.5 million.

AIR INSTALLATIONS COMPATIBLE USE ZONES

Mr. SIKES. What is the status of the air installations compatible use zone program?

Mr. SHERIDAN. On March 19, 1973, in accordance with the National Environmental Policy Act, a draft environmental impact statement on the proposed DOD instruction covering air installations compatible use zones was published.

This statement was sent to 11 Federal agencies and to 95 State agencies.

So far, we have received 20 replies from State agencies. Four were of the "no comment" type, and the other 16 were invariably favorable.

Five Federal agencies have also replied, all favorably.

Based on the responses so far received, a final impact statement should be available by mid-June 1973. The CEQ guidelines require that we then wait 30 days before publishing the policy.

The necessity of following the environmental impact statement process has delayed the establishment of a definitive program. However,

both the Navy and the Air Force have been working with local zoning boards and State legislatures to establish zoning that will insure compatible use.

I understand that none of the land or easements previously authorized for this program have as yet been acquired. The Air Force will address its progress in this matter when it appears before the committee.

Mr. Kerr, would you like to explain the air installations compatible use program?

Mr. KERR. Mr. Chairman, we are faced with encroachment on our airfields. We have been faced with it for a good many years. Finally we have recognized this problem and are attempting to acquire fee title.

Mr. RHODES. Is Williams Air Force Base one of the areas that you intend to do something about?

Mr. KERR. I cannot specifically say so. I believe it is one of the original five that the Air Force is working with.

Mr. SHERIDAN. It was part of last year's program.

Mr. SIKES. Do I understand you have not had much success in acquiring land and easements?

Mr. SHERIDAN. None has been consummated. I am not aware that it is reluctance to consummate as much as it is the details.

Mr. SIKES. Apparently no one is resisting it, but you have not been able to consummate any agreements. Is that the picture?

Mr. SHERIDAN. Yes, sir.

PROPOSED LEGISLATION ON LAND EXCHANGE

Mr. SIKES. What is undivided in the proposed authorization bill in the area of land exchange? Tell us something about that. Tell us how it differs from the current authority and why you feel that it will be an improvement.

Mr. SHERIDAN. I would like to call on Mr. Frank Roche, who handles our real estate, to answer that question, if I may.

Mr. SIKES. Very well.

Mr. ROCHE. Under the provisions of the Federal Property and Administrative Services Act of 1949, the GSA has authority to obtain privately owned real estate in exchange for Government-owned real property interests and transfer these interests to other Government departments.

Because of the provision of section 2676 of title 10, which states that no military department may acquire real property not owned by the United States unless the acquisition is expressly authorized by law, there exists a serious question as to whether the military departments may acquire property through the GSA exchange route.

The proposed amendment in the authorization act would amend 2676 of title 10 to make clear that the military departments would not need separate acquisition authority in those cases where it would be feasible and desirable to accept certain real property interests acquired under the GSA exchange authority.

Of course, we would plan to report any transactions having a value in excess of \$50,000 to the Armed Services Committees of the Congress under section 2662 of title 10.

Mr. SIKES. What you are proposing, as I understand it, is authority which permits you to exchange land by administrative procedure and by reporting to Congress, rather than requiring legislative action for each transaction. Is that what you are saying?

Mr. ROCHE. In each case we must get specific authority, either through military construction authorization or separate specific authorization.

We plan to use this authority in cases of unforeseen encroachment which threatens the operational capability of a particular installation.

Mr. SIKES. Land exchange has not been a major item, has it?

Mr. ROCHE. It has not been in the past, but we see an increasing volume of these exchanges, initiated in many cases by the owners of the property. We are now facing instant cases of encroachment on our bases.

Mr. SIKES. I find there are a lot of people who want to exchange land they have for some which the Government has. Invariably, they would be the principal beneficiary. That is human nature.

But there are times when it is advantageous to the Government to exchange property, and I can understand that. I have seen many examples of that nature.

For the record, give us some details on such exchanges for the last 3 years.

[The information follows:]

ARMY LAND EXCHANGES, FISCAL YEAR 1971-72

Location	Authority	Description
1. Golden Gate National Cemetery, San Francisco, Calif.	10 U.S.C. 2672	Exchange with State of California for cemetery purposes—1 acre. Equal value exchange.
2. Anniston Army Depot, Ala.	10 U.S.C. 2672	Eliminate encroachment and straighten boundary. 2.29 acres of privately-owned property acquired for 1.34 acres of Government-owned land and 0.14 of an acre of Government easements.
3. U.S. Army Reserve Center, Fairfield, Ill.	10 U.S.C. 2672	To straighten boundary. 0.23 of an acre city-owned land for 0.31 of an acre of Government-owned land.
Total:		
Acquired		3.52 acres.
Released		1.45 acres.

Note: The following tables indicate the land exchanges of the Army, Navy, and Air Force over the past 3 years:

NAVY LAND EXCHANGES, FISCAL YEARS 1970-72

Location	Authority	Description
1. NAS Brunswick, Maine.....	10 U.S.C. 2672.....	Acquisition 29 acres in fee at a value of \$7,000 through exchange of 14 acres of Navy land having equal value. Required for family housing.
2. Naval Base, Newport, R.I.....	10 U.S.C. 2672.....	Acquisition 8.8 acres in fee at value \$26,400 in exchange for 26.4 acres Navy property of equal value. Family housing requirement.
3. Armed Forces Reserve Center, Midland, Tex.	10 U.S.C. 2672.....	Acquire 1.34 acres in fee with value of \$16,000 in exchange for 1.19 acres Navy property worth \$5,355. Reserve center.
4. Naval Construction Battalion Center, Port Hueneme, Calif.	10 U.S.C. 2672.....	Acquire 0.77 of an acre in fee at a value of \$42,000 for Navy controlled land of same acreage and value. Navy pier is on COE owned property. Navy exchanged equivalent of nearby property to own land around Navy pier.
5. Portsmouth, Va., U.S.O. Building.	Public Law 91-440.....	Acquire building and 0.49 of an acre valued at \$100,000 in exchange for Navy building and 0.918 of an acre valued at \$75,000.
6. Norfolk, Va., Shore Patrol Building.	Public Law 89-179.....	Acquire building and 1.38 acres valued at \$85,000 in exchange for Navy owned building and 0.30 of an acre valued at \$85,000.
7. Naval Amphibious Base, Coronado, Calif.	Federal Property Act 1949, as amended.	Exchange of 1 acre of land valued at \$42,000 for land of equal size and value.
8. Public Works Center, San Diego, Calif.	Public Law 92-145.....	Acquisition of 26.2 acres of land valued at \$39,500 for family housing purposes for Navy land of same acreage and value.
9. Naval Ammunition Depot, Oahu, Hawaii.	Public Law 92-545.....	Acquisition of land for explosive safety criteria. Acquisition incomplete.
10. Marine Corps Air Stations, El Toro and Santa Ana, Calif.	Public Law 91-511.....	Acquisition of 86.92 acres of land for family housing valued at \$374,000 for Navy owned land comprising 17 acres with equal value.
11. Marine Corps Air Stations, El Toro and Santa Ana, Calif.	Public Law 92-545.....	Acquisition of land interests to protect aerial approaches. Acquisition incomplete.
12. Naval Weapons Station, Seal Beach, Calif.	Public Law 91-511.....	Acquisition incomplete. Southern Pacific RR. strip runs through middle of installation approximately 15 acres. Navy needs acquisition for security and safety reasons.
Total Navy:		
Acquisitions.....		155.90 acres.
Released.....		87.01 acres.

AIR FORCE LAND EXCHANGES, FISCAL YEARS 1970-72

Location	Authority	Description
1. Offutt AFB, Nebr.....	10 U.S.C. 2672.....	Exchange of 2.16 acres in fee with the State of Nebraska. Community facilities on family housing annex.
2. Charleston AFB, S.C.....	10 U.S.C. 2672.....	Acquisition of 19.03 acres easement from Georgia Pacific Corp. for 18.33 acres-easement at no cost for drainage ditch.
3. Hancock Field, N.Y.....	10 U.S.C. 2672.....	Exchange with Knights of Columbus 0.14 acre fee at no cost. Purpose was to straighten boundary.
4. Eglin AFB, Fla.....	10 U.S.C. 2672.....	Acquired 0.08 acre—easement from Okaloosa Island Authority for 0.06 acre—easement in order to relocate powerline.
5. Altus AFB, Okla.....	10 U.S.C. 2672.....	Exchange at no cost of 1.30 acre—fee at equal value with private owner to permit relocation of powerline.
6. Nellis AFB, Nev.....	10 U.S.C. 2672.....	Exchange at no cost of 40 acres—fee with Bureau of Land Management at equal value for air installation compatible use zone.
7. Eglin AFB, Fla.....	10 U.S.C.....	Acquisition of 14 acres—fee of privately owned land for recreational facility in exchange for 98 acres—fee of Air Force owned land of equal value.
Total:		
Acquired.....		76.71 acres.
Released.....		159.99 acres.

Mr. RHODES. In the Western States where there is a lot of Federal land, it becomes very important, and I would hope we could use that vehicle more often than we have. Is there any reason that GSA could not actually make the exchange and then hold the land? Would it be necessary for the fee title to end up in the armed services?

Mr. ROCHE. GSA will not acquire privately owned property unless there is a specific determination by a requiring agency of the need for the land. We feel we do not have the authority to do this now. GSA will not acquire and hold it for its own account.

Mr. RHODES. I guess GSA is not authorized by law to do that. It has to declare the land surplus as soon as it acquires it. I think some legislation is needed along this line, Mr. Chairman.

Mr. SIKES. Yes. I do too. I have no quarrel with the proposal.

NONAPPROPRIATED FUND CONSTRUCTION

How large is the fiscal year 1974 program for nonappropriated fund construction?

Mr. SHERIDAN. We reported to the committee, in our semiannual report, that during fiscal year 1972 projects costing some \$87.8 million were started, and that we anticipated another \$50.1 million of projects costing in excess of \$300,000 each would be started in later periods.

Our latest semiannual report, covering the period from July 1 to December 31, 1972, indicates that an additional \$45.1 million of non-appropriated funded projects were started during that period, and that another \$52.2 million of projects in excess of \$300,000 each will be started at a later date.

In summary, on a fiscal year basis, it would appear that the total cost of nonappropriated funded projects started annually is in the range of \$80 million to \$100 million.

Mr. SIKES. Is this running about the same as it has in the immediately preceding years?

Mr. SHERIDAN. Yes, sir.

TEMPORARY LODGING QUARTERS

Mr. SIKES. What temporary lodging quarters are to be built in the next fiscal year compared with the current fiscal year?

Mr. SHERIDAN. The program for additional temporary lodging facilities is contingent upon the requirements and the availability of nonappropriated funds for the purpose.

The military departments have indicated to us that requirements from this point on will be minimal for this type of facility.

Mr. SIKES. Are there any in the fiscal year 1974 program?

Mr. McCREARY. You get into the question of whether it is or is not, Mr. Chairman. There is a facility out at Walter Reed of about \$2 million that fits this definition, but it is also to hold outpatients. It is not just a temporary lodging facility for people on a transient basis.

It is a question of whether you do or do not call it that.

Mr. SHERIDAN. Which answers your question another way. You asked how many TLQ's, and we say minimal, but there is one in the 1974 budget.

Mr. SIKES. How many banks are you building with nonappropriated funds?

Mr. SHERIDAN. I have Mr. Grafton Nichols, of the Assistant Secretary of Defense (Comptroller) office, who handles that particular activity, sir.

Mr. NICHOLS. Mr. Chairman, before responding to the question of why there are so many banks being built, I would like specifically to identify the source of funds being used to build the banks.

Mr. SIKES. How many banks are you building?

Mr. NICHOLS. In the 1972 nonappropriated funds that the chairman referred to, six.

Mr. SIKES. Six banks?

Mr. NICHOLS. Yes, sir.

Mr. SIKES. Are they sponsored by private groups?

Mr. NICHOLS. Yes.

Mr. SIKES. Is it necessary for you to build banks for them? I thought they built their own.

Mr. NICHOLS. That is the point I was about to make.

The banking institutions located on the military installations build their own banks. Nonappropriated funds of the Department of Defense and its instrumentalities are not used to build banks.

Mr. SIKES. You are not building any banks, then?

Mr. NICHOLS. No.

Mr. SHERIDAN. Mr. Chairman, in the report that this committee receives of nonappropriated fund construction, the banks are included. It had already been clarified that this is not from what we term nonappropriated funds.

Mr. SIKES. Then no nonappropriated funds are being used to build banks?

Mr. SHERIDAN. No.

Mr. McCREARY. The term "nonappropriated" is exactly what it says. We do not get an appropriation for it. However, we list in the report we send to you semiannually, anything built with private funds.

These banks are built with private funds. Therefore, we listed them as from nonappropriated funds. We do not associate them with, let us say, funds that come from the exchange.

Mr. SIKES. That clears it up.

Mr. SHERIDAN. The next report will show clearly that it is privately financed.

GUIDELINES FOR TURNKEY CONSTRUCTION

Mr. SIKES. I would like to have for the record at this point the new guidelines which the Office of Secretary of Defense is following with regard to construction by turnkey or conventional techniques.

[The information follows:]

The following policy and procedural guidance relative to the use of the turnkey procedures (one step competitive negotiation and two step formal advertising) for the acquisition of facilities were formulated with representatives of the military departments and were promulgated by ASD (I. & L.) in November 1972:

DOD POLICY AND PROCEDURAL GUIDANCE FOR THE USE OF ONE STEP COMPETITIVE NEGOTIATION (ONE STEP) AND TWO STEP FORMAL ADVERTISING (TWO STEP) PROCUREMENT PROCEDURES IN THE ACQUISITION OF FACILITIES

I. POLICY

Experience by the Department of Defense with the use of one step competitive procurement and two step formal advertising procedures in the acquisition of facilities indicates that these procedures provide for the direct application of readily available industry expertise and capability in design and construction.

This direct participation by industry offers the potential, under appropriate project and industry market conditions, for the acquisition of facilities at reduced costs or with improved functional solutions, without sacrifice of the essential quality and utility of the completed project. It is the policy of the Department of Defense that one and two step procurement procedures shall be utilized whenever evaluation of the nature and conditions pertaining to a particular project indicate that such advantages will accrue.

II. PROCEDURAL GUIDANCE

The specialized nature of the one step competitive negotiation and two step formal advertising procedures as applied to construction necessitate the establishment of guidance for the effective use of these procedures beyond that provided in ASPR 18-102 and other applicable sections thereof. While the individual departments have generally established policies and procedural guidance concerning the use of these specialized procurement procedures, the need exists for a uniform application of policy and of implementing procedural guidance, as provided herein, concerning the use of these procurement procedures in construction.

A. One Step Competitive Negotiation

One step procedures provide for the competitive evaluation of technical proposals, with the award decision based on the best value to the Government for the combination of the evaluated merit of the technical proposal and the corresponding bid price, rather than the lowest bid price. The procedures require the use of detailed comprehensive evaluation criteria, which provide the means to competitively evaluate the quality of the technical proposals as measured by functional, life cycle costing, esthetics and other considerations as may be indicated. Accordingly, the one step procedures are appropriate for use in the acquisition of facilities in which a wide variety of acceptable solutions (affording for example, varying degrees of utility, life cycle cost relationships and esthetic treatment) are available. It should, however, be recognized that it is impracticable to include all detail elements of the facility design in the technical proposal requirements. As a consequence, there will necessarily remain design details, normally specified by the Government in conventional design, which in this procedure will be determined by the contractor on the general basis of least initial costs rather than life cycle cost or other user considerations. This circumstance must be recognized by and be acceptable to the sponsor and the construction activity. Finally, the use of one step requires the development of or availability of the previously mentioned detailed comprehensive evaluation criteria for the particular facility type, considering normal industry standards and reflecting applicable DOD criteria therefor, so that technical proposals can be prepared on a common basis and evaluation can be made on an objective basis.

B. Two Step Formal Advertising (Construction)

The use of two step formal advertising is considered appropriate in (1) situations conforming those described in ASPR 2-502, and (2) in situations in which it is possible to prescribe, through the use of performance specifications, readily available commercial products and/or expertise which will satisfy the project requirements. It must be recognized that the two step procedures focus upon the satisfaction of performance requirements and therefore are most applicable when the significant requirements can be stated in quantifiable terms. While similar use can be made of performance specifications in conventional, formally advertised contracts, the two step procedures have the advantage, when complexities such as the interrelationship of space, equipment, and structures are involved, of affording to the proposers before the fact clarification and/or approval of technical concepts. Thus, while the requirement to utilize performance specifications for facility acquisition does not necessarily require the use of two step procedures, consideration should be given to such use whenever the complexities of the facility acquisition indicate that contract pricing will be enhanced by the use of the technical concept approval step.

The procedures require award to the low bidder based upon any qualifying acceptable technical proposal. Also, the specification of detail, beyond that prescribed by the performance specifications included in the technical proposals, is left to the discretion of the low-price proposer. The resultant tendency toward

minimal acceptable quality and the difficulty of controlling or reflecting life cycle cost or other user considerations must be acceptable to the project sponsor and the construction activity.

C. General Criteria

The effective use of either one- or two-step procedures requires the availability of potential proposer sources who provide similar services or products in the commercial market, that is, both the necessary design and engineering services as well as the construction/installation function. Even when such sources have been identified, it is necessary that the RFTP/RFP documents provide for, in the form of government furnished conventional plans and specifications, all aspects of the project beyond those technical proposal requirements which are consistent with the expertise and capabilities normally and readily available from the intended proposer sources. In the interest of reducing the costs of the preparation of technical proposals, it is also desirable to provide any available Government plans and specifications, definitives, or concepts which constitute acceptable technical solutions and which the prospective proposers may adopt and/or modify in their preparation of technical proposals. The intent of both one- or two-step construction procurements—with the exception of circumstances as described in ASPR 2-502—should be to minimize the original technical design and engineering effort which might be required of responding proposers and to permit the maximum application of existing industry practices, products and/or designs to the construction project. The facility types provided in Tab A have been determined to be representative of currently available construction expertise from industry practice and sources which may be adaptable through one- or two-step procedures to satisfy defense facility requirements.

D. Procedures for Use of One- or Two-Step Procedures for Construction

1. Sponsor departments and the Defense Agencies—or the respective sponsor designated program executive managers—shall identify to the appropriate construction agent, through the use of design/construction directives or other customary forms of communication, construction projects which the sponsor considers appropriate for the use of one- or two-step procedures. A project of a type not conforming to the listing of Tab A may be included in order to test the industry market response, provided that prior approval for this deviation is obtained from DASD (I. & H.). Additions and modification of the Tab A listing will be made when data on field experience indicates.

2. The construction agents shall consider the use of one- or two-step procedures for the construction procurement of projects indicated by the sponsor and for other projects considered appropriate. The final decision to utilize one- or two-step procedures for projects conforming to the listing of Tab A, and the extent of the application of the procedures to the specific project procurement, rests with the contracting officer responsible for the procurement. In reaching such decisions, the contracting officer shall consider the following as applied to each specific project:

(a) The availability of industry standards which are commensurate with DOD criteria, and which could provide a basis for and will conform to performance specification requirements for the applicable project elements;

(b) The availability of sources of contract expertise and capability to provide the intended procurement, in accordance with paragraph IIC herein;

(c) The indication of qualified proposed interest in the specific procurement sufficient to insure reasonable competition;

(d) The potential for the use of the indicated one- or two-step procedure, as compared with conventional, formally advertised fixed priced contracting, to enhance the phasing of the project construction sequence to seasonal construction factors.

3. Upon a contrary determination by the contracting officer relative to the use of either one- or two-step procurement, the sponsor shall be so advised and the reasons therefor provided. In the use of these procedures the following guidance will apply:

(a) RFTP's and RFP's shall be reviewed by sponsor representatives for functional adequacy in the same manner as conventional design documents are reviewed. The same shall apply to the evaluation booklet required for the one step procedure;

(b) Step one technical proposals, under two-step procedures shall be reviewed for functional adequacy by sponsor representatives. Contractual decisions con-

cerning the acceptability of technical proposals are the sole responsibility of the contracting officer.

(c) The opportunity shall be provided for a sponsor or user representative to serve as a member of the contracting officer evaluation board for one step procurements.

(d) The contracting officer may cite the authority of ASPR 3-210 for the use of the one step competitive negotiation procedures when no other negotiating authority is appropriate.

Enclosures.

I. TYPES OF FACILITY PROJECTS SUITABLE FOR USE OF ONE STEP COMPETITIVE PROCUREMENT PROCEDURES

A. Family housing new construction.

B. TLF (TLQ's/Navy lodges/guest houses)—new construction.

C. Bowling alley—New construction (also see item II A7 of two step).

D. Swimming pools—new construction.

E. Industrial lighting projects.

F. New construction in which industrialized (building system) construction proposals are to be sought, such as for BOQ's, BEQ's, or small training and administration buildings. One step procedures should be the first preference for procurements which seek to exploit existing industry components and systems for use in military facilities. However, when in the judgment of the contracting officer the competitive evaluation procedures of one step would be unduly complex and/or would require unreasonable effort and expense, the use of two step procedures to accommodate the procurement of industrialized construction concepts is authorized.

II. TYPES OF FACILITY PROJECTS SUITABLE FOR USE OF TWO STEP FORMAL ADVERTISING PROCEDURES

A. Industrial Type Facilities

1. Powerplants—i.e., heating plants and gas turbine or diesel electric plants—packaged type systems wherein "off the shelf" components can be utilized.

2. Incinerators—two categories of use:

(a) Package units.

(b) Major facilities in which advancement of the "state of the art" equipment systems are required.

3. Sewage treatment plant—packaged units.

4. Small general purpose hangars and other aircraft shelters—when standard commercial building systems or types will satisfy the requirement.

5. Small warehouse and cold storage facilities—when standard commercial building types will satisfy the requirement.

6. Major shops or depot repair facilities and industrial plant projects—utilizing the two-step procedure for the specified area of equipment and/or process system installation and the associated interior utility systems. Structural, architectural and civil aspects of the overall facility would normally be provided by government plans and specifications.

7. Bowling alley—when function is of paramount importance and sacrifice of esthetic considerations or compatibility is acceptable; for example, austerity is desired.

B. Miscellaneous industrial type projects

1. Sprinkler and deluge systems.

2. Electrical switchgear and substations.

3. Boiler conversions.

4. Small air-conditioning projects.

5. Interior fire detection systems.

6. Storage tanks, when standard commercial products will satisfy the requirement and major civil engineering requirements are not involved.

7. Automated material handling systems.

C. Conditional cases

1. Various facility types when performance specifications must be utilized to accommodate industrialized construction (building system) components and concepts, and the contracting officer determines that one step procedures are not appropriate.

2. Commissaries. Previous experience with and market research concerning the use of two step procedures to procure commissaries does not indicate the availability of a specific industry expertise or capability for this facility type. However, the Air Force will again test the industry market with two step procurement of a commissary in the fiscal year 1973 military construction program. Pending the analysis of the results of this procurement, the use of two step procedures for other commissary procurements will require the prior approval of the Deputy Assistant Secretary of Defense (Installations and Housing).

Mr. SIKES. The committee is pleased to have these guidelines. Have they worked satisfactorily so far, or do they need modification?

Admiral DILLON. Mr. Chairman, these guidelines were issued last November after a lengthy working session. Through this procedure we got good understanding and uniformity.

They have been applied, and we think they are working well. We have discovered no problems.

GUIDELINES ON USE OF RELOCATABLE FACILITIES

Mr. SIKES. For the record, I would like your guidelines on the use of relocatables.

[The information follows:]

RELOCATABLE BUILDINGS

In 1970 a policy was developed for use of relocatable buildings in contingency situations. The policy was reviewed with the chairman of the Committees on Armed Services and Appropriations prior to signature by the ASD (I. & L.) of his memorandum dated May 19, 1970.

A DOD instruction on relocatable buildings was prepared during the past year and submitted to the committee chairmen for review. Following discussions with committee counsel the instruction was issued on March 12, 1973. (DODI 4165.56).

The instruction draws upon experience gained during the period that the interim policy was in effect and provides the following policy and procedures:

(a) A relocatable building is defined as essentially a highly portable facility, designed and built specifically for use in multiple locations. Trailers are included.

(b) The relocatable buildings themselves are designated as personal property as opposed to real property.

(c) Usage is restricted to "interim requirements" which are 3 years or less in duration. The following exceptions are provided: when military contingency situation requires, use may be extended with the approval of ASD (I. & L.); when a permanent facility has been authorized via normal military construction procedures, the relocatable can be used until the replacement is completed; and in special circumstances when conditions change and the relocatable is required indefinitely, retention may be approved by the ASD (I. & L.) (with congressional notification if the building cost is over \$300,000).

(d) An economic analysis is required to substantiate that use of a relocatable building is the most cost effective means of satisfying an interim facility requirement. This analysis is waived if operational time requirements cannot otherwise be met.

It is expected that the new instruction will provide effective use of developing building technology in the field of relocatable structures while maintaining accord with the military construction authorities and limitations.

An annual report of usage and relocatable building disposition is required to be provided to ASD (I. & L.).

Mr. SIKES. Tell me briefly whether the use of relocatables is continuing to be satisfactory, and whether it will be expanded or phased down.

Admiral DILLON. Sir, this new instruction, which is the result of 2 years' monitoring of a temporary instruction issued in 1970-71, tries to take advantage of the evolving technology in relocatables for

use for short term or immediate needs and still stay within the congressional limitation and authorization.

I have no reason to think it will not work out well. It was coordinated with this committee. It was coordinated with the Services.

As to prediction of future use, it is simply a function of short term, immediate requirements as they arise.

DEFENSE DEPOT MAINTENANCE POLICIES

Mr. SIKES. The services are beginning to implement DOD Directive 4151.1. For the record, tell us what it is, and then tell us the status and how it may affect modernization programs for depots.

Mr. SHERIDAN. Mr. Oliver, the Director of Maintenance Policy, will respond to that question, with your permission.

Mr. OLIVER. Mr. Chairman, I have a prepared statement on 4151.1 here. If you wish, I can read it.

Mr. SIKES. Provide that for the record.

[The information follows:]

DOD Directive 4151.1 was issued in order to assure that in the planning and execution of depot maintenance programs reliance was placed on a combination of both DOD organic and contractor capabilities. In furtherance of this policy the directive provides guidance as to the amount of organic capability and capacity that can be established and/or retained, and this amount is related to the support of mission-essential weapons and equipment. Finally, the directive provides guidelines for the efficient use of DOD owned and operated depot facilities.

The provisions of DOD Directive 4151.1 are being applied by the military departments in planning and review of projected facility requirements. The anticipated impact of the directive must necessarily be viewed in the context of current and emerging conditions. As you know, with the greatly reduced activity in SEA, and the reduction of the number of weapon systems in the inventory in many cases, the gross depot maintenance requirements have been declining. We expect that consistent with the policy in DOD Directive 4151.1 both organic and contractor workloads will be reduced so that a balanced program utilizing both organic and contract sources will continue. This reduction in both organic and contract workloads has in fact been taking place.

Reduction in organic workloads will, of course, tend to reduce the utilization rate of existing facilities in DOD, and in some cases to a level that yields a marginal efficiency at best. In order to maintain a satisfactory level of utilization consistent with the directive, we anticipate, that based on appropriate analyses, some workloads will be consolidated into fewer facilities, first at specific depots, then perhaps among depots within a military department, and in some cases among departments by use of interservicing agreements. Facilities made excess by this process will be transferred to other uses or inactivated. The utilization of retained facilities will of course tend to increase.

Be assured, however, that in any case, sufficient capacity will be retained to assure our ability to meet contingency requirements. Modernization programs in our opinion will not be greatly affected. Much of the need for modernization is generated by new weapon systems which require new capabilities to accommodate the latest technology in weapons, including perhaps larger more powerful engines or more sophisticated electronic equipment, or new testing techniques.

In addition certain current programs for modernization represent the accumulation of a backlog from periods when modernization programs were deferred for whatever reason. Some modernization however will continue to be required to provide efficiencies by consolidating workloads into fewer facilities or relocating capabilities to improve the flow of work. On the other hand any reduction in the number of facilities will tend to reduce requirements for modernization of those facilities.

[To sum up, the intent of DOD Directive 4151.1 is to assure that the planning and execution of depot maintenance programs are based on utilization of a combination of organic and contractor resources, and that DOD organic facilities

are modern, and are efficiently utilized. We expect the effect to be fewer, more modern DOD organic depot facilities, more efficiently utilized with a reduction in the cost to support our weapons.

EFFECT OF MAINTENANCE ENGINEERING ON PROCUREMENT AND ON
DEPOT SUPPORT REQUIREMENTS

Mr. SIKES. Now tell us about 4151.16 and the effect that this will have on DOD maintenance programs and facilities.

Mr. OLIVER. Let me read the objective of this directive:

The objective of equipment maintenance is to sustain weapon and equipment end item systems in a state of operational readiness consistent with the mission requirements of the operating or tactical elements and at the least total cost.

That sets the stage. The two paragraphs of 4151.16 I think you will be interested in are as follows:

Maintenance engineering activities will actively participate in all phases of the life cycle of weapon and equipment end item systems to assure a balanced logistic support program and that full consideration is given to logistic support implications during the conceptual, validation, development, production, and operational phases of weapon and equipment life cycles in order to minimize logistic support requirement and cost. Techniques will be developed to measure effectiveness and benefits of maintenance engineering actions.

The other paragraph:

In planning and acquiring depot maintenance support capability for new weapon systems, subsystems, and components, the military departments will seek: First, To achieve weapon system or equipment end item readiness at an early date; and, second, to reduce the risk of premature investment in logistic support capability, through the use of phased organic maintenance support for systems, subsystems, or components which are unstable in design or have a risk of change.

That means that logistic activities—in this case, maintenance engineering—will play a more active role during the initial phases of the acquisition of weapon and equipment end item systems. Essentially, they will participate with the design engineer in evaluating attributes of a design that will enhance its operational effectiveness and provide for reduced costs and resources to support the end product when produced. Experience and knowledge gained from analyses and evaluation of operational systems will provide empirical data to enhance maintenance engineering participation in the acquisition process and permit us to avoid those design features which affect sustaining operational performance and downstream support costs.

As a result of close participation by maintenance engineering activities during the weapon or equipment end item acquisition process, the logistician or maintenance engineer will be, at all times, aware of subsystems and components of major weapon systems that will not reach design maturity and will be in an unstable state at the time they are produced and delivered to the operating forces. Traditionally, due to the lead time involved, we have acquired a logistic support capability for such unstable articles, and it has resulted in unnecessary costs being incurred as a result of accommodating major engineering changes in the logistic capability acquired at the time a major weapon system is delivered. In the future, the acquisition of wholesale supply and logistic support will be delayed on all unstable subsystems and components of a major system until design maturity is demonstrated through appropriate test programs. During this interim period, whole-

sale logistic support—supply and depot maintenance—will be provided by the contractor.

Appropriate incentives will be included in such contracts to accelerate the engineering effort and get a stable article some 2–3 years earlier than has been the case in the past. As a matter of information, today 15 percent of the systems of a major weapon are causing 80–90 percent of the support costs due to their being unstable. This is the area we want to place our primary effort in the future.

Another area where we desire to place major emphasis is that dealing with major weapon and equipment end items currently in the DOD operating inventories. Through continued performance evaluations and maintenance engineering analyses of present systems in the DOD inventory, we will be able to have visibility of those areas generating the highest proportion of support time and costs. Accordingly, we desire to establish action programs which will tangibly reduce resources currently used or consumed in the area of maintenance support.

This is particularly important in view of the size and magnitude of the maintenance program which is the largest single consumer of dollar and manpower resources in the DOD. Our action programs, in connection with present weapon or equipment end item systems, will consist of re-engineering subsystems or components creating the largest demand; changing maintenance criteria which dictates the scope, depth, and frequency of maintenance; and/or, in some cases, reorienting our approach and the techniques of performing maintenance by adopting such methods as “on-condition maintenance,” “sectional overhaul,” “condition monitoring” et cetera.

I merely bring out and emphasize the two areas of maintenance engineering since you and the committee are well aware of our areas of concentration in improving industrial management in the maintenance area. I refer to the establishment and implementation of the depot maintenance programming system, the uniform depot maintenance cost accounting and production reporting system, and the facility modernization programs already established and being carried out in the area of depot maintenance in the aeronautical facilities and shipyards.

All of these programs are aimed at our primary objective of sustaining weapon and equipment end item systems in a state of operational readiness consistent with the operating or tactical elements at the least total cost to the DOD.

Mr. SIKES. Do you think you are on the right track?

Mr. OLIVER. Yes, sir. We are working closely with the rest of the OSD staff to get some of these programs started.

Mr. SIKES. When will you begin to see specific results?

Mr. OLIVER. Some results have already been realized in the industrial management area. However, there is still much work to be done here. With regard to the maintenance engineering area, we are just beginning to explore areas that offer an opportunity to provide us the greatest benefit in the short term. Additionally, we are exploring ways and means with D.D.R. & E. and the military departments, including their R. & D. communities, to place a concerted program in the area of designing military hardware, with major emphasis concentrated on downstream logistic impacts and costs. This represents a rather dra-

matic change from the past, and we have considerable learning to do and, of course, last but not least, people must be convinced that the program is sound and that real cost benefits are attainable in terms of reducing the total life cycle cost of sustaining or supporting a weapon or equipment end item system.

Mr. SIKES. You may expand that for the record, if you wish.
(The information follows:)

By concentrating during the early design phases of a weapon system and placing emphasis on downstream logistic support, we definitely feel that costs for maintenance or logistic support will be reduced. This will be a long-term result; however, during the short term, through concentration on those subsystems or components that are generating the largest requirement for support, we should be able to take actions in terms of method changes, techniques, or in some cases, engineering changes that will bring about improved sustained performance and reduction in the requirement for logistic support and corresponding costs. In the industrial area, we are fast getting the visibility of our performance and costs, and will have the basis for bringing about changes that will reduce maintenance production costs.

In summary, we feel we have three things going for us at one time: improved mission readiness, reduced cost of support, and, through these reductions, additional moneys can be made available for acquiring new weapons within a fixed defense budget.

BID LISTING

Admiral Dillon, what has the Office of the Secretary of Defense done to explore the possibility of subcontractor listing on a test basis?

Admiral DILLON. You may recall when we appeared before you last summer, we talked about this subject. We had researched the problem in great detail then. We found people before us had researched the problem and came up with the same conclusion, which was that we might in the first tier control bid shopping, but not those below it.

We have monitored the experience and the results the GSA is achieving. I read a speech Mr. Sampson gave recently and learned they are changing their procedures for bid listing. In essence, they are reducing their coverage from what it was initially. I think they might have found they were not solving the problem, and it was costing considerably more in construction management expense.

At the moment, we plan to see how GSA works this out, then see if we can price it out versus the benefits that might be obtained.

Mr. SIKES. Thank you, Admiral Dillon. I note that you are to retire this year. Having observed your excellent work over the years in which I have known you, I am deeply grateful for your service. The committee is particularly grateful for the fine job you have done in your most recent post as director of construction in the Office of the Secretary of Defense. You have achieved many things which I feel the Defense Department will continue to benefit from in the years ahead. I sincerely hope to continue to see you often and wish you the best of luck in your future pursuits.

Admiral DILLON. Mr. Chairman, you have always been a very gracious man.

Mr. SIKES. Mr. Long, do you have any questions?

Mr. LONG. I have some questions for which I would like to have answers provided for the record.

[The questions with answers follow:]

Question. *In fiscal 1973 the Defense Department requested \$2.66 billion for the military construction budget, and we appropriated \$2.32 billion. This year you are requesting \$2.94 billion, despite the fact that we are cutting down the size of our bases and the size of our Armed Forces. How can you justify an increased budget request in a year when health, education, and other programs are being cut back?*

Answer. The basic increases over the 1974 MILCON appropriation program over that contained in the fiscal year 1973 is brought about in basically three areas: The inclusion of funds in the program for Trident construction, the increase in medical facilities to provide better care for our service personnel, and the effort to improve the living conditions for the bachelor personnel as part of the program to obtain the all-volunteer force. The military construction program, of course, is only a very small portion of the total Defense program for fiscal year 1974 whose overall limits were the subject of much discussion with the President during the process of preparation of his fiscal year 1974 budget to the Congress.

Question. *What percentage of your fiscal year 1974 military construction budget reflects the cost of inflation?*

Answer. Price escalation is reflected in the fiscal year 1974 military construction budget on a project-by-project case basis dependent upon the complexity and expected duration of the construction contract. Defense guidance provides for the cost estimates to be based on the best estimates of the amounts ultimately to be paid. When possible, the effects of future prices will be based on specific data, considering such factors as contract provisions, labor agreements, productivity and quantity changes, and the extent to which material is on hand, to be Government furnished or under fixed-price contract. In cases where specific information is not available, Defense guidance provides that the following indexes should be used for military construction and family housing:

Fiscal year:

1973	-----	100.00
1974	-----	105.82
1975	-----	110.79
1976	-----	116.00
1977	-----	121.45
1978	-----	127.16
1979	-----	133.14

In general, the projects included in the fiscal year 1974 military construction budget are based on cost data as of January 1, 1973, escalated to the expected midpoint of the construction period.

Question. *Please provide for the record the annual rate of inflation in military construction projects for fiscal years 1971, 1972, 1973, and 1974.*

Answer. The annual rate of inflation in military construction projects is as follows:

Fiscal year:	Inflation (percent)
1971	----- 13.1
1972	----- 9.8
1973	----- ¹ (8.5)
1974	----- ⁽²⁾

¹ As of May 1973, the ultimate increase is currently predicted at approximately 10 percent.

² It is predicted that the increase will be approximately 6 percent.

Question. *Your statement says that \$1.25 billion of your \$2.9 billion budget request is to be spent on military housing in order to improve the attractiveness of military life to personnel serving in the All-Volunteer Armed Force. What evidence do you have that increased and improved housing will enhance the attractiveness of military life? The Baltimore Sun recently reported that even the introduction of a \$1,500 cash bonus to young men who signed up for Army and Marine combat service has failed to bring enough men into those services to meet recruitment goals. In the first 9 months that the program was launched, (July 1972-March 1973), the Army failed to meet its combat arm recruiting goal for any month. The Marine Corps met its goal in 7 of the 9 months. As a result, the Defense Department has raised the bonus from \$1,500 to \$2,500.*

Are we going to be faced with a similar situation in housing? Are we going to have to provide luxury housing to keep individuals in the armed services?

Answer. Adequate housing, either in the local community or on-base, is an important aspect of military life and constitutes one factor affecting the retention of married personnel. Increased availability of family housing is consistently ranked high in surveys of military personnel as a primary consideration for keeping individuals in the armed services.

Department of Defense policy is to rely on the local civilian housing market in communities near military installations as the primary source of family housing. Only when community support is limited or inadequate as to cost, distance, or quality do we seek authority to construct on-base housing. The fiscal year 1974 appropriation request of \$1,250.6 million includes \$351.9 million to construct 11,688 units at installations where sufficient adequate community support housing is lacking and \$62.5 million to improve the condition of some older and deteriorated quarters.

We do not foresee the need to change existing housing programming policies and we shall continue to rely primarily on community support housing. With regard to luxury housing, we do not anticipate any situation where it will become necessary to provide unusual amenities in our housing projects. As result of research on civilian housing design trends and a survey of opinions of our own personnel we are requesting this year very modest increases in the statutory net area limitations to improve overall liveability. We intend to keep our design criteria compatible with average civilian housing as constrained by statutory cost and size limitations.

Question. On page 14 you begin a discussion of real property surveys. What is the status of the General Accounting Office proposal to declare nearly 3,000 acres of land excess at Edgewood Arsenal-Aberdeen Proving Ground, Md.?

Answer. We replied to the GSA survey recommendations on March 6, 1973, and indicated that the Army could release about 2,900 acres of land at these installations but that since all of this land was contaminated, none could be released until certified clear of all hazardous material by the Army. Because of the costs involved in clearing this land to satisfy safety requirements, therefore, it was considered that no land could be released at this time. The matter is currently under review by the GSA and the property review board.

Question. Please provide for the record cost breakdown of jobs eliminated, jobs transferred, including severance and moving costs for the Jefferson Proving Ground (JPG) action relocation of the acceptance test activities from Aberdeen Proving Ground, Md. to Jefferson Proving Ground, Mo., announced as part of the Army reorganization plan in January 1973.

Answer. See below.

Personnel involved:

Space reductions	69
Spaces transferred to Jefferson Proving Ground	73
Cancellation of vacancies	6
Attritional losses	34
RIF	0
Retirements	15
Transfer w/function	40
Separations (refuse to transfer)	30
Reassignment	17
Overall costs:	Millions
Jobs eliminated—civilian	\$0.257
Severance Pay (30 Pers)	.196
Lump sum leave	.059
Jobs transferred—civilian relocation cost	.200
Total one-time costs—civilian	.457
Total one-time costs—military	0.
One-time cost—relocation of equipment	.235
Total overall costs	.692
Overall annual savings:	
Civilian	.794
Military	0.
Total overall annual savings	.794

Question. Please provide for the record details of facilities at JPG and their suitability for acceptance testing.

Answer. JPG was constructed for highly efficient volume testing of production ammunition. Its ranges are highly instrumented and laid out for minimum conflict between both firing positions and impact areas. At peak Southeast Asia workload, JPG tested approximately 1,000 lots of production ammunition per month. The current workload is slightly below 400 lots per month.

The geographical location was selected because it is centrally located among major producers of ammunition, minimizing both shipping time and cost and test and supporting ammunition. JPG can fire all types of conventional ammunition and weapons at ranges up to 20,000 meters, and has not been subject to encroachment.

The excellent facilities coupled with a highly experienced and proficient workforce combine to make JPG the most efficient and cost effective Army Materiel Command installation for the acceptance testing of production-type ammunition.

Question. Please provide for the record detailed information on anticipated additional transfer and transportation costs for ammunition tested by this activity if located in Indiana.

Answer. The Army does not anticipate incurring additional transfer and transportation costs for ammunition tested, after completion of the move to Jefferson Proving Ground (JPG) and, in fact, expects to effect substantial savings.

Ammunition fired for acceptance testing is composed of the test component—for example—a fuze, and standard ammunition components—casing, propellant—required to fire the test item. Both the test items and standard components are shipped from various plants to the testing installation, with 17 percent of the total yearly shipping weight being attributed to the standard components. In the case of Aberdeen Proving Ground and Jefferson Proving Ground, most of the standard components, representing the largest part of the shipping weight, are shipped from plants located in the Midwest, making it more economical to ship to Jefferson Proving Ground, which is also located in the Midwest. The majority of the test items, which represent a minor part of the total shipping weight, are shipped from plants located nearer to Aberdeen Proving Ground, making it more economical to ship to Aberdeen Proving Ground. The attached table is an example of the comparative costs of shipping test components and standard components to the two locations.

Between April 1, 1972, and March 31, 1973, the average number of lots of ammunition shipped for acceptance testing totaled 75 lots per month, or approximately 900 lots for the 1-year period. The yearly shipping weight of a representative 75 lots per month is 23,598c weight—hundred weight—which equates to a cost to ship the items to Jefferson Proving Ground of \$91,399, and a cost to ship the same items to Aberdeen Proving Ground of \$144,109, amounting to annual savings of \$52,710.

REPRESENTATIVE SAMPLE, JUNE 1973

Test item	Number of lots	Manufacturing location	APG cost		JPG cost		Total cost	
			Test	Component	Test	Component	APG	JPG
Propellant M1, 105 charge M67...	9	Radford, Va.....	\$1,103	\$1,202	\$1,721	\$660	\$2,305	\$2,381
Propellant M1, 155 charge M4A1...	14	Badger, Wis.....	1,093	668	616	367	1,884	1,174
	11	Radford, Va.....	123	668	191			
Propellant M9, 81-mm charge M90A1.	5	Canadian Commercial.	152		244	367	820	611
Propellant M8, 60-mm charge XM-181.	6	Radford, Va.....	735	810	1,148	440	1,545	1,588
Propellant M6, 155 charge M119...	2	Badger.....	547	534	308	293	1,258	645
	2	Indiana.....	177		44			
Total							7,812	6,399

Question. The U.S. Army Combat Developments Command was abolished by the January 1973 Army reorganization. The Command's Maintenance Agency, employing about 120 civilian and military, has been located and smoothly functioning at Aberdeen Proving Ground since 1962. Was any consideration given to moving that facility during the reorganization? Is any consideration being given to moving it now? Why, if so? If consideration is being given to relocating this agency, now a part of the Logistics Center, why were people moved from Redstone

Arsenal, Ala., to Aberdeen Proving Ground—10 military and 6 civilian—under the January reshuffling? Please provide an answer for the record.

Answer. As part of the CONUS reorganization, the formation of a strong, centralized Logistics Center at Fort Lee envisioned the eventual consolidation of all logistics development activities under one roof for maximum efficiency in addressing Army logistics requirements. Transfer of the Maintenance Agency to Fort Lee is an integral part of this concept as a follow-on action to establishing the Logistics Center nucleus. A determination of how best, and when, to integrate the Maintenance Agency into the Logistics Center is still under consideration. The relocation of the 16 jobs in the Missile and Munitions Division of the Maintenance Agency at Redstone Arsenal to Aberdeen Proving Ground has been deferred. To preclude an additional move the jobs will not be transferred until the consolidation of the Maintenance Agency at Fort Lee is accomplished.

COMMISSARY FACILITIES

[The following report and questions were inserted in the record with the consent of the subcommittee:]

MAY 4, 1973.

Memorandum for the Chairman:

Re military construction program for fiscal year 1974 commissary facilities.

By directive dated February 22, 1973, the committee requested that a study be made of the commissary facilities requested in the fiscal year 1974 military construction program.

In compliance with the committee's request, an analysis was made of the proposed construction of commissary facilities at Peterson Field, Colo. (Air Force); at Fort Campbell, Ky. (Army); at the Marine Corps Air Station, Yuma, Ariz. (Marine Corps); and at the Naval Station, Adak, Alaska (Navy).

In accordance with the directive, particular emphasis was placed on the possible use of surcharge moneys for commissary construction. The results of the study are included in the attached report.

Respectfully submitted.

C. R. ANDERSON,
Investigations Staff,
House Appropriations Committee.

I. INTRODUCTION

A. DIRECTIVE

By directive dated February 22, 1973, the committee requested the investigative staff to study the military services' requests for commissary facilities in the fiscal year 1974 military construction program. The directive specified that the investigation should include, but not be limited to, the consideration given by the services and the Office of the Secretary of Defense (OSD) to the use of surcharge moneys for the construction, the services' determinations of requirements and priorities for commissary construction; and the present and long-range projections for sales and/or personnel to be supported by each of the commissaries in the fiscal year 1974 military construction requests. The directive also specified that the study should include a detailed analysis of one of the commissaries requested by each service.

B. SCOPE OF INQUIRY

The investigative staff inquired into the policies and procedures employed in the OSD evaluation of services' requests for commissary construction by the Offices of the Assistant Secretaries of Defense for Installations and Logistics, for Manpower and Reserve Affairs, and Comptroller. The study also included analyses of the services' evaluations of requests for commissary construction and procedures for preparing justifications, plans, and estimates.

The investigative staff reviewed OSD and the services' policies and procedures for the collections and use of surcharge funds and gave particular emphasis to the possible use of surcharge moneys for commissary construction.

The study included detailed analyses of the requests for new commissaries at Fort Campbell, Ky. (Army); Peterson Field, Colo. (Air Force); and Marine Corps Air Station, Yuma, Ariz. In connection with these analyses, the Investiga-

tive Staff visited the aforementioned installations as well as the Office of the Air Force regional engineer, Dallas, Tex., and the Naval Facilities Engineering Command, western division, San Bruno, Calif. A less detailed analysis was performed of the request for a new commissary at the Naval Station, Adak, Alaska.

The study involved interviews with responsible officials of OSD and the services, analyses of policy and procedures issuances, reviews of base master plans and preliminary plans and specifications, and reviews of pertinent Congressional hearings and reports.

II. USE OF SURCHARGE FUNDS FOR CONSTRUCTION

A. OSD POLICY

Annual DOD appropriation acts have required that appropriations be reimbursed for certain expenditures connected with commissary store operations. Expenditures requiring reimbursement include those for purchase and maintenance of operating equipment and supplies, utilities, and shrinkage, spoilage, and pilferage of merchandise. These acts also provide that the selling prices of merchandise shall be increased to provide the revenue needed to pay these expenses. The increase is commonly referred to as a surcharge.

OSD policy requires the services to establish their surcharges at a rate which as nearly as practicable approximates the expenses required to be paid from them. The policy also recognizes, however, that it is impossible to establish an exact balance between surcharge funds collected and funds needed to pay required expenses. OSD in its interpretation of the appropriation acts allows the services to use excess surcharge funds for other purposes such as construction of new commissaries. The OSD General Counsel has ruled that the language contained in the annual appropriation acts prohibits the services from increasing the surcharge for the purpose of providing funds for commissary construction.

Although all of the services maintain they are complying with OSD policy which prohibits increases in surcharges for the purpose of paying for the construction of commissaries, all services have expended large amounts of excess surcharge funds for the construction and renovation of commissaries as shown later in this report. The extent to which these funds have been used for the above purposes and the manner in which they have been collected and administered leads to the conclusion that OSD policy has been circumvented.

A December 22, 1970, report by the Special Subcommittee on Exchanges and Commissaries of the House Armed Services Committee stated that as a general rule, funds for the construction of new commissaries should be provided from appropriations. The report recommended, however, that when appropriated funds cannot be secured, the surcharge be increased slightly to provide the needed funds.

This recommendation has not been adopted by DOD. OSD officials advised the investigative staff that the language of the appropriations act would have to be amended to permit the recommendation to be adopted. Some service officials advised the investigative staff that they concurred in the recommendation and would like to see it adopted.

Officials of OSD and all the services advised the investigative staff that they had considered using excess surcharge funds for the construction of the commissaries included in the fiscal year 1974 military construction budget, but that such funds were not available. Financial statements and officials' explanation corroborated that excess surcharge funds are not available to pay for the construction of any of the commissaries included in the fiscal year 1974 budget.

B. AIR FORCE

In Army and Air Force commissaries, the shelf price of merchandise is the same as the cost to the commissary (rounded to the next whole cent) and a 3 percent surcharge is added at the cash register, just like a sales tax would be. All Air Force surcharge moneys are controlled and managed centrally through the Air Force Commissary Trust Fund.

The Air Force, as well as the other services, uses excess surcharge funds for major improvements. On April 25, 1972, the Secretary of the Air Force authorized expenditure of \$5.2 million for the construction of two new commissaries, a medium-sized commissary at Williams Air Force Base, Ariz., and a small-sized commissary at Mountain Home AFB, Idaho, and three major renovations. According to an Air Force official these two commissaries will be the first new Air Force commissaries built with excess surcharge funds.

During fiscal year 1972, the Air Force commissary trust fund collected \$25,378,200 from its 3 percent surcharge. (It is to be noted that an additional 1 percent surcharge would have provided in excess of \$8 million which would have more than provided ample funding for the three new commissaries requested in the Air Force fiscal year 1974 military construction program.) Total obligations of \$26,014,600 were incurred in fiscal year 1972 which included \$4,359,200 for minor construction and an additional \$2,884,600 for equipment related to minor construction.

The unobligated balance of the Air Force commissary trust fund through February 28, 1973, was \$14,128,900 but this balance did not include commitments of \$7,475,100 for minor construction and \$5,788,300 for equipment related to minor construction, or a total of \$13,263,400. Thus, the uncommitted balance as of February 28, 1973, was actually \$865,500.

C. ARMY

As with the Air Force, the Army's surcharge is 3 percent added to the customer's bill at the cash register with the surcharge moneys being controlled centrally through the commissary surcharge fund account.

The Army's plan for the surcharge fund for fiscal year 1973 shows expected collections of \$21.1 million, regular expenses of \$20.4 million, and construction projects of \$3.7 million. An opening balance of \$6 million and a contingency reserve of \$1 million should result in a closing uncommitted balance of \$2 million. This amount is approximately equal to the amount which will be needed for new equipment for the three new commissaries requested in the fiscal year 1974 military construction program.

Since January 1970, the Army has funded from the surcharge fund 29 commissary construction projects over \$50,000 at a total cost of \$15.7 million. The largest amount spent on a single project was \$3.781 million for a new commissary at Fort Benning, Ga.

D. NAVY

The Navy has used its surcharge fund for construction as shown below :

Fiscal year 1971 :	
18 major projects.....	\$3, 905, 000
Minor improvements.....	373, 000
Total	4, 278, 000
10 major projects.....	2, 577, 000
Minor improvements.....	170, 000
Total	2, 747, 000
Fiscal year 1973 (9 months) :	
7 major projects.....	1, 519, 000
Minor improvements.....	179, 000
Total	1, 698, 000

Unlike the Army and Air Force, the Navy and Marine Corps include the surcharge in the shelf price of the commissary merchandise. The Navy surcharge ranges from 3 to 5 percent of costs with the exact amount of the surcharge being determined at the local level. One percent of sales is transferred to the surcharge reserve fund controlled by headquarters and the remainder continues under local control to pay day-to-day expenses. The headquarters reserve fund is used for large nonrecurring expenditures.

Navy officials claim that surcharges are adjusted at the local level so that these moneys match day-to-day expenses as nearly as practicable. Therefore, they say, large amounts do not accumulate at the local level.

The Navy headquarters surcharge reserve fund balance is fully committed except for the \$200,000 minimum reserve which is required at all times. Large commitments which will be paid from the reserve fund are anticipated in the near future for :

Expansion of the sales area at the New Orleans commissary (\$300,000 to \$500,000) ;

Construction of a dehumidified storage warehouse at Roosevelt Roads, Puerto Rico (\$250,000 to \$300,000), and

Construction of a central meat cutting plant at Norfolk (\$500,000).

Navy officials advised the investigative staff that they believe they are adhering strictly to DOD's policy and interpretation of the annual appropriation acts which prohibit increases in surcharges for the purpose of paying for new commissaries by preventing local complexes from accumulating excess surcharge funds. It is obvious from the above that the 1 percent surcharge required to be transferred to the headquarters surcharge fund is accumulated, at least in part, for the purpose of funding commissary construction.

E. MARINE CORPS

The Marine Corps has used its surcharge funds extensively for the construction and renovation of commissaries, as shown below :

Fiscal year	Activity	Type	Cost (thousands)
1968	Camp Pendleton	Warehouse renovation	\$734
1969	New River	Storage building	140
1970	Twentynine Palms	New sales store	504
1971	Cherry Point	Renovation/addition	185
1972	Albany	Addition	192
1972	Iwakuni	do	81
1973	Camp Lejeune	Renovation/addition	194
1973	Barstow	Addition	48
1973	Quantico	New facility	1,497
Total			3,575

During fiscal years 1974 and 1975, the Marine Corps plans to spend an additional \$1.8 million in surcharge funds for a new commissary at El Toro, Calif.

The Marine Corps also permits individual activities to retain control of most of the surcharge money they collect. The total surcharge ranges from 3 to 5 percent of the cost of the merchandise and 1 percent is transferred to the headquarters surcharge account. Each activity establishes its surcharge rate within the 3 to 5 percent range established by headquarters. As of February 28, 1973, the headquarters surcharge account had an uncommitted balance of about \$260,000, but a headquarters official advised the investigative staff that this sum and more—a total of about \$1.2 million—would be required from the headquarters account to pay for the new El Toro commissary. Unlike the Navy, however, the Marine Corps allows the activities to accumulate unused surcharge money for nonrecurring large expenditures. The surcharge funds held by individual Marine Corps activities totaled about \$912,000 as of February 28, 1973. About \$878,000 of this is controlled by three activities which are accumulating surcharge funds for planned large expenditures as follows :

Quantico—new equipment for new commissary under construction (\$159,000).

El Toro—new commissary to be built (\$590,000).

Pendleton—new annex to be built (\$129,000).

III. AIR FORCE

A. DETERMINATION OF REQUIREMENTS AND PRIORITIES

An Air Force official stated that the Air Force considers commissary resale stores as one of the most important fringe benefits accorded to the military man. Average savings in buying at the commissary were estimated to be 30 percent. It was claimed that these savings are considered in the determination of military pay rates.

Air Force food sales during fiscal year 1972 totaled almost \$1 billion and sales over that amount are forecast for fiscal year 1973. About 93 percent of this total is for sales in commissaries and 7 percent for troop issue or sales to nonappropriated fund activities. Currently the Air Force has 185 commissaries.

The Chief of the Military Construction branch, Directorate of Civil Engineering, advised that early in each calendar year the Director of Civil Engineering issues guidance to the Air Force major commands concerning the commands' submittal of proposed facilities for inclusion in the Air Force military construc-

tion program for the second following fiscal year; that is, guidance issued in January 1973, would be for the fiscal year 1975 military construction program. Presumably the basis for a command's submission would be what new facilities are most needed to correct existing deficiencies. Each command is not given an absolute dollar limitation, but is aware of authorizations for prior years and "gets the message."

The various commands submit projects with backup data to the Director of Civil Engineering for inclusion in the Air Force military construction program. The projects are then referred to interested Air Force agencies. Commissary requirements are based on need determined by space occupied, condition, current sales, and projected sales. Commissary items are referred to the logistics facilities program branch, systems and logistics, which has responsibility for commissaries. Submissions are compared with a previously established priority list for replacement of commissaries. At present 36 commissary replacements are listed, but this does not include three commissary replacements which are in the fiscal year 1974 military construction program. Cost for these 36 replacements is estimated to be \$68 million. This list provides a means for the logistics facilities program branch to evaluate command requests.

After the various projects are reviewed by the interested staff agencies, the entire military construction program is transmitted to the facilities requirement committee, which is chaired by a representative from the Directorate of Civil Engineering and whose membership consists of representatives from nine other staff elements. This committee considers the military construction program as a whole. The various projects are weighed against one another and considered in the light of the Air Force total requirement; that is, requests for commissary projects must compete with all other proposed projects. Following its review the committee validates the military construction program and, in conjunction with the Director of Civil Engineering, develops data to support the facility requirement during review by higher authority.

Air Force operating instructions provide that the chairman of the facilities requirement committee presents the annual military construction program to the program review committee and to the air staff board.

After air staff review the military construction program is sent to the Secretary of the Air Force for approval, after which, the program is transmitted about October 1, to the Office of the Secretary of Defense for review.

B. FISCAL YEAR 1974 COMMISSARY CONSTRUCTION PROGRAM

The investigative staff was advised that prior to fiscal year 1971 commissary construction through the Air Force military construction program was negligible. From fiscal year 1966 through fiscal year 1970 no new commissaries were authorized. In fiscal year 1971 four new commissaries totaling \$5.1 million were authorized; in fiscal year 1972 five new commissaries totaling \$6 million were authorized; and in fiscal year 1973 three new commissaries totaling \$8.1 million were authorized. In its fiscal year 1974 military construction program the Air Force has requested funding for three new commissaries:

Installation	Scope (in square feet)	Total cost (in thousands)
Hickam Air Force Base, Hawaii	73,500	\$2,963
Peterson Field, Colo.	73,500	2,270
Bergstrom Air Force Base, Tex.	81,000	2,273

The Air Force has established priority for these projects in the order listed. The Hickam Air Force Base (AFB) commissary project was included in the Air Force military construction program for fiscal year 1973 but was deleted by the Congress. The fiscal year 1973 request was also for a 73,500 square foot facility and the estimated cost was \$2.763 million as opposed to the fiscal year 1974 estimated cost of \$2.963 million.

The DOD construction criteria manual states that, in the construction of a commissary store, the gross floor area will be based on the dollar volume of sales that will be generated by the maximum number of authorized customers anticipated within the next 5 years. An official in OSD explained that at one time criteria for size was based on troop strength but this proved unreliable, and that

the present criteria based on the monthly dollar sales and a projection from these sales were jointly developed by OSD and the services. The DOD construction manual provides for 23 sizes of commissaries varying from 4,000 square feet to 122,500 square feet based on monthly sales from \$15,000 to \$1,500,001 or over. Any project over 122,500 square feet must be approved by OSD. The dollar sales must be adjusted to the value of the food dollar as of July 1, 1970, as established by the Bureau of Labor Statistics wholesale processed food index.

Equipment which is installed as an integral part of the building is financed with appropriated funds; other equipment is financed with surcharge funds.

The Air Force has adopted definitive drawings for commissaries of four sizes: 30,500, 51,000, 88,500, and 122,500 square feet. These definitive drawings are also used as guidance for designing commissary buildings of other size.

According to officials in the general support and services division, the Air Force has not promulgated a formula for projection of commissary sales because of variables. This projection has been left to the commands. An official in the supply services branch furnished the following sales projections:

ESTIMATED SALES COMMISSARIES (ADJUSTED TO JULY 1, 1970, DOLLARS)

[In thousands of dollars]

	Hickam AFB	Peterson Field	Bergstrom AFB
Fiscal year:			
1973	901	770	835
1974	946	816	877
1975	993	857	921
1976	1,192	1,071	1,243
1977	1,251	1,125	1,305
1978	1,314	1,181	1,370

The current project at Hickam AFB is for 73,500 square feet. An existing cold storage warehouse of 10,700 square feet and an existing warehouse of 21,000 square feet will be retained; so with completion of the new commissary, 105,200 square feet will be for commissary use which is 96 percent of the 109,500 square feet authorized by DOD construction criteria.

The current project at Peterson Field is for 73,500 square feet or 76 percent of the 96,000 square feet authorized by the DOD construction criteria.

The current project at Bergstrom AFB is 96,000 square feet, which along with a 6,408 square foot warehouse, that will be retained for commissary use will provide 79 percent of the space authorized by the DOD construction criteria.

The official who made the sales projections said they were based on about a 5 percent per year increase in the volume of sales plus a 20 percent additional increase upon completion of the proposed commissaries at Peterson Field and Hickam AFB and a 30 percent increase upon completion of the commissary at Bergstrom. Air Force experience has been that sales increase from 30 to almost 50 percent with the completion of a new commissary.

New commissaries for these three Air Force installations were considered for the fiscal year 1973 military construction program. As mentioned previously, the Hickam AFB project was deleted from the fiscal year 1973 program by the Congress; the Peterson Field project was deleted by OSD; and the Bergstrom project was deleted by Air Force Headquarters. Proposed commissaries at Hickam AFB and Peterson Field were not increased in size for the fiscal year 1974 program but there was an increase at Bergstrom.

An Air Force Headquarters official said that, although sales projections might justify a larger facility, instructions were issued that the Peterson Field commissary was not to exceed 73,500 square feet for the fiscal year 1974 program because of a new Army commissary being built at nearby Fort Carson. He said the size of the Hickam AFB commissary cannot be increased because of siting. An Air Force official pointed out that in the fiscal year 1973 military construction program, the Congress approved about \$8 million for new Air Force commissaries, so for fiscal year 1974 the Air Force is asking for commissary projects totaling \$7.4 million. This official claimed it was better to have three badly needed commissaries built for present needs rather than only two for projected needs.

PROPOSED NEW COMMISSARY FOR PETERSON FIELD, COLO.

As set out heretofore, the Air Force, in fiscal year 1974, is requesting \$2.27 million for the construction of a 73,500 square foot commissary at Peterson Field which is 6 miles east of Colorado Springs, Colo. Air Force officials state that this facility is required in conjunction with the move of Air Defense Command Headquarters and base support functions from Ent AFB, Colorado Springs to Peterson Field.

At present the Peterson Field/Ent AFB complex is operating two commissaries: A main commissary at Ent AFB, and an annex at Petersen Field.

The Ent AFB sales store of 17,688 square feet is located in three different buildings which have been joined. Because the elevations of the buildings are different, customers must use ramps when going from one store to another. The cold storage space of 2,150 square feet is also located in one of these buildings. Warehouse space of 7,700 square feet is provided in two other buildings near the three-building sales store.

All the buildings are of semi-permanent structure. Parking is provided about 1½ blocks distant and is used by the base as a whole. Officials advised that parking is inadequate and that on many occasions commissary patrons must park off base on the streets of Colorado Springs. The investigative staff was advised that the present facility contains only 43 percent of authorized space. Upon completion of the proposed commissary, one of the buildings with 2,000 square feet used for the sales store will be retained for other base use; one warehouse of 4,500 square feet will be preserved for future use; and the remainder of the buildings will be turned over to the General Services Administration for disposal.

The Peterson Field sales store contains 1,820 square feet. Warehouse space of 4,308 square feet is located in the same building, and an additional 11,076 square feet of warehouse space is located in two additional buildings. All buildings are of semi-permanent construction. Parking spaces are provided adjacent to the sales store. Upon completion of the proposed commissary all Peterson Field commissary buildings will revert to the base for other uses.

The commissary is staffed by civilian employees and a total of 131 employees are authorized. Because of the hiring freeze the commissary is, at present, short 16 employees; however, this deficiency is offset by the use of 13 military personnel which Ent AFB officials claim are being used on a temporary basis. The current payroll for the 115 civilian employees is about \$1.3 million annually.

Air Force officials advised that the primary reasons for the construction of a new commissary at Peterson Field are: One, the need to vacate Ent AFB due to the expiration of the lease on the land; and, two, the inadequacy of the present commissary at Ent AFB and the annex at Peterson Field. For years the Air Force has been phasing out old facilities at Ent AFB and moving functions into new facilities at Peterson Field. This is a two-phase move and phase one—the north side of the base—is scheduled to be completed with approval of those projects in the fiscal year 1974 program. Although the present commissary is not located on the north part of the base, the commissary parking is. From fiscal year 1964 through fiscal year 1973, \$31.8 million was appropriated for construction of new facilities at Peterson Field. Upon completion of the move from the north side, buildings valued at \$6 million will be turned over to the General Services Administration for disposal.

DOD Directive 1330.17 dated October 29, 1971, provides that a commissary must be located on a hard surface road which is open year round. Travel time to the commissary by private conveyance under normal traffic conditions should not exceed 10 minutes, and by commercial vehicles should not exceed 15 minutes. The intervals between scheduled commercial vehicles should not exceed 30 minutes. An Air Force official pointed out that two other commissaries are located in the area, one at Fort Carson, 21 miles from Peterson Field and another at the Air Force Academy 26 miles distant. An Air Force official stated that the Air Force Academy, Fort Carson, and Peterson Field each have facilities to serve their own assigned personnel. The Air Force Academy has an adequate commissary with average monthly sales over \$500,000, and Fort Carson has an adequate commissary with average monthly sales exceeding \$1 million. It was claimed that the new Fort Carson commissary, which is under construction, will be adequate to serve only Fort Carson residents and those eligible persons living nearby.

The aforementioned DOD directive provides that merchandise should be sold in the commissaries at the lowest practicable price, except those commissaries of the Army and Air Force which are required by statute to sell at cost. Criteria for the establishment and continuance of a commissary provide that if the average

prices listed in two nearby competing commercial stores exceed by 20 percent prices of the commissary, the prices of the commercial establishments will be considered to be unreasonable. The commissary officer at Ent AFB advised that the last price survey made in December 1972 showed the commissary foods to be 35.68 percent cheaper. He thought this differential could be increased, pointing out that because of inadequate warehouse space commissary deliveries must be made weekly which increased costs in additional accounting, labor in the warehouse, and a higher price for the article. Also, because of the lack of cold storage space, frozen food must be ordered through a broker in small lots which increases costs rather than direct from the producer.

The investigative staff was advised by the Ent AFB commissary officer that in the past 10 years the population of the city of Colorado Springs has doubled in size, a high percentage of whom are military retirees entitled to use the commissary.

The proposed commissary to be constructed at Peterson Field, Colo., is to be sited, according to the base master plan, adjacent to a newly constructed base exchange and in the community center area. The site previously housed the base motor pool. Funding for construction of new motor pool facilities at another site was approved in the fiscal year 1973 military construction program. Seven buildings of semipermanent construction totaling 28,408 square feet and two buildings of temporary construction totaling 3,786 square feet must be demolished to make way for the new commissary.

The proposed commissary will be built in accordance with Air Force definitive drawings and will be a single-story masonry building with a partial basement. Of the 73,500 square feet of space, 23,100 feet will be devoted to the sales area and the remaining area will be for storage (both dry and cold), food preparation, and other support areas such as offices and restrooms. The overall dimensions are to be 245 by 300 feet. Two hundred and fifty parking spaces are to be provided in a 478-space parking lot; the remainder of the parking spaces being for use of a nearby administration building.

The commissary as well as many of the other facilities at Peterson Field are to be constructed on land leased for 99 years. This lease is now in its fifth year.

Air Force officials in both regional and base civil engineering offices advised that they did not contact Army officials concerning the costs of construction of a commissary at Fort Carson, just south of Colorado Springs, for which funds were appropriated in the fiscal year 1972 military construction program. They commented that very little "cross-pollination" exists between the Air Force civil engineers and the Corps of Engineers. However, the firm which was awarded the architect/engineer contract for the Peterson Field Commissary did the site engineering on the Fort Carson Commissary and assembled the same team through subcontract that did the complete architect/engineer work at Fort Carson. An official of the firm said that the buildings are about the same size and that the design is similar except that at Fort Carson the storage area is on both sides of the sales area, whereas at Peterson the storage will be only on one side. He advised that he has seen no "frills" or unnecessary items in the plans and feels that, since the Fort Carson bid was under the estimate, that the Peterson Field bid would be about the same per square foot plus intervening inflation. On April 19, 1973, the architect/engineer contractor estimated design to be 25-percent complete and thought the cost estimate was "in the ball park."

Air Force officials advised that increases in costs due to escalation are applied by the Air Force Directorate of Civil Engineering, Washington, D.C. Officials of this directorate advised the investigative staff that projects included in the fiscal year 1974 military construction program are projected to April 1, 1974, and an inflation factor of 6½ percent was applied for 1973 and 6 percent per year thereafter. Base officials on June 15, 1972, estimated costs to be \$25.75 per square foot, and the submittal to Congress showed estimated costs to be \$27.30 per square foot.

IV. ARMY

A. DETERMINATION OF REQUIREMENTS AND PRIORITIES

The initial action that will ultimately result in a commissary project being included in the military construction program is the identification of a particular need by the various base commanders. The base commanders develop programs for their respective installations which include all projects determined to be necessary for the base. These projects are ranked in order of importance by the base commander, and submitted to the appropriate major command.

The major command receives submissions from all installations under its authority. The relative merits of the individual projects are considered, and the data provided by the bases in support of the projects is validated. The command will rank all projects in order of priority before submitting the command program to the Department of the Army, Headquarters.

The investigative staff was informed that Army Headquarters usually retains the command priorities unless factors such as troop strength changes affect the priorities. Such data may not have been available to the commands in establishing their priorities.

Headquarters merges all command submissions into a consolidated Army program at which time all projects compete with each other for inclusion in the final program. Factors considered in the development of this overall program include the following:

- (1) Need for the new facility based on the condition of the present facility,
- (2) Availability of suitable alternatives to the project (in the case of commissaries, this would include the existence of commercial facilities in the immediate area),
- (3) The number of personnel expected to derive benefit from the project, and
- (4) Any plans that are being considered for future troop increases or decreases at a particular base.

Upon completion of the relative ranking of all projects, the Department of the Army submits its recommended program to OSD.

B. FISCAL YEAR 1974 COMMISSARY CONSTRUCTION PROGRAM

The Army has three commissary projects in the fiscal year 1974 military construction program:

(1) A 98,190-square-foot facility at Fort Gordon, Ga., estimated to cost \$2.924 million. This facility will replace the present sales store which is housed in a converted warehouse constructed in 1941.

(2) A 51,000-square-foot replacement for the commissary at Fort Polk, La., at an estimated cost of \$1.977 million. The present commissary was constructed in 1941 and will revert to warehouse use upon completion of the new building.

(3) A 109,500-square-foot facility at Fort Campbell, Ky., estimated to cost \$3.388 million. The commissary is presently in converted warehouses constructed in 1942.

The 3 projects in the fiscal year 1974 program were among 40 commissaries that the Army has identified as needing replacement, expansion, or modification. However, the investigative staff was informed that there may be more than 40 such facilities, and others may be included as more information is made available to the Department of the Army by the individual commands.

The investigative staff noted that the recently announced closings and realignment of military installations would have no significant effect on the commissary facility needs projected by the Army in its fiscal year 1974 military construction program. Pertinent details appear later in this report.

Of the three proposed commissaries in the program, Fort Campbell, Ky., is the highest priority because, according to Army officials, it was in the fiscal year 1973 program and the need continues to be urgent. Brief summary data on the Fort Polk, La., and Fort Gordon, Ga., commissaries, and detailed data on the Fort Campbell project follow.

1. FORT GORDON, GA.

The present commissary at Fort Gordon is located in a converted warehouse and has a limited sales area which results in congestion during peak periods. Some warehousing support for the sales store is in remote locations on the installation. Sanitary standards are difficult to maintain because of the condition of the structure. Thus, not only is service less efficient than desired, some potential patrons do not make use of the facility because the service is not attractive. There are no existing facilities on the base which can be satisfactorily converted to commissary use.

Sales increased from \$372,000 monthly in fiscal year 1965 to \$891,000 monthly in fiscal year 1972. Average monthly sales for the first quarter of fiscal year 1973 were \$946,000. On the basis of past experience for all commissaries, the Army Food Service projected an 8.8-percent annual increase in sales, and adjusting for the change in the Bureau of Labor Statistics wholesale processed food index, projected sales of \$1.212 million monthly by fiscal year 1978. While the applicable

DOD criteria permit a maximum of 108,000 square feet, the proposed facility requirement is estimated at 98,190 square feet.

The recently announced closings and realignment of military bases should not significantly affect the potential sales at Fort Gordon.

2. FORT POLK, LA.

Fort Polk's commissary is now located in temporary buildings constructed in 1941, and according to Army officials, does not meet the needs of the base. Warehousing is located away from the sales area, which results in an inefficient operation. Additional family quarters under construction on the base will increase the potential customers of the store which cannot now adequately meet the needs of its customers. Fort Polk is in an isolated area, and the available commercial facilities are limited.

Monthly sales have increased from \$215,000 in fiscal year to \$440,000 during the first quarter of fiscal year 1973. Based on the Army Food Service projected increase of 8.8 percent annually, and the offset for the increase in the Bureau of Labor Statistics Wholesale Processed Food Index, monthly sales for fiscal year 1978 are estimated at \$577,000. The space requirement is stated at 51,000 square feet, which is in accordance with applicable DOD criteria.

The recently announced military base closings and realignments did not affect Fort Polk.

3. FORT CAMPBELL, KY.

Of the three proposed Army commissaries in the fiscal year 1974 program, the one for Fort Campbell is of the highest priority. The Fort Campbell commissary project was in the fiscal year 1973 program, and the Army believes it to be greatly needed to replace the substandard facility, as well as to meet the demands of an increased customer load as all elements of the 101st Airborne (Airmobile) Division return to Fort Campbell. The Division is presently building up to full strength.

PRESENT FACILITY

The present commissary at Fort Campbell is located in three warehouses which are connected by covered corridors. These buildings were constructed in 1942 with an expected life of 10 years. Storage is located mainly in other warehousing located away from the sales store. Only meat preparation facilities, produce and a portion of backup storage are located in the three connected buildings. The condition of the existing buildings is such that normal warehousing machines such as forklifts cannot be used because the wooden floors cannot support such machinery. Stock must be hand loaded on carts, and then restacked by hand in the warehouse.

The investigative staff observed the condition of these facilities and noted that both the sales area and warehouses appeared to be in need of repair. Exterior walls on some of the remote warehouses showed damage, and many inside walls needed repair. Floors had been repaired in both the sales and warehousing areas. The cost of repairs and modifications to commissary buildings have amounted to over \$200,000 since fiscal year 1967. Some of the remote warehouses were unheated and therefore suitable only for certain types of storage.

As part of this project, 16 temporary buildings totaling 77,170 square feet will be demolished. Other buildings will revert to general warehouse use.

The investigative staff was informed by commissary personnel at Fort Campbell that the commissary was not able to accommodate all customers during peak periods such as paydays. Part of the load is taken off the main store by the operation of two annexes. The investigative staff noted that the operation of both annexes was less than efficient because there was no room for backup storage at these facilities making it necessary to bring supplies in frequently. In addition, there was no refrigerated truck available to carry fresh meat from the preparation area at the main store to the annex located away from the main store. A commissary official claimed that in the summer, meat literally decayed on the way to the annex.

Based on its observations at Fort Campbell, the investigative staff concluded that the present commissary is not efficient because it is spread over eight buildings. Because of the poor physical condition of the buildings, they are difficult to maintain in a sanitary condition, and there is no fire sprinkler system.

PROPOSED FACILITY

As previously noted, a new 88,500 square foot commissary at Fort Campbell was first proposed in the fiscal year 1973 military construction program; however, it was deleted by the conference committee in about October 1972. It was the desire of the Army to reinstate most of the projects deleted from the fiscal year 1973 program in the fiscal year 1974 program and, of these, this commissary was No. 1 in priority. At this point in time, the fiscal year 1974 program was nearly finalized, and in order for the Fort Campbell project to be put in the fiscal year 1974 program without delay, it was necessary to use the available data calling for 88,500 square feet.

During the same period of time, officials at Fort Campbell had developed new documentation supporting 109,500 square feet and asked that the scope of the project be increased. Because the budget was so far along, and Army Headquarters was firm on the dollar amounts, another project would have had to be deleted in order to increase the Fort Campbell project. Thus, even though the 109,500 square foot need was recognized as valid, it was planned to build an 88,500 square foot facility and retain the annexes and some of the remote warehouse space presently in use.

Later, realignment of projects within the Army construction budget made additional funds available for the Fort Campbell project as some projects or line items that had appeared necessary were no longer necessary.

The Investigative Staff was informed that portions of the completed 88,500 square foot design, which cost \$98,500 to develop, could be adapted for the new scope, and that about \$70,000 would be required to accomplish the redesign.

The need for the 109,500 square foot facility is supported by the following sales and personnel forecasts provided by Army officials:

Sales.—From average monthly sales of \$520,000 in fiscal year 1968, monthly sales increased to \$1,039,000 for the first 3 quarters of fiscal year 1973. Based on an 8.8 percent projected annual increase (which was developed by the Army Food Service on the experience of all commissaries), and reduced by the increase in the Bureau of Labor Statistics Wholesale Processed Food Index as required by applicable DOD criteria, the projected monthly sales for fiscal year 1978 are estimated at \$1,354,000. This sales level meets DOD criteria for a 109,000 square foot facility.

Personnel.—The average monthly number of personnel using the commissary increased by about 10 percent in the period between fiscal years 1970 and 1972, to a total of 56,962 per month. There will be an additional increase when all elements of the 101st Airborne (Airmobile) Division are located at Fort Campbell and filled to authorized manning. Recently announced base closings and realignments indicate that about 200 military positions will be transferred to Fort Campbell. According to officials at Fort Campbell, the present facility is not adequate to meet the needs of the present personnel, some of whom must sacrifice the cost savings of the commissary when they shop for groceries in the community.

The closest commissary to Fort Campbell is located 190 miles away at Fort Knox, Ky., which is not convenient to the personnel at Fort Campbell. Commercial facilities in the area were considered by the Army to be neither convenient, adequate nor reasonable in price. Moreover, a cost comparison survey conducted in August 1972 disclosed a 32.6 percent price differential between the commissary and nearby commercial facilities.

V. NAVY

A. DETERMINATION OF REQUIREMENTS AND PRIORITIES

The first step in establishing priorities for building commissaries as military construction in the Navy is the completion of a basic facilities requirements list (BFRL) which is a listing of needs arranged by type of activity or facility. Thereafter, a development of assets listing, based on engineering studies, is prepared which identifies that portion of assets considered to be substandard. The result of the asset determination is added to the BFRL to arrive at a deficiency/excess listing. An attempt is made to convert excesses to correct deficiencies. If the cost to remove a deficiency is \$50,000 or more, it, for all intents and purposes, becomes a military construction project. If the cost to remove a deficiency is less than \$50,000, it can be taken care of with other appropriated funds.

The fifth year from the current year (1978 for projects submitted with the fiscal year 1974 budget request) is used for commissary planning. Sales projections are used to determine gross floor area required.

The Navy attempts to provide continuity in planning through the use of a military construction multiyear planning program. The goal of this concept is a balanced rate of correction of investment category deficiencies within an established timeframe as permitted by budget constraints. Investment categories are divisions of like facilities. Available funds are allocated on the basis of the percentage of deficiencies per category and the age of existing facilities.

Once the investment categories have been budgeted, a priority listing is established. For this the item rating value (IRV) is used. The following factors are considered in the IRV system:

- (1) Mission.
- (2) Degree of deficiency.
- (3) Type of facility.
- (4) Economic value.
- (5) Major claimant (command) priority.

The priority placed on an item by the major claimant is the primary factor in rating the item.

The Navy has compiled a list of proposed military construction commissary store projects for fiscal year 1975 and beyond. There are 55 locations on this list with a total estimated cost for construction of \$87,738,000.

B. NAVAL STATION, ADAK, ALASKA

The Navy has requested funding for one commissary in the fiscal year 1974 military construction program for the naval station located at Adak, Alaska. The amount requested for the project is \$1.92 million.

The mission of the Naval Station, Adak, Alaska, is to provide services and material to support operations of aviation activities and units of the operating forces of the Navy and to provide fleet broadcasts, tactical ship-to-shore and point-to-point communications in support of the defense communication system for surface ships and submarines operating in the Alaskan area. As of December 31, 1972, there were a total of 2,756 permanent and supported personnel at the naval station and it is planned that there will be a total of 2,790 personnel at the end of fiscal year 1977. The realignment of defense installations announced April 17, 1973, will not significantly affect the number of personnel assigned to Adak.

The existing commissary is operating out of a two-story wood frame building originally constructed in 1944 as a small warehouse. It has a total gross area of 12,165 square feet. According to information furnished by Navy officials, the existing building has major structural deterioration with severe checking in all beams and columns, rotting flooring and roofing, and severely damaged siding. The building roof leaks badly and is a serious handicap because there is rainfall on an average of 261 days per year on Adak Island. The investigative staff viewed photographic slides of the present facility and it appeared that the building is about to collapse.

The existing commissary was said by a high-ranking Navy officer to be 60 percent of the required size. The existing meat preparation area is 2 miles from the commissary. Navy officials estimate that annual savings of \$19,800 would accrue due to reduced maintenance cost of a new facility and by locating a new butcher shop within the facility.

The nearest off-shore community capable of providing food sales services is Anchorage, Alaska, which is 1,150 miles from Adak. The commissary is the only retail food outlet on Adak Island.

PROPOSED FACILITY

The site selected for the proposed commissary is in accordance with the station master plan and will be located adjacent to one of the three housing areas on the base. If approved, it will be built on engineered fill on what was originally a lagoon bottom. Soil conditions eliminated other potential sites for community support development.

There was a proposal first submitted with the budget for fiscal year 1970 calling for the erection of a single building having a post exchange, commissary, post office and several other community support facilities. This project was

finally approved, minus the commissary, in the fiscal year 1972 budget and is now under construction. The commissary now proposed will be an addition to the community support building under construction. The proposed commissary will share a covered mezzanine with the other building and will place all community development facilities under one roof. The structure will consist of a single story except for the mezzanine.

The projected size of the new commissary of 20,585 square feet is based on the long range sales forecast of \$170,000 per month in 1978 which, after elimination of the surcharge and a reduction in projected sales by the percent of increase in the Bureau of Labor Statistics Wholesale Processed Food Index subsequent to July 1, 1970, is adjusted to \$101,315 per month. The proposed square footage is in conformance with the Department of Defense Construction Criteria Manual as is the method of adjusting the long range sales forecast.

The proposed commissary is to be built with precast concrete panels which will be fabricated in Seattle, Wash., and shipped to Adak at a far lower labor cost than can be obtained at the job site, according to Navy officials. The roof on the proposed commissary will be built with neoprene because regular asphalt roofing is difficult both to install and repair due to the temperature and moisture conditions on Adak Island.

The preliminary cost estimate (PCE) prepared by the architectural and engineering contractor and approved by the Western Division of Naval Facilities Engineering Command (NAVFAC), San Bruno, Calif., estimated a total project cost of \$2,116,000. According to information set forth on the PCE, the cost of \$91.27 per square foot is in agreement (within 8 percent) with the average cost of \$84.44 per square foot as determined from the Military Construction Cost Review Guide for fiscal year 1974. The basic average cost per square foot for a commissary is \$23.91, which is then adjusted for several factors, such as the high cost of labor on Adak Island, lost salary due to weather conditions, and special considerations necessary for the seismic features at Adak. The request in the fiscal year 1974 military construction program for the Adak commissary is \$1.92 million or \$196,000 less than the estimated cost in the PCE. This reduction in cost was accomplished by a decrease in military construction equipment costs from \$239,000 to \$43,000.

The current status of the design of the proposed commissary at Adak is that the PCE has been prepared by the engineering and architectural contractor and approved by NAVFAC. The 30 percent complete design is due to be submitted by the architectural and engineering contractor by April 30, 1973.

VI. MARINE CORPS

A. DETERMINATION OF REQUIREMENTS AND PRIORITIES

The process for establishing priorities for military construction by the Marine Corps is as follows:

There are 23 commands in the Marine Corps which submit their own construction programs for each budget year to Headquarters Marine Corps (HQMC). The programs are screened or validated at HQMC based on each command's mission. The projects are then arranged by sponsor, a sponsor being a particular person or persons at HQMC whose field of interest is a particular type of facility such as commissaries. The sponsors then prepare comments on the projects within their listings and submit these to the Military Construction Review Board.

The Military Construction Review Board is subordinate to the Military Construction Steering Committee and is composed of military specialists in various fields who are interested in military construction. The Military Construction Review Board communicates extensively with the sponsors and evaluates the proposals and comments submitted by the sponsors. The Board then recommends a program to the Military Construction Steering Committee composed of high-ranking military officers and civilian employees.

After review, the Military Construction Steering Committee recommends a construction program to the Chief of Staff, who, if he approves the program, sends it to the Naval Facilities Engineering Command (NAVFAC) for cost estimates. HQMC may or may not make changes in individual proposals after the estimates are complete. However, upon completion of all reviews and any necessary adjustments, the program is sent to the Navy Comptroller who includes the Marine Corp construction program with the Department of Navy military construction program for submittal to OSD.

In addition to the Marine Corps Air Station, Yuma, the only new commissary which the Marine Corps plans to build with military construction funds is at the Marine Corps Recruit Depot, Parris Island, S.C. The projected cost of this facility is \$1.4 million and is currently scheduled to be requested in fiscal year 1976.

B. FISCAL YEAR 1974 COMMISSARY CONSTRUCTION PROGRAM

The Marine Corps has requested funding for one commissary in the fiscal year 1974 military construction program at the Marine Corps Air Station (MCAS) at Yuma, Ariz. The budget request for the project is \$999,000.

The mission of MCAS, Yuma, Ariz., is to serve as the primary aerial weapons training base for West Coast Navy and Marine Corps fighter/attack squadrons. As of December 31, 1972, there were a total of 3,421 permanent, supported and student personnel at the Air Station; it is planned that there will be a total of 4,878 personnel at the end of fiscal year 1975.

The existing commissary is operating out of a temporary wood frame building constructed in 1943 as a mess hall. The expected life of the building when erected was 10 years. It is located in the middle of a barracks area of the base. There are 6,000 square feet of sales area and five checkout counters. There is no sprinkler system which, coupled with the age of the building and dryness of the wood, would appear to constitute a serious fire hazard.

The investigative staff toured this facility and noted some structural deterioration in the building itself as well as severe space limitations which substantially restrict the operation of the commissary. There is no central heating; heat is provided through gas-operated space heaters hanging from the ceilings. Lighting consists of industrial overhead fixtures and appeared to the investigative staff to be grossly inadequate. There was some visible deterioration and water damage in the wood, especially in the ceiling, evidently caused by leaks in the roof. The investigative staff was informed that the roof is patched periodically but new leaks continue to develop. The beams, which are exposed, are bolted together and some have visible cracks.

Some refrigeration and refrigerated display cases are up to 30 years old. Repair and maintenance are a problem complicated by the difficulty in obtaining spare parts for such old equipment. The refrigerated meat cooler and meatcutting room structure is deteriorated. The meat cooler leaks and the walls are buckling, thus creating a sanitation problem. There is no steam cleaning facility in the meat preparation area nor is there any drainage and sawdust must be spread on the floor to absorb moisture.

On the exterior of the building, paint was peeling badly from the wooden portion of the structure. An engineer at the base advised the building was painted 2 years ago but the wood is so old and dried out it will no longer hold paint. Sheet metal flashing on the roof was badly deteriorated and would not hold to the roof in some places.

An official at the commissary advised that inadequate space not only in the sales and storage areas, but also in the office area of the commissary is detrimental to efficient operations and most inconvenient to commissary customers.

The warehouse aisles are too narrow to accommodate anything but handcarts. Forklifts cannot be used which necessitates manual handling of all cartons. The receiving section can accommodate only one truck at a time, which causes other trucks and deliveries to be delayed. In the meat receiving area, the overhead rail does not extend out far enough and is not high enough to reach the delivery trucks, which necessitates manual handling of all meat delivered on meat hooks.

A new barracks was constructed on what was the commissary parking area. The little parking space which is left is shared with a mess hall, public works office and transportation office.

The existing commissary has a total gross area of 19,538 square feet; however, because of the poor configuration of the building, only 17,538 square feet are usable.

As a result of a study performed 4 years ago, it was determined that the commissary could be renovated at an estimated cost of \$250,000. A decision was made not to perform the renovation because of the age of the building.

The site selected for the proposed commissary is in conformance with the MCAS master plan which calls for the centralization of all community support facilities in an area near the main gate, away from the barracks area. There are no definitive design drawings for this type of commissary sales store; however, according to the PCE submitted by NAVFAC, the design layout incorporates

the better design features of both military commissary and civilian marketing facilities.

The Yuma area is located approximately 180 miles from the closest metropolitan area of any considerable size. The remoteness of this area necessitates the use of construction materials locally available, and locally fabricated, or materials which can be easily transported. Therefore, construction materials will consist of load-bearing concrete masonry unit walls, with a steel-framed roof system. Concrete masonry walls were selected because of (1) a good "H" factor thus reducing the air-conditioning demand; (2) lower maintenance requirements, and (3) they are esthetically pleasing.

The original design, as developed in an architectural and engineering study by an independent contractor and NAVFAC called for a structure of 32,234 square feet at an estimated cost of \$1.543 million. The Commandant of the Marine Corps, in order to reduce the cost of the project, directed that the following modifications of design be made:

- (1) Reduction of the building scope to approximately 26,200 square feet.
- (2) Deletion of 4,980 square feet of covered walks.
- (3) Relocation of walk-in refrigerated coolers and freezer storage from internal building spaces to the exterior of the building, under awnings.
- (4) Reductions of site improvements from approximately 6 acres to include only the immediately adjacent area.

The requested design modifications were made which resulted in a new estimated cost of \$999,000. The date of the engineering cost estimate was August 10, 1972. This estimate was based on a projected bid date of August 10, 1974, and includes a cost escalation factor of 10 percent per annum. Navy engineers informed the investigative staff that they expect the cost of the project to be within the estimate.

Should a new commissary be authorized for Yuma in the fiscal year 1974 budget, a monthly sales of \$253,000 is projected by 1977. This projection is based largely upon the experience at the Marine Corps Base at Twenty-nine Palms, Calif., following the opening of a new commissary at that location.

The projected size of the new commissary, 26,200 square feet, is based on the long-range sales forecast and falls within the criteria set forth in the Department of Defense Construction Criteria Manual. The method of calculating the sales projection—elimination of the markup (surcharge) and a reduction in projected sales by the percent of increase in the Bureau of Labor Statistics Wholesale Processed Food Index subsequent to July 1, 1970—is also in conformance with the Department of Defense Construction Criteria Manual. However, as noted previously, the total number of military personnel assigned to the air station as of December 31, 1972, was 3,421 whereas the number of personnel expected to be assigned at the end of fiscal year 1975 is 4,878, an increase of 43 percent. The projected 1977 monthly sales of \$253,000 per month was based on current population with no provision for the expected increase in personnel. No consideration has been given to determining whether the size of the proposed facility will be adequate to accommodate the expected increase in personnel.

The Defense installation realignment announced April 17, 1973, will have no significant effect on the number of personnel assigned to the MCAS, Yuma.

Officials at the MCAS, Yuma, advised the investigative staff that the modifications ordered by HQMC make the facility less pleasing esthetically but also make it less expensive to build and do not interfere with the ease of operation.

The cost estimates on the PCE were prepared by the firm doing the architectural and engineering survey and were reviewed for reasonableness by NAVFAC. NAVFAC bases their cost estimates on the cost of similar completed projects adjusted by a factor for the increase in costs of materials and labor and an additional factor for the geographical location of the project. NAVFAC found the costs set forth in the architectural and engineering survey to be very close to those calculated by NAVFAC.

The status of the design, as of the date of the preparation of this report, is that the PCE has been submitted and approved. On April 16, 1973, a 30 percent complete design was submitted by the architectural and engineering contractor and was being evaluated by NAVFAC personnel. On June 29, 1973, a 100 percent complete design is due from the architectural and engineering contractor. On August 8, 1973, the design is scheduled to be released by NAVFAC.

DEPARTMENT OF DEFENSE'S RECOMMENDED CORRECTIONS TO STUDY OF COMMISSARY FACILITIES FOR HOUSE APPROPRIATIONS COMMITTEE INVESTIGATION STAFF

Page 5, paragraph C. Army

Change first paragraph to read: "As with the Air Force, the Army's surcharge is 3 percent in the *Continental United States* and 2.5 percent overseas added to the customer's bill at the cash register with the surcharge moneys being controlled centrally through the Trust Revolving Fund Account."

Pages 12 and 13 (last 2 lines, page 12, and lines 6 and 7, page 13)

Change to read: "The current project at Hickam AFB is for 73,500 square feet. One existing warehouse of 21,000 square feet will be retained; so with completion of the new commissary, 94,500 square feet will be for commissary use which is 86 percent of the 109,500 square feet authorized by DOD construction criteria.

"The current project at Bergstrom AFB is 81,000 square feet which along with a 6,048 square foot warehouse. * * *"

Change is necessary as the cold storage warehouse (10,700SF) is in support of troop issue, rather than commissary resale. Air Force representatives incorrectly indicated to the investigative staff that the cold storage plant should be considered in comparing the total commissary store requirement to the space criteria.

QUESTIONS AND RESPONSES

Question. When several military installations are located in proximity to one another, why do the services not coordinate their commissary activities for the good of the whole, rather than each establishing facilities for his own personnel?

Answer. The availability of commissary stores on other military installations is considered prior to reaching the decision to plan for a new facility. However, one of the primary considerations is a convenient location of the commissary store to the patron. Traveltime by both private and commercial conveyance to military and commercial shopping facilities and the number of patrons quartered on an installation are foremost among the criteria established by the DOD prior to constructing a new store. One large store required to serve a geographic area could create problems of economy and management due to its size and could possibly be eliminated as a result of future base closures, leaving the area patrons without a commissary store. Additionally, convenient location to all authorized patrons would be extremely difficult, if not almost impossible, under any consolidation concept.

Question. Why hasn't DOD adopted the 1970 recommendation of the House Armed Services Committee that the surcharge be increased slightly to provide funds for commissary construction?

Answer. The House Armed Services Committee, in 1970, expressed concern over the growing trend to use nonappropriated funds in lieu of rather than as a supplement to appropriated funds, which in effect, requires the service members to subsidize essential morale and welfare facilities and programs. It was also recognized that a surcharge for store construction could be viewed as a reduction in the service member's pay and an assumption, in part, of the Government's responsibility. It was the further view of the committee that an increase in surcharge for commissary construction as suggested by the services was acceptable only after a departmental determination that every effort has been made to secure appropriated funds for this purpose. The military departments at this time, are continuing their efforts to secure appropriated funds, however, the possibility of a nominal increase in surcharge to finance commissary construction and enabling legislative authority remains under active consideration.

Mr. SIKES. Thank you very much, Mr. Secretary. This has been a very useful hearing. A good job.

Mr. SHERIDAN. We appreciate your support at all times, and your courtesy and the courtesy of the committee, and also Mr. Nicholas' help.

Mr. SIKES. Thank you very much. We have had a very fine rapport between the committee and the Department. We are getting some results to show for it.

MONDAY, MAY 14, 1973.

MILITARY FAMILY HOUSING PROGRAM

WITNESSES

PERRY J. FLIAKAS, DIRECTOR FOR FACILITIES PLANNING AND PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

SIGMUND I. GERBER, DIRECTOR FOR CONSTRUCTION STANDARDS AND DESIGN, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

JOHN F. ROLLENCE, ACTING DIRECTOR OF HOUSING PROGRAMING, DIRECTORATE FOR FACILITIES PLANNING AND PROGRAMING, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

BRIG. GEN. HUBERT O. JOHNSON, JR., U.S. AIR FORCE, DIRECTOR FOR FACILITIES MANAGEMENT, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

ARTHUR B. CRAP, DIRECTOR FOR MANAGEMENT RESOURCES, DIRECTORATE FOR FACILITIES MANAGEMENT, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND HOUSING)

GEORGE D. BRUCH, OFFICE OF GENERAL COUNSEL, OSD

MAX FOLLMER, CHIEF HOMEOWNERS ASSISTANCE PROGRAM DIVISION, CORPS OF ENGINEERS, DEPARTMENT OF THE ARMY

OPENING STATEMENT BY THE CHAIRMAN

Mr. SIKES. Mr. Fliakas, we are glad to have you here this afternoon to discuss the military family housing program.

The committee reserved many of the questions on family housing for your appearance, despite our eagerness to discuss this very important subject earlier.

I am glad there is evidence of progress in many areas in family housing. The unprecedented amount of new construction that has been built in the civilian sector in the past 3 years combined with the military pay increases have gone a long way toward making your long-range deficit in this area a manageable problem. Also the military family housing construction program is beginning to have a significant effect.

Similarly, the shrinking size of the Armed Forces has helped to alleviate the shortage of housing at many bases. There is also a greater recognition by the people involved in managing this program and controlling it, both in the executive branch and in the Congress, that we must make every reasonable effort to provide adequate and attractive housing to our military families in order to have a high-quality military force. It is a very important morale factor. I know that you are in agreement with these objectives.

I believe that your program this year indicates that you have been effective in carrying them through. This committee has given encouragement and support for the housing program. We are gratified to see the progress that is being made. We intend to do what we can to see that this progress continues.

STATEMENT OF DIRECTOR OF FACILITIES PLANNING AND PROGRAMING
(INSTALLATIONS AND HOUSING)

We will hear your statement.

Mr. FLIAKAS. Thank you.

Mr. Chairman and members of the committee, I am pleased to appear before this committee to present the military family housing program for fiscal year 1974. The programs included in the budget request before you reflect the continuing emphasis being placed by the Department of Defense on the maintenance of our forces and the welfare of our individual servicemen. As stated by the Secretary of Defense, adequate housing is a morale factor of prime importance. The principal objective of this program, therefore, is to assure that married members of the Armed Forces have suitable housing. To this end, the objectives of the military family housing program are closely aligned and dovetail with the objectives of the zero draft and the all-volunteer force.

PROGRESS COMPARED TO PREVIOUS YEARS

We are pleased to be able to report continued and significant progress in providing more adequate housing on base, for upgrading the condition of our existing inventory, and in securing suitable quarters off-base in the community for our military families. These improvements and program increases have been built up by gradually increasing annual increments in our Defense budgets beginning with fiscal year 1970, and continuing in each successive annual program since then. The request for fiscal year 1974 for the appropriation, "Family housing, Defense," amounts to \$1,250,567,000.

You have before you a table showing a comparison of this year's proposed appropriation with pertinent element breakouts for a 5-year span. You will note that the trend and growth pattern are significant.

[The table follows:]

FAMILY HOUSING DEFENSE, SUMMARY OF SELECTED APPROPRIATED AMOUNTS

	Enacted fiscal year—				Request fiscal year 1974
	1970	1971	1972	1973	
New construction	\$105,507	\$194,833	¹ \$255,740	\$270,987	\$351,904
Number of units	(4,800)	(8,000)	¹ (9,862)	² (11,938)	(11,688)
Mobile home facilities	0	1,200	7,280	5,387	5,700
Number of spaces	(0)	(439)	(2,350)	(1,403)	(1,340)
Improvements	11,540	19,196	31,668	39,498	62,510
Leasing	23,658	28,684	33,589	37,643	44,703
Number of leases, end year	(9,660)	(11,466)	(13,482)	(13,964)	(17,262)
Operation and maintenance	373,219	395,686	440,706	535,842	622,913
Total appropriation	688,476	806,474	¹ 945,025	1,064,046	1,250,567

¹ Includes 430 units for \$11,070,000 for Safeguard sites enacted in the DOD Appropriation Act, Public Law 92-204.

² Includes 218 units for Safeguard site authorized in Public Law 92-436, but which are to be financed from savings, and for which no appropriation was made.

MR. FLIAKAS. The fiscal year 1974 appropriation request of \$1,250.6 million compares with \$1,064 million for fiscal year 1973, an increase of \$186.6 million or approximately 18 percent. One of the principal features is the proposed construction of 11,688 new family housing units. The number of units for new construction in the fiscal year 1974 program continues the high level attained in the previous 3 years and is nearly six times as many new units as were in the program just 5 years ago. To illustrate the dramatic growth in the new construction program, I would like to repeat the figures. In fiscal year 1969 only 2,000 units were programed; in fiscal year 1970 the amount was increased to 4,800; in fiscal years 1971 through 1973 we obtained an average of almost 10,000 and in this year's program 11,688 new family housing units are requested. This significant growth has been realized only with the complete support of this congressional committee without whose cooperation there could not have been the same measure of progress.

Other important elements in this year's construction program are mobile home spaces to provide safe, sanitary, and reasonably priced accommodations for those servicemen who own mobile homes and a total of \$62.5 million in the improvement and alteration of existing public quarters to modernize and renovate older and deteriorated units. The military departments have estimated a backlog of over \$700 million in necessary improvements to upgrade our inventory. I know of no program that will pay quicker dividends and provide such substantial benefits in terms of increased morale to the military families who occupy on-base housing as well as provide increased life and livability to the structures themselves.

The balance of the fiscal year 1974 request covers minor construction and planning as well as annual costs for leasing, operation and maintenance, and debt payment. Total appropriations requested are \$423,774,000 for the construction requirements and \$826,793,000 for the O. & M. and debt payment portion or a total of \$1,250,567,000.

Now, I would like to discuss briefly some of the features of this year's program and to highlight the subjects that are of particular interest to this committee.

PROGRAMING

DOD policy with respect to housing our married military servicemen is to rely on the local civilian housing market in communities near military installations as the primary source of family housing. Only when community support is limited or inadequate as to cost, distance, or quality, do we seek authority to construct on-base housing. Particular care has been taken in the programing review to assure that our request for new construction reflects requirements only at hardcore installations. Because of this concentration on hardcore bases, coupled with the recent 5-year buildup of new construction and continued reliance on the local community, our programable deficit is now estimated to be about 60,000 units. This compares with prior estimates in recent years of 90,000 to 110,000. The reasons for the reduction of the deficit to what is now considered to be a manageable level, are the declining force structure, the contraction of our base establishment, and the cumulative effect of recent military pay raises, particularly in the lower grades, which put more community housing within the eco-

conomic means of our servicemen. As in previous years, we continue to place the most attention on the on-base construction to enlisted and junior officer units. This year's program includes about 11,000 units or 94 percent of the total program for these categories.

CONSTRAINT ON PROGRAMING 2-BEDROOM UNITS

Now I would like to say a few words about the bedroom composition of our program request. Each year, a substantial part of our program has been concentrated on the new construction of two-bedroom units. This was based on programing calculations using actual surveys at individual bases that show statistically, a need for two-bedroom units. The military departments have recommended that the proliferation of this size unit in the inventory be controlled and the Congress also has questioned this requirement. Indeed, the report of this committee last year was especially critical of what was considered a preponderance of two-bedroom units in the fiscal year 1973 program and directed action to preclude the saturation of our military bases with such units. In the fiscal year 1974 program you will see, therefore, a programing policy applied to the makeup of the program which limits the number of two-bedroom units at any one base to 30 percent of the enlisted and junior officer inventory at that base. Our rationale for this is as follows:

(1) The two-bedroom unit is the predominant size found in the local community. The three- and four-bedroom units are scarce and those available are normally priced beyond the serviceman's ability to pay.

(2) A military controlled three-bedroom unit onbase offers more flexibility for assignment purposes. This policy will enhance maximum utilization and flexibility of assignment on post.

(3) As we move toward an all-volunteer force, we expect the troop composition to stabilize. Our statistics based on experience to date have been largely draft driven. As we develop a more permanent force, more stability in terms of marital rates and consequently more children will result. So we think that we can look for an increase in bedroom requirements as our force matures and becomes more permanent.

Our conclusion, therefore, is to establish a general programing policy that puts a constraint on the number of two-bedroom units to be normally constructed at any one base. We have established a 30-percent factor as being realistic and responsive to this concept. We will, of course, look at each installation on a case basis to determine the application of this policy.

INCREASED SPACE LIMITATIONS

Now I would like to turn to a discussion of the construction standards for the maximum square foot limitations on floor area prescribed for military family housing by the United States Code. As you know, we are constrained by specific maximum limits on size by rank or grade of the military occupant. These limitations have not been upgraded in years with the result that today, we are building to standards that no longer meet the lifestyle of modern day living. Research on civilian housing design trends and a survey of information and opinions of our own military servicemen and their wives as to the adequacy of military housing, indicate a critical need for additional floor area to accommodate contemporary living habits and requirements.

As a result of these surveys and analysis of current statutory net area limitations, we are requesting changes which will allow appropriate increases in dining areas, secondary bedrooms, and the bathroom area and the appropriate circulation space required to support the enlarged areas. The total impact of the requested increases will be improved overall livability.

We have worked very closely with the military departments on the review of space requirements and have been very selective on the application of increases. A comparison chart showing the current statutory limits and the proposed changes is attached to my statement. The increases range from zero to 11 percent. For example, we are seeking no change in space criteria for general officers but an increase of 120 square feet or 11 percent for a three-bedroom enlisted unit. Another increase is for 50 square feet or 4 percent for a four-bedroom company grade officer unit. In addition, we are proposing that the maximum space limitations for senior enlisted personnel in the grades E-7 through E-9 be the same as those for junior officers. The military departments were unanimous in their recommendation that senior enlisted personnel be accorded this benefit commensurate with their extended service. Also, a benefit will accrue to the base management of the inventory by affording greater flexibility in assignment of housing between junior officers and senior NCO's. However, due to budget considerations, the number of enlisted units proposed for construction in the fiscal year 1974 program at the higher senior enlisted standards have been held to only 30 percent.

COST LIMITATIONS

Next, I would like to discuss the statutory average unit cost limitation on the construction of military family housing and where we stand with respect to the adequacy of the current Conus limit. As you know, the Department of Defense did not seek a cost increase last year so that the fiscal year 1972 limit of \$24,000 applies also to 1973. This appeared appropriate at the time because of judgments and cost growth projections that proved now to have been understated. For example, it was believed that a normal cost growth during this period would be offset by the content and geographic location of our 1973 program—that is, more enlisted and junior officer units including a liberal number of two-bedroom units, in lower cost regions of the country. Also, certain exclusions from the average unit cost were requested but were not favorably considered by the Congress. These were the exclusion of land acquisition and offsite development costs. These considerations have now been overtaken by events, namely the spiraling costs of construction. Consequently, the military departments have been required to take an increasing amount of deductive alternatives in order to make contract awards within available funds for those projects being competitively bid; and for turnkey projects, a reduction in quality and/or desired scope is being realized because of the current fiscal constraints. Sufficient experience is not available as yet for the fiscal year 1973 program but, based on the actual cost growth of 8.5 percent for calendar year 1972 it is expected that we will have difficulty with a majority of the projects which can only result in penalizing the resultant housing and its occupants because of quality deficiencies.

Based on the above, the proposed fiscal year 1974 program average cost of \$27,500 for units constructed in the United States exclusive of Alaska and Hawaii reflects the updating of the fiscal year 1973 average unit cost to eliminate quality deficiencies.

In addition, a cost growth factor of 6 percent is included. Authoritative construction cost indices such as reported by Engineering News Record had predicted a 7 percent cost growth for building construction for calendar year 1972. The actual increase however amounted to 8.5 percent. This experience reflected a sharp rise especially in the cost of plywood and lumber. We now believe this to be conservative because as of this date, the increasing trend has not shown any sign of leveling off.

We understand that the proposal before you is ambitious. But we believe firmly that this is the proper direction; that is, to upgrade our standards and to establish realistic goals and prices accordingly. If spiraling costs are not halted, then we may not be able to accomplish all we have set forth in this request. But, these standards should be established as a target to shoot for in order to get the most house for the dollar and for the occupant within reasonable limits.

DOMESTIC LEASING, FOREIGN LEASING, AND RENTAL GUARANTEE PROGRAMS

The domestic leasing program authorizes under specific criteria and cost limitations, the lease of housing in the civilian community in the United States, Puerto Rico, and Guam for assignment to military personnel as public quarters. In the fiscal year 1972 program, primarily based on providing leases for personnel assigned to recruiting activities in support of the all-volunteer force, the statutory limitation on the number of domestic leases was increased to 10,000. All of these have been allocated to the military departments and approximately 87 percent are currently under lease. About 3,000 leases are allocated to the recruiting commands. We plan to continue this program as an important supplement to our balanced program for the acquisition of adequate housing both in the community and on-base. No changes are proposed in the fiscal year 1974 program.

Foreign leasing of family housing is authorized under the general authority of 10 U.S.C. 2675. A limited number of units have been leased under this authority primarily for persons occupying special command type positions or to alleviate undue hardship cases. However, it is believed that leasing, particularly lease-construct agreements in selected overseas locations, represents a viable potential for producing additional housing for military families in foreign countries with limited risk for the U.S. Government. Accordingly, the fiscal year 1974 program request reflects an expanded foreign leasing program for 7,262 units and \$19.9 million, an increase of 3,298 units and \$6.8 million.

Another method of acquiring military family housing in overseas locations is the rental guarantee program. By Public Law 88-174 as amended, the Secretary of Defense is authorized to enter into agreements guaranteeing the builders of such housing a return equivalent to a specified portion of the annual rental income which would be received if the housing were fully occupied. These projects are pri-

vately financed, and constructed and maintained by the sponsor for occupancy by U.S. military personnel on a rental basis. The guarantee period is limited to 10 years under existing legislation. A total of 2,415 rental guarantee units are under contract in Spain, the United Kingdom, Germany, and Korea. We are exploring the feasibility of obtaining additional rental guarantee projects but do not consider it possible without an increase in the average guaranteed rental ceiling. The present ceiling of \$225 per unit, per month was authorized last year. However, the international economic situation, compounded by increased construction costs in foreign countries, has made this ceiling obsolete. For example, the deutchemerk was revalued upward, and this was followed by the recent devaluation of the dollar. Meanwhile, construction costs have increased substantially. Consequently, we are requesting that the average guaranteed rental be increased to \$275 per unit per month to permit the continued effect use of this program.

We believe that these programs, administered wisely in selected locations, will provide suitable family housing for our military servicemen at a minimum risk to the U.S. Government, especially in areas where U.S. military tenure could be subject to change.

STATUS OF SECTION 236 PROGRAM

Now, I would like to report on the status of the section 236, low-income community housing program for our military service families. As you know, section 120 of the Housing and Urban Development Act of 1970, which was sponsored by Chairman Sikes, specifically authorized military occupancy preference in rental housing assisted under title II of the National Housing Act. As a result of this legislation, the Department of Defense entered into an interdepartmental agreement with HUD/FHA, covering the development of assisted housing projects for occupancy by lower grade military families on a priority basis. FHA and DOD agreed to a listing of 4,300 units in fiscal year 1971 and 5,050 units in fiscal year 1972; of these 9,350 units, 6,976, or 75 percent, were completed, under construction, or covered by letter of feasibility at the time of the administration's "freeze" on subsidized housing in January of this year. We are awaiting clarification by HUD on the effect of the "freeze" on the uncommitted balance of the units from the fiscal year 1971-72 programs as well as on our request for additional units proposed for fiscal year 1973.

During the early stages of developing this program, it was anticipated that most enlisted personnel and some junior officers would benefit from the program by being able to meet the income limitations set for Section 236 projects. However, as the result of recent sizable pay increases, continued applicability of this program to military families at all locations, is expected to decline. Within this context, we will continue to seek allocations from HUD in those areas where a military "set-aside" project is warranted.

In the meantime, we are continuing to work with HUD to resolve the problem of nonavailability of FHA insured programs in "military-impacted" areas. We have developed proposed legislation which would permit HUD to insure private housing under the Special Risk Insurance Fund in areas heretofore considered uninsurable. Briefly, our

proposal provides that in federally-impacted areas where the residual housing requirements are insufficient to sustain the housing market in the event of curtailment of employment, the Secretary of HUD may require a certification from the Secretary of Defense that there is no intention insofar as can reasonably be foreseen, to curtail substantially the personnel assigned or to be assigned to the installation concerned. Enactment of this proposal would greatly increase the supply of housing for DOD personnel at selected installations in nonmetropolitan areas, and further assist in the orderly development of a number of federally-impacted communities. Most importantly, the availability of reasonably priced community housing at installations remote from metropolitan areas would contribute greatly to the morale of the lower pay grade military personnel who are vital to achieving the objective of the all-volunteer force.

BASE CLOSURE IMPACT ON FAMILY HOUSING

On April 17, 1973, Secretary Richardson announced 274 actions to consolidate, reduce, realine, or close military activities. There are 13,366 family housing units affected at locations scheduled for closure. Of these, only 3,520 units, or 26 percent have been built with appropriated funds and less than one-third of those—about 1,000—since 1966. The balance are Wherry, Capehart, and other public quarters, including about 300 inadequates. We expect to retain 900 units at Naval Air Station, Albany, Ga., for use by the Marine Corps Supply Center, and 668 units at McCoy Air Force Base, Fla., for use by the Naval Training Center, Orlando. The military departments are reviewing their family housing needs at the other locations. Their review will provide a basis for my office to determine how many of the remaining 11,798 units can be retained by the owning service, how many can be used by another military service, and how many may be excess to Department of Defense requirements. The excess housing will then be reported to General Services Administration in the usual manner, where it will be screened for other Government use, and disposed of by sale or otherwise if no use is found. Every precaution will be taken to minimize any possible adverse economic impact on surrounding communities.

MINOR CONSTRUCTION

It is well known that this committee has a particular interest in improving the lot of the lower ranks and grades of military personnel. Toward this end, this committee added \$15 million to the 1972 appropriation and \$13.3 million to the 1973 appropriation for minor construction projects to improve the family quarters of junior officers and enlisted personnel. The military departments developed programs for rapid and effective use of these added amounts and my office reviewed them to assure the intent of Congress was met. Some individual projects have been completed, and many more are well underway. The improvements which result from these projects are clearly evident to the occupant. Typical projects to improve livability include utility connections for clothes washers and dryers, improved heating and electric service, installation of dishwashers, garbage disposers, and air-conditioning where applicable.

INADEQUATE HOUSING

Public Law 92-545, approved October 25, 1972, authorized the Secretary of Defense to designate as inadequate not more than 20,000 family housing units in addition to those—about 12,000—we already have. In accordance with congressional intent, units designated as inadequate are those which cannot be economically upgraded to meet standards of adequacy. The 20,000 units were allocated equally to the 3 military departments—6,659 each and 23 units to DSA. Most of these units were placed on a rental basis not to exceed 75 percent of the occupant's BAQ, on January 1, 1973, by the Army, Air Force, and Marine Corps. However, the Navy will not be able to implement the authority until July 1, 1973, since military pay and allowance funds for fiscal year 1973 are not sufficient to permit payment of the partial BAQ which will be due to occupants of the inadequate rental units.

CONCLUSION

I have touched briefly on the main elements of this year's military family housing program. The Department of Defense is deeply committed to the housing needs of the serviceman and we will continue to develop and recommend programs to meet those needs. In summary, I would say that the DOD military family housing program reflects a balanced approach to achieving our objective of decent and adequate housing for all servicemen and their families, by continuing a prudent and moderate onbase construction and improvement program coupled with an aggressive policy for obtaining suitable off-base housing in the civilian communities near our military installations.

I would like to express my appreciation for your continuing support of the Department of Defense family housing program. My staff and I are available to answer your questions and would be pleased to provide such additional information as you may request.

Thank you.

[Enclosure: Proposed fiscal year 1974 space criteria; see p. 142.]

Mr. SIKES. Thank you, Mr. Fliakas. This is a very good statement and represents an important contribution to the committee's record and to the information we require for consideration of this bill.

FAMILY HOUSING BACKLOG

Mr. Sheridan stated that the estimated backlog of family housing construction has been reduced from \$2.3 billion reported last year to \$1.6 billion this year. How much of this is due to the increase in the maximum allowable housing cost?

Mr. FLIAKAS. Our estimate of the adequate community housing support based on our latest surveys, is an increase of about 143,000 units. However, this does not result in a gross reduction of our deficit because it was offset by an increase of about 117,000 military families resulting from increased marital factors and, again, our latest worldwide survey data. So, we have a net decrease attributed to community support of about 26,000 units.

Mr. SIKES. What other factors have reduced the backlog?

Mr. FLIAKAS. Our deficit from last year to this is changed by several factors; the construction of the fiscal year 1973 housing program,

normal losses to the inventory, the declaring of 20,000 units of on-base housing as inadequate as was authorized by the Congress last year, and the changes in community support and numbers of military families as was discussed previously. I would like to insert for the record our computation of how each of these factors affected our programable deficit.

[The information follows:]

EXPLANATION OF DEFICIT DECREASE

Programable deficit reported last year-----	96, 700
Increase due to inventory loss ¹ -----	21, 241
Increase due to less voluntary separations-----	1, 781
Decrease due to fiscal year 1973 execution program-----	-11, 810
Less programable deficit reported this year-----	-59, 782
Net decrease in deficit-----	48, 130
Increase in community support-----	142, 635
Less increase in number of families-----	-117, 134
Net gain in community support ²-----	25, 501
Increase in safety factor ³-----	22, 629
¹ Adequate units to be declared inadequate under new authority-----	20, 000
Adequate units to be lost through attrition-----	467
Adequate units lost due to inventory differences reported from June 30, 1971, to June 30, 1972-----	774
	21, 241

² Due to more accurate data reported by the military departments this year, it was possible to apply marital rate factors to personnel categories vice a gross personnel figure last year; this resulted in a significant increase to the number of estimated families. This increase was offset by a gain in community support approximating 9.9 percent; last year community support accounted for 33.4 percent of gross requirements while this year it accounts for 43.3 percent. The increase in community support can be attributed to two factors; that is: Increased pay and allowances which in turn increased the MAHC; and, inclusion of housing surveys for installations with a higher degree of community support than the norm.

³ The safety factor was increased for two reasons; that is: Because of the significant gain in effective requirements (or number of families); and, because more accurate data was provided by the Military Departments on the magnitude of overseas and U.S. requirements. The safety factor used last year was a straight 10 percent, while this year it equates to about 11.1 percent.

Mr. SIKES. Does the \$1.6 billion backlog include the estimated \$700 million which will be required for improvements?

Mr. FLIAKAS. No, sir, it does not. This is strictly in terms of new construction.

Mr. SIKES. I would like for the record the 5-year family housing program, showing estimates of programable and total deficits at the end of fiscal year 1974 and at the end of fiscal year 1978.

[The information follows:]

Using the projected strength for end fiscal year 1978 as a base, the programable and total deficits for eligible personnel will be 48,094 and 158,534, respectively, assuming we build the 11,688 units requested for fiscal year 1974, and, by the end of fiscal year 1978 assuming new construction of 44,830 units as contained in the services' FYDP's, the programable and total deficits will be reduced to 3,264 and 113,704, respectively.

Mr. SIKES. What is the estimated programable deficit in terms of units?

Mr. FLIAKAS. As reported by the services in their 5-year defense program, we now estimate the programable deficit at about 60,000 units.

Mr. SIKES. Does that include the E-4's?

Mr. FLIAKAS. It does.

Mr. SIKES. What is the total number of military families of all grades who will not be properly housed?

Mr. FLIAKAS. Using the personnel strength for the projected end fiscal year 1978 position, we estimate that the total number of military families that will not be suitably housed to be about 212,000. Essentially, this is the programable deficit of 60,000, plus the safety factor that we compute as part of our installation reports, and those personnel unsuitably housed in grades E-1 through E-3 considered "ineligible" for programing purposes.

Mr. SIKES. How many of those are in the enlisted grades E-1 through E-3?

Mr. FLIAKAS. Approximately 42,000.

Mr. NICHOLAS. Do those 42,000 represent the deficit in that area? How many of those people are adequately housed?

Mr. FLIAKAS. That figure is estimated to be about 100,000, for those suitably housed; this number subtracted from about 142,000 total families in grades E-1 through E-3 gives us the estimated deficit for ineligible of 42,000.

Mr. RHODES. Would you care to clarify the disparity between the 60,000 deficit and the 212,000 figure which you gave?

Mr. FLIAKAS. In order to avoid overbuilding at any one installation, we have a programing policy that prescribes that a 10 percent safety factor be applied in the Conus installations and a 20-percent safety factor be applied in overseas installations.

Of course, when we reach a position of authorizing a terminal project at an installation, that is, to fill the total demand, we will, of course, waive that on certain conditions, particularly at hard core installations or, for example, at the academies, where we know we can predict a certain strength on into the future.

But for programing purposes we allow a 10-percent safety factor in the United States.

Mr. RHODES. Ten percent of what?

Mr. FLIAKAS. Of the effective requirement, which takes into consideration our worldwide population, extended again through 1978, of about 2.2 million men in uniform.

Mr. SIKES. Is that clear to you?

Mr. RHODES. No.

Mr. SIKES. It is not clear to me, either. Let us go through it again.

Mr. FLIAKAS. We develop an effective requirement of married families eligible for military housing against which we apply all of our adequate assets on-base, our estimate of community support, and the safety factor to arrive at what we call our programable deficit.

Mr. SIKES. What is that number?

Mr. FLIAKAS. The effective requirement, sir, is 997,021.

Against this we have applied a safety factor, 10 percent in the United States, 20 percent overseas, which calculates to 110,440. This is a reduction against the effective requirement.

Mr. SIKES. You take that off the total requirement, leaving you with what number?

Mr. FLIAKAS. That leaves us with a programing limit of 886,000.

Mr. SIKES. Proceed from there.

Mr. FLIAKAS. Against that we apply our assets, on-base adequate quarters, and then community support, again adequate in terms of

cost, condition, and distance from the installation. We have 373,000 assets, both on-base and in the pipeline, and we project—

Mr. SIKES. By the pipeline, you mean authorized and funded?

Mr. FLIAKAS. That is correct, sir. And also, we project losses to the inventory through base closures or through attrition.

We also apply the private or community support assets of 453,000—I am rounding these off—to arrive at a programable deficit of 60,000.

Mr. SIKES. Where does the 212,000 come into the picture?

Mr. FLIAKAS. The 212,000 is made up of 170,000 eligible and 42,000 ineligible, for a total of 212,000 families unsuitably housed.

Mr. NICHOLAS. These are your current deficits, then, and do not take into account your projected family housing construction program over the next 5 years, nor do they take into account the projected, whatever that may be, 236 or HUD programs?

Mr. FLIAKAS. That is correct.

Mr. NICHOLAS. This is what you have to aim at.

Mr. FLIAKAS. That is correct.

HOUSING FOR E-1 THROUGH E-3 PAY GRADES

Mr. SIKES. What policy has the Department of Defense now adopted toward the provision of housing for personnel in the enlisted grades E-1 through E-3?

Mr. FLIAKAS. It is DOD policy for programing purposes, not to program military housing for military personnel in those grades. However, as you know, these military personnel may occupy on-base housing if the requirements of "eligible" families have been met, and they also occupy on-base substandard housing.

Mr. SIKES. How many units are there in each category, insofar as you can determine at present?

Mr. FLIAKAS. I believe this was as of December 31, 1972; occupying standard quarters, 6,324 ineligible families; and occupying substandard quarters on the base, 5,656—for a total of almost 12,000 families on base.

Mr. RHODES. Would you define an ineligible family?

Mr. FLIAKAS. Yes, sir. I personally dislike that term, but it is one that has been used for many years.

For programing purposes, an eligible family, before we extended the programing base that the chairman referred to, was considered an E-4, who is a corporal, with 4 years' service, or with at least 2 years' service and a 6-year commitment. He also was authorized certain entitlements for movement of household goods and travel of dependents.

Two years ago we extended our programing base for purposes of developing our deficit, to all E-4's. We estimated we would pick up some 50,000 additional personnel in that category.

This year, I am pleased to report, sir, that in the military personnel appropriations request there is included \$59 million to extend these entitlements to all E-4's with 2 years' service. So, they are catching up, so to speak, with the initiative that we took 2 years ago in programing for military housing.

Mr. RHODES. An ineligible family is the family of a military man of a grade lower than E-4 or an E-4 who does not have enough time in grade to be eligible?

Mr. FLIAKAS. That is correct.

Mr. SIKES. You do not include all E-4's now as being eligible?

Mr. FLIAKAS. We do include them in programing for housing.

Mr. SIKES. So, it would be E-1's through E-3's who are not eligible.

Mr. FLIAKAS. That is correct. It is this category especially that we are trying to help in our offbase programs, such as the 236 program.

Mr. SIKES. Are you providing for them in any way other than through the 236 program, the substandard housing, and the surplus quarters? Are there any other means by which you are helping provide housing for the enlisted grades E-1 through E-3 who are not eligible for on base housing?

Mr. FLIAKAS. Not in the actual provision of housing, but we do provide assistance to them in finding quarters in the community through our housing referral offices at major installations. Every serviceman on permanent change of station orders is required to report to the housing referral office. They have had a fine record of assistance in maintaining listings of rental properties in the community, and they do refer these people to them.

Mr. SIKES. There has been a gradual modification of restrictions on housing for those previously considered ineligible. Now, you have brought the E-4's into the eligible category. Of course, eventually we must make all of them eligible.

Do you anticipate any change in regulations or any additional construction specifically for the E-1's through E-3's in the next 5 years?

Mr. FLIAKAS. Not at this time, Mr. Chairman. Of course, the situation could change. We might and could construct for this category. We have talked with you and this committee a number of times, proposing construction of junior-sized quarters or something other than full-sized units of these people, but it is not in the program, and I cannot say that it is programed in the next 5 years. As I said, the situation could change.

HUD PROGRAMS FOR FORT HUACHUCA, ARIZ.

Mr. RHODES. I have a question concerning the 236 program, or actually the program that you share with HUD. I am thinking of Fort Huachuca. As you know, we have been trying very hard to get more housing in Sierra Vista. The problem apparently has been that HUD has not believed that Sierra Vista is there to stay unless Fort Huachuca is also there to stay.

We were unable to get them to authorize the construction of units in large enough numbers to attract contractors of some size who could do the job economically and quickly.

Have you any new developments on this? I have not heard anything about it for some months now.

Mr. SIKES. Is that a situation that would be corrected by the language which we had hoped to get enacted last year?

Mr. FLIAKAS. Yes, sir, it is. We discussed earlier this morning very briefly our proposal to HUD to expand their insuring programs into the so-called military-impacted areas or any Federal-impacted area.

Mr. SIKES. I refer to a proposal from this subcommittee to the Banking and Currency Committee. They did include this specific

authorization in the bill which they reported to Congress last fall, but it was not considered by the Congress as a whole.

Mr. RHODES. So the situation, I am sure, is well known to this committee and to the Department of Defense.

Mr. FLIAKAS. Yes, sir.

Mr. RHODES. It is not peculiar to the Sierra Vista-Fort Huachuca situation.

Mr. FLIAKAS. We have included this area as one of our examples of an installation where we have hundreds of millions of dollars invested and where it is not contemplated that we would curtail employment in the foreseeable future.

And other places—for example, Fort Hood, Tex., or Camp Lejeune, N.C.—where we know we have hard core installations.

We have to be very selective, obviously, in certifying to HUD the DOD intent to remain at these places. We have to pick only hard-core installations.

With respect to Sierra Vista, I believe that recently there was some 236 action, but not a military setaside. It was a regular civilian program. There has been some attempt, without FHA support of private enterprise, to provide some housing in those areas.

Mr. Meehan may be able to give us an up-to-date answer.

Mr. MEEHAN. The last time we spoke to the Department of the Army, they informed us that although FHA was reluctant to go into the Sierra Vista area with normal FHA insurance, they were opening it up gradually with 10- to 15-unit commitments at a time. It is our understanding that the Whitecliff Corp. has gone in and has received authority from the Phoenix office of FHA to proceed with a 236 project. I believe that will be 60 units. This is not covered by military setaside. However, they do expect military people to benefit from that project.

Mr. FLIAKAS. As I am sure you are aware, I might add we have a freeze currently in effect now on section 236 projects.

Mr. SIKES. And similar housing.

Mr. FLIAKAS. And similar housing, yes, sir. It is during this interim period while the freeze is in effect that we are working with HUD to get our proposal across to them.

SUBSTANDARD HOUSING

Mr. SIKES. Are you utilizing all substandard housing?

Mr. FLIAKAS. Yes, I believe we are. In addition to the some 11,000 or 12,000 units that we have on base, as a result of the authorization last year that the Congress approved, we have declared an additional 20,000 units substandard or inadequate and have allocated these to the military departments equally, some 6,600 units apiece, with I believe 23 units to DSA.

As of January 1, the Army, Marine Corps and Air Force put most of these units on a rental basis, that is, not to exceed 75 percent of their BAQ, until such time as the units can be appraised and a fair market rate established.

The Navy, however, has been unable to implement the approval because of funding problems that they have in their military person-

nel appropriations. It is expected that they will implement it with the new appropriations on July 1.

Mr. SIKES. As additional housing is constructed on base, how do you determine which of the so-called substandard housing will be retained in inventory for use by the people who are eligible for it and which will be destroyed rather than utilized?

Mr. FLIAKAS. We have directed the military departments to survey and identify those quarters that are not susceptible to upgrading and which can be occupied as substandard quarters until such time as a decision is made to purge them from the inventory. We have an unrefined list of some 53,000 additional units that have been identified by the military departments as marginally adequate. As I say, this is unrefined. It is a list at this time.

It was proposed at the time that we identified this problem last year with the Congress as a total of some 70,000 or 80,000 units in the inventory.

Mr. SIKES. This is a long term thing. How many housing units will you expect to gain in the next, say, 3 years in the substandard category, which could be used for ineligible personnel but which would become available to them only as additional presently authorized and funded housing is built?

Mr. FLIAKAS. At this time, Mr. Chairman, only the additional 20,000 units that we were authorized to declare substandard last year are contemplated for that purpose. We have not as yet refined this additional listing, and are not in a position to recommend any additional units at this time.

Mr. SIKES. Are you making any recommendation with regard to the declaration of additional inadequate units beyond the level you have?

Mr. FLIAKAS. Not at this time, Mr. Chairman.

Mr. SIKES. Are there many units still carried as adequate in the inventory which are really substandard?

Mr. FLIAKAS. It is to this segment of our inventory that we are addressing our improvements and alterations program. We hope to modernize and upgrade these units. We have some \$62 million in the program this year for that purpose.

We hope, through this means, to erase the backlog of some \$700 million in improvement projects.

Mr. SIKES. Does that mean you are upgrading substandard housing to become fully adequate housing?

Mr. FLIAKAS. If I may not use the term "substandard." These are marginally adequate.

Mr. SIKES. These are marginal homes which are not in reality substandard. You are proposing to keep the marginal homes in the inventory by improving them?

Mr. FLIAKAS. That is correct, sir. These are primarily the older houses, such as Capeharts, for example.

Mr. SIKES. Let us look at the marginal housing that really should be declared substandard and probably will be. Would you put an assessment on the number of those that you carry in inventory?

Mr. FLIAKAS. I only have an estimate of some 53,000 units at this time, sir.

SECTION 236 HOUSING

Mr. SIKES. Now let us get back onto the 236 housing program. We have discussed it.

For the record, tell us again the details of the program, the present problems, and your proposals for future improvement of the situation. [The information follows:]

Section 120 of the Housing and Urban Development Act of 1970 authorized the Secretary of the Department of Housing and Urban Development to specify military priority of occupancy of rental housing assisted under title II of the National Housing Act. By interagency agreement, DOD and HUD concentrated on the section 236 program which provides rental housing for low-income families. The program would continue to be administered by FHA for HUD, and FHA tentatively set aside contract authority to cover 9,350 units in fiscal years 1971 and 1972. DOD designated locations and approximate numbers of units at each for acceptance by FHA. At the time of the administration's suspension of activity under federally assisted housing programs on January 5, 1973, 7,387 units were covered by letters of feasibility, in development, or occupied, specifying military priority of occupancy; subsequent to January 5, 1973, letters of feasibility were withdrawn by FHA on three projects covering 450 units. [A detailed status report is attached as enclosure 1.]

During the early stages of developing the program, in the 1969-70 time frame, it was anticipated that most enlisted personnel, and some junior officers would benefit from the program by being able to meet the income limitations set for section 236 projects, whereas now, as a result of military pay increases, probable pay grade coverage is reduced to about E-5's and below. Income limitations, and thereby the pay grade able to qualify for admittance, vary according to location; section 236 income limitations are based on 135 percent of public housing admission limits. For example, the regular income limit for a family of three at locations in this program range from \$5,400 at Fort Carson, in Colorado Springs, to \$9,315 at Fort Richardson, Alaska; E-1's and E-2's would be covered at the former location, and E-1's through E-5's at the latter. Although the estimated pay grade coverage assumes no family income other than base pay, basic allowance for quarters (BAQ), and basic allowance for subsistence (BAS), it is widely known that a high percent of military families in the lower pay grades have additional income from second jobs and/or due to the spouse also working; this situation, of course, would tend to reduce the pay grade coverage still further. Continued applicability of this program to military families at all locations has become speculative, although there are insufficient grounds for its complete abandonment.

A partial listing of locations in the program is attached (enclosure 2) which shows the adjusted family income used by FHIA in determining eligibility and probable pay grade coverage. Pay grade coverage at each location will, of course, vary depending on family size and whether or not there is additional income in the form of hazardous duty pay, proficiency pay, spouse's income, or second job by the military head of household.

Since pay and allowances, particularly for the lower pay grades, have increased to a significant degree we have been working with the HUD staff and have developed draft legislation which would permit FHA to insure all housing types in areas previously considered uninsurable. We feel this would open up not only low-income housing in areas near military installations, but also housing in the higher price ranges as well where, in the past, there has been a significant gap in program coverage. It is our understanding that the HUD review team expects to have recommendations completed by September 1973. Information concerning our specific proposal is provided for the record as enclosure 3.

[ENCLOSURE 1]

STATUS OF SEC. 236 PROGRAM

	Units allocated by FHA	Letters of feasibility in effect ¹		Frozen ²	
		Units	Percent	Actual	Tentative
Army.....	2,250	1,330	59.1	920	(950)
Navy.....	3,650	2,508	68.7	1,142	(1,202)
Air Force.....	3,450	3,099	89.8	351	(422)
Total.....	9,350	6,937		2,413	(2,574)
Percent.....	100	74.2		25.8	(27.5)

Locations impacted by "freeze":

Army:		
Fort Benning, Ga.....		100
Oahu, Hawaii.....		100
Fort Knox, Ky.....		100
Fort Devens, Mass.....		200
Fort Dix, N.J.....		100
Fort Bragg, N.C.....		150
Fort Eustis, Va.....		100
Vint Hill Farms, Va.....		100
Subtotal.....		950
Navy:		
Long Beach, Calif.....		250
San Diego, Calif.....		52
San Francisco, Calif.....		550
Oahu, Hawaii.....		100
New York, N.Y.....		50
Charleston, S.C.....		200
Subtotal.....		1,202
Air Force:		
Maxwell-Gunter AFB's, Ala.....		100
Eglin AFB, Fla.....		100
Keesler AFB, Miss.....		122
Pease AFB, N.H.....		100
Subtotal.....		422
Grand total of units in suspension.....		2,574

¹ Letters of feasibility were issued for a number of units different than the tentative set-aside at certain locations. This column lists the actual number of units covered.

² Since letters of feasibility were issued for a different number of units than the tentative set-aside at certain locations (see note "A" above) this column reflects two totals for the number of units frozen: The first number reflects the difference between the total tentative set-aside and the actual number of units covered by letters of feasibility; the number in parentheses reflects the total of units tentatively set-aside at locations affected by the freeze.

³ Letters of feasibility were issued on these 450 units prior to Jan. 5, 1973, but were subsequently withdrawn by FHA.

[ENCLOSURE 2]

COMPARISON OF MILITARY PAY WITH SEC. 236 INCOME LIMITATIONS, BY LOCATIONS PROGRAMED 1

	E-1	E-2	E-3	E-4	E-5	E-6
Base pay, BAQ and BAS.....	\$5,548.65	\$5,969.85	\$6,131.85	\$6,747.45	\$7,762.65	\$9,926.25
Less:						
Paid to social security, etc.....	(324.60)	(349.24)	(358.71)	(394.73)	(454.12)	(580.69)
\$300 for minor.....	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)	(300.00)
Adjusted annual family income to include station housing allowance for—	4,924.05	5,320.61	5,473.14	6,052.72	7,008.53	9,045.56
Fort Richardson, Alaska.....	5,608.00	6,040.00	6,301.00	7,438.00	8,592.00	10,755.00
Oahu, Hawaii.....	5,356.00	5,788.00	5,995.00	6,934.00	7,998.00	10,125.00

¹ This calculation assumes wife and husband and 1 minor dependent. The adjusted family income would, of course, be greater if the head of household "moonlights" and/or his wife has a job and/or the military individual receives flight/hazardous duty, proficiency pay, etc.

Location	Probable pay grade coverage under assumption of no income other than base pay, BAQ and BAS	Income limit for family of 3 (ascending order)
Fort Carson, Colorado Springs, Colo.....	E-1, E-2.....	\$5,400
Maxwell/Gunter AFB's, Montgomery, Ala.....	E-1, E-2.....	5,400
Pensacola, Fla.....	E-1, E-2, E-3.....	5,940
Laredo AFB, Tex.....	E-1, E-2, E-3.....	5,940
MacDill AFB, Tampa, Fla.....	E-1, E-2, E-3, E-4.....	6,075
Fort Benning, Columbus, Ga.....	E-1, E-2, E-3, E-4.....	6,075
Fort Bragg, Fayetteville, N.C.....	E-1, E-2, E-3, E-4.....	6,075
NC, Charleston, S.C.....	E-1, E-2, E-3, E-4.....	6,075
Shaw AFB, Sumter, S.C.....	E-1, E-2, E-3, E-4.....	6,075
Eglin AFB, Valparaiso, Fla.....	E-1, E-2, E-3, E-4.....	6,210
Keesler AFB, Biloxi, Miss.....	E-1, E-2, E-3, E-4.....	6,210
Grand Forks AFB, N. Dak.....	E-1, E-2, E-3, E-4.....	6,210
NAS, Memphis, Tenn.....	E-1, E-2, E-3, E-4.....	6,210
Davis-Monthan AFB, Tucson, Ariz.....	E-1, E-2, E-3, E-4.....	6,345
NAS, Jacksonville, Fla.....	E-1, E-2, E-3, E-4.....	6,345
Fort Meade, Odenton, Md.....	E-1, E-2, E-3, E-4.....	6,345
Fort Eustis, Newport News, Va.....	E-1, E-2, E-3, E-4.....	6,345
Fort Lee, Petersburg, Va.....	E-1, E-2, E-3, E-4.....	6,345
South Bay, San Francisco, Calif.....	E-1, E-2, E-3, E-4.....	6,415
Lowry AFB, Denver, Colo.....	E-1, E-2, E-3, E-4.....	6,480
Richards-Gebaur AFB, Kansas City, Mo.....	E-1, E-2, E-3, E-4.....	6,480
NC, Norfolk, Va.....	E-1, E-2, E-3, E-4.....	6,480
Langley AFB, Hampton, Va.....	E-1, E-2, E-3, E-4.....	6,480
North Bay, San Francisco, Calif.....	E-1, E-2, E-3, E-4.....	6,615
Pease AFB, Portsmouth, N.H.....	E-1, E-2, E-3, E-4.....	6,685
Fort Ord, Monterey, Calif.....	E-1, E-2, E-3, E-4.....	6,750
NC, Newport, R.I.....	E-1, E-2, E-3, E-4.....	6,750
MCB, Camp Pendleton, Calif.....	E-1, E-2, E-3, E-4.....	6,885
San Diego, Calif.....	E-1, E-2, E-3, E-4.....	6,885
Fort Monmouth, Redbank, N.J.....	E-1, E-2, E-3, E-4.....	6,915
Norton AFB, San Bernardino, Calif.....	E-1, E-2, E-3, E-4.....	7,020
Offutt AFB, Bellevue, Nebr.....	E-1, E-2, E-3, E-4, E-5.....	7,020
Fort Belvoir, Va.....	E-1, E-2, E-3, E-4, E-5.....	7,020
NC, Long Beach, Calif.....	E-1, E-2, E-3, E-4, E-5.....	7,155
East Bay, San Francisco, Calif.....	E-1, E-2, E-3, E-4, E-5.....	7,155
West Bay, San Francisco, Calif.....	E-1, E-2, E-3, E-4, E-5.....	7,155
NC, Washington, D.C.....	E-1, E-2, E-3, E-4, E-5.....	7,290
Homestead AFB, Fla.....	E-1, E-2, E-3, E-4, E-5.....	7,425
Fort Dix, Trenton, N.J.....	E-1, E-2, E-3, E-4, E-5.....	7,425
Quonset Point, Davisville, R.I.....	E-1, E-2, E-3, E-4, E-5.....	7,560
Bolling AFB/Andrews AFB, Camp Springs, Md.....	E-1, E-2, E-3, E-4, E-5.....	7,775
Nellis AFB, Las Vegas, Nev.....	E-1, E-2, E-3, E-4, E-5.....	8,100
USA installations and NC, Oahu, Hawaii.....	E-1, E-2, E-3, E-4, E-5.....	8,235
NC, New York.....	E-1, E-2, E-3, E-4, E-5.....	8,555
Fort Richardson, Anchorage, Alaska.....	E-1, E-2, E-3, E-4, E-5.....	9,315

[ENCLOSURE 3]

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., April 19, 1973.

Hon. MICHAEL H. MOSKOW,

Assistant Secretary for Policy, Development, and Research, Department of Housing and Urban Development, Washington, D.C.

DEAR MR. MOSKOW: Reference is made to Federal Register Document 73-6642 which provided notice of the Department of Housing and Urban Development (HUD) request for comments and information concerning review and evaluation of HUD programs. Although the position of the Department of Defense (DOD) has been provided to other organizations within HUD over the years and, more recently, proposed legislation has been developed in concert with the HUD staff, we are taking this opportunity to reiterate our requirements for continued and expanded support by HUD through its housing programs.

The principal objective of the DOD family housing program is to assure that married members of the Armed Forces of the United States have suitable housing in which to shelter their families; military families number above 1,100,000. In efforts to achieve this objective DOD policy is to rely on the local housing market in communities near military installations as the primary source of family housing for military personnel. Only where the local housing market is limited or nonexistent or where housing is available but the location, quality or cost creates an undue hazard or hardship for military families do we seek congressional authorization and funding to construct family housing on the military installation. In order to contribute to the orderly development of federally impacted communities, the DOD endeavors to maintain a balance between on-base and off-base housing resources; overall, some 31.8 percent of our military families are adequately housed on base.

However, this balance is difficult to maintain at military installations in non-metropolitan areas where HUD has determined the area to be an uninsurable risk. In such cases, DOD is faced with upsetting the balance by heavily constructing on base or, alternatively, relaxing our objective by continuing to permit military families to remain in unsuitable community housing or to remain separated. In order to attain an all volunteer force we must assure adequate housing for our military families which currently leaves no alternative but sizable housing construction programs on base. To maintain a proper balance between on-base and off-base housing in such areas, and at the same time move closer to our program objective, the community should be able to provide a major portion of the housing required. Unfortunately, the community is too often precluded from meeting this housing need due to reluctance of HUD to insure in these areas.

For this reason we worked very closely with the HUD staff during and subsequent to late 1971 to develop legislation for the proposed "Revised National Housing Act" which would permit HUD to insure private housing under the "Special Risk Insurance Fund" in areas heretofore considered uninsurable risks. The draft legislation is enclosed for your information, and is in the form of an amendment to bill No. S-3248 as passed by the Senate on March 2, 1972. Enactment of this proposal would greatly increase the supply of housing for DOD military and civilian personnel at installations in nonmetropolitan areas, and help to further assist in the orderly development of federally-impacted communities.

We appreciate HUD's continuing cooperation in regard to our objective of obtaining adequate family housing for members of the Armed Forces. Our housing staff will be available for any further discussions on the matter covered above.

Sincerely,

HUGH McCULLOUGH,
Acting Assistant Secretary of Defense
(Installations and Logistics).

DOD PROPOSAL

In section 2(c), title I, of S. 3248, as passed by the Senate on March 2, 1972, delete the words "or single family housing for employees of research and development installations where it is established to the satisfaction of the Secretary that there is special need for such housing," and substitute the following: "or housing for military personnel, Federal civilian employees or Federal contractor employees assigned to duty or employed at or in connection with (i) any installation of the Armed Forces of the United States or of the Coast Guard or (ii) a research and development installation of the National Aeronautical and Space Administration or the Atomic Energy Commission provided that, in federally-impacted areas where in the judgment of the Secretary of HUD, the residual housing requirements for persons not associated with these Federal Agencies are insufficient to sustain the housing market in the event of substantial curtailment of employment of personnel assigned to such installation, the Secretary of HUD may require a certification from the Secretary of Defense, Secretary of Transportation, Administrator of NASA, and Chairman of AEC, or their respective designees, that there is no intention insofar as can be reasonably be foreseen to curtail substantially the personnel assigned or to be assigned to such installation."

Delete in Section 201(b)(2), title II the words "or housing for employees of research and development installations." Add a new Section 201(b)(6) as follows: "(6) to the extent not covered under Sections 201(b)(1) through (5) above, housing for military personnel, Federal civilian employees or Federal contractor employees assigned to duty or employed at or in connection with (i) any installation of the Armed Forces of the United States or of the Coast Guard or (ii) a research or development installation of the National Aeronautical and Space Administration or of the Atomic Energy Commission."

Mr. SIKES. This committee, of course, was very pleased that a military setaside was obtained in the 236 housing program because of the advantages it offered those military families ineligible for on-base housing. Now the program is frozen. Presumably there will be a follow-on program, or a number of different programs, which can be used in the same way.

In the meantime, the E-4's are now eligible for on-base housing. The E-1's through E-3's are drawing more pay, and possibly some of them have priced themselves out of the 236 housing program.

It has been suggested that legislation be proposed which would take care of this situation and provide for military families ineligible for on-base housing. One such proposal is the construction of 236 housing or follow-on housing at or near remote military bases, with the determination of the need to include the military requirement, rather than being based exclusively on the residual requirements in the local community. That was, of course, contained in the housing bill which was reported last year, but which did not become law. Presumably, it can be included again this year, when such a bill is reported.

That in itself does not meet the problem of personnel qualifying for this housing. So, what legislation is the Department of Defense proposing, or seeking, in connection with HUD low-income housing programs, to treat the problems of eligibility where they exist?

Mr. FLIAKIS. We are seeking to maintain, to the extent that our servicemen can qualify under the current guidelines as stipulated by the Housing and Urban Development Act, some military setaside on a limited basis. We still feel that we have a viable requirement for the lower pay grades.

Mr. SIKES. This committee supports that concept, but how do they become eligible if they are now drawing pay that prices them out of reach of the 236-type housing programs?

Mr. FLIAKAS. Unless a very liberalized version or program is developed by HUD, which is unlikely, they cannot, sir, qualify to the degree they have in the past.

Mr. SIKES. It has been suggested that the set-aside simply specify military personnel in grades E-1 to E-3, regardless of income.

Mr. FLIAKAS. Yes. That would definitely require a change in the law.

Mr. SIKES. Yes, it would. What is your Department recommending?

Mr. FLIAKAS. We are recommending attention on the high-risk areas as well as continuation of the 236 program for those people who can qualify.

Mr. SIKES. How many of the E-1's through E-3's can qualify?

Mr. FLIAKAS. In terms of specific numbers, I will have to furnish that for the record.

Mr. SIKES. I would like it for the record.

Mr. FLIAKAS. Yes, sir.

[The information follows:]

Of the personnel projected for pay grades E-1 through E-3 worldwide, it is estimated that approximately 142,000 will be married. Of this number approximately 100,000 are either suitably housed or voluntarily separated leaving a deficit of 42,000 houses worldwide for the E-1 through E-3 category. A portion of this deficit could be satisfied through continuation of the section 236 program or similar programs. However, since qualification for section 236 housing varies by the income limitations established for the location, the number of children in the family, and by the total income for the military family including second jobs or spouse's income, the actual number of military families in pay grades E-1 through E-3 eligible for section 236 housing is unknown.

Mr. SIKES. Are the E-3's, E-2's and E-1's all priced out of the 236 housing?

Mr. FLIAKAS. No, sir. As you know, this varies by area because of the great gross income limits established by the Public Housing Authority in those specific areas. In every area in which we have a requirement, all E-1's, 2's, and 3's can qualify. In most areas, E-4's and some E-5's can qualify.

Mr. SIKES. There is not generally a problem in the lowest pay grades?

Mr. FLIAKAS. There are only two areas in which E-3's may have been eliminated. One of them is in the Colorado Springs area, where the Public Housing Authority has not seen fit to revise its income limits. Another is in Montgomery, Ala. Those are the only two areas that I know of, sir, where E-4's and E-3's, probably cannot qualify under the regular income limitations.

Mr. SIKES. So, by and large, servicewide, those ineligible for on-base family housing can continue to qualify in the 236 housing programs when such housing is made available?

Mr. FLIAKAS. That is correct, sir.

Mr. SIKES. That is reassuring.

Mr. FLIAKAS. Two years ago or 3 years ago, when we first initiated this program, even some junior officers could qualify. These are the people who have been wiped out, along with the higher grade NCO's.

EFFECT OF HUD PROGRAMS ON MILITARY FAMILIES

Mr. SIKES. What number of military families are benefiting from HUD-sponsored programs at the present time? Is this number going up or down?

Mr. FLIAKAS. The DOD is budgeting for 46,373 families under the section 222 program. This program provides for the DOD payment of premiums on mortgage insurance provided by the Federal Housing Administration for mortgages assumed by active military personnel for housing purchased by them. The number of personnel covered by this program has shown a declining trend in recent years. As previously discussed, 6,937 units of section 236 housing were authorized for military priority of occupancy prior to the freeze. The number of military families benefiting from other HUD programs such as the regular section 236 program, section 235 owned homes for low-income families, or are residing in rental units which are under section 207, or other miscellaneous HUD programs, is unknown.

STATUS OF LEGISLATIVE PROPOSALS FOR HUD SUPPORT

Mr. SIKES. Is there other legislation than that which we have discussed which should be considered, and which the Department of Defense would support, to assist more enlisted personnel in the lower grades to utilize HUD-sponsored housing?

Mr. FLIAKAS. As we discussed earlier, sir, we believe that with the assistance of your committee and the House Banking Committee, the legislation we have proposed to HUD will benefit not only the lower grades but the community itself and all personnel, including civilians at that installation.

Mr. SIKES. Are you speaking specifically about the authorization to construct this type housing, the 236 housing, in the vicinity of military bases, regardless of the requirements in the community?

Mr. FLIAKAS. No, sir. I have gone beyond that to these uninsurable risk areas. These are the areas that really need attention.

Mr. SIKES. What do you mean by an uninsurable risk area? Are we not talking about the same thing?

Mr. FLIAKAS. I believe so, sir. This is where a residual civilian market or requirement does not exist.

Mr. SIKES. We are talking about the same thing. That is the language that was in last year's housing bill.

Mr. FLIAKAS. Right.

Mr. SIKES. Is there any other language that you need at this time?

Mr. FLIAKAS. Not at this time.

I will be happy to furnish you, sir, with the latest version of that bill that we are now discussing with HUD.

Mr. SIKES. Very well.

[The information appears on p. 250.]

Mr. SIKES. Do you expect such legislation to be cleared by OMB? I believe last year we worked without the blessing of OMB in seeking the amendment which was included in the housing bill. Can we anticipate the blessing of OMB on this type of legislation this year?

Mr. FLIAKAS. Naturally, we will have to get the approval of OMB. Based on HUD's exhibited interest at this time, I believe we will get the concurrence of HUD and OMB.

The reason I say this is that it is generally agreed that the Department of Defense should not get into the guarantee or insurance business in the United States with respect to housing, and that HUD should recognize its responsibility to supplement our efforts in those areas.

OMB, we believe, will support this concept, but last year there was some controversy surrounding it.

Mr. SIKES. But you have no timetable? Have you gone to OMB seeking this approval?

Mr. FLIAKAS. Not formally, sir. We have formally sent to HUD our proposals, and we have discussed it informally with both HUD and OMB. We are hopeful that HUD will include our proposal in their package that is submitted to the OMB and to the White House in response to the request of the President for a housing study.

Mr. SIKES. Will you keep this committee advised?

Mr. FLIAKAS. I will.

Mr. SIKES. Will you try to build a fire under them?

Mr. FLIAKAS. Yes, indeed.

Mr. SIKES. Have there been any problems with management availability, et cetera, that would complicate the use of the 236 housing by military families?

Mr. FLIAKAS. No, sir. To the contrary, I have spoken to many entrepreneurs or sponsors who prefer military occupancy, actually.

IMPROVED FAMILY HOUSING SPACE ALLOWANCES

Mr. SIKES. What are you recommending in the fiscal year 1974 program with regard to improved quality of family housing?

Mr. FLIAKAS. I believe you are speaking to our proposed increases in space allowances—

Mr. SIKES. That is correct.

Mr. FLIAKAS. We are requesting increased standards for construction and the corollary proposed grouping of senior NCO's and company grade officers for house size.

I have as an attachment to my statement a comparison of the existing statutory limits and our proposals. We believe that these standards will improve the overall quality of our family housing in a broad sense and, of course, we supplement that with our current construction criteria which provide appropriate guidelines for quality of design, construction materials, et cetera.

Mr. SIKES. For continuity in the record, I would like that to appear at this point.

Mr. FLIAKAS. Yes, sir.

[The information follows:]

PROPOSED FISCAL YEAR 1974 SPACE CRITERIA FLOOR AREAS BY GRADE CURRENT VERSUS PROPOSED

	Current statistics limit net	OSD proposed	Percent increase statistics limit net
General officers.....	2, 100	NC	-----
Senior grade.....	1, 670	1, 700	2
Field grade:			
3-BR.....	1, 400	NC	-----
4-BR.....	1, 400	1, 550	11
Company grade:			
2-BR.....	1 950	950	(?)
3-BR.....	1, 250	1, 350	8
4-BR.....	1, 400	1, 450	4
5-BR.....	1, 400	1, 550	11
Enlisted:			
2-BR.....	1 950	950	(?)
3-BR.....	1, 080	1, 200	11
4-BR.....	1, 250	1, 350	8
5-BR.....	1, 400	1, 550	11

¹ Administrative control.

² To include senior NCO's.

³ To be limited to E-6's and below.

NC—No change.

The changes requested will allow appropriate increases in the size of dining rooms, secondary bedrooms, and the bathroom area to permit two full baths on the second floor of two-story, three-bedroom units in lieu of one and one-half now permitted, as well as permitting more appropriate circulation space required to support the enlarged areas. The requested increases in net areas will, of course, increase gross areas in proper proportion to provide needed additional interior storage space. The total impact of the requested increases will be improved overall livability.

Mr. SIKES. How did you arrive at the particular space allowances you are requesting, and what needed spaces will they provide?

Mr. FLIAKAS. The increases in space allowances being requested were arrived at by an OSD/tri-service task group. The group analyzed the existing space allowances and the indicated need for certain increases reflected in the recently completed occupant survey conducted by each military department. The changes requested will allow appropriate increases in the size of dining rooms, secondary bedrooms and the bathroom area to permit two full baths on the second floor of two-story, three-bedroom units in lieu of one and one-half now permitted, as well as permitting more appropriate circulation space required to support the enlarged areas. The requested increases in net areas will, of course, increase gross areas in proper proportion to provide additional interior storage space indicated to be a need by those families surveyed. The total impact of the requested increases will be improved overall livability.

Mr. SIKES. For the record, I would like a detailed listing of the things that were brought out in the opinion poll you conducted among service personnel and their wives, and what you did about them.

[The information follows:]

At this time we can only state general conclusions since final reports from all services were received only within the last week or so. We know that a majority of all personnel surveyed in each of the four services expressed general satisfaction with on-base family housing and with the services received. There is an indicated need for more space in dining rooms, secondary bedrooms, and for storage. Occupants identified central air conditioning, a fenced yard, and half-bath on the first floor of a two-story unit as the design features most important to them from a list of 14. Wherry housing was consistently rated below average.

A comprehensive analysis of the mass of data gathered is proceeding and the results, including any legislative recommendations which may be appropriate, will be made known as soon as possible.

Mr. SIKES. Did your opinion poll show that some personnel prefer to live off-base, no matter what type of on-base housing is provided?

Mr. FLIAKAS. No. Military personnel were not asked to indicate their preference for either on-base or off-base housing. The objective of the survey was to cover preferences and obtain suggestions as to on-base housing only.

FAMILY HOUSING AVERAGE COST LIMITATION

Mr. SIKES. Can you build the improved housing and also cope with inflation within the new family housing dollar ceiling you are requesting?

Mr. FLIAKAS. I must be very candid and say I do not know. At the time that we prepared these estimates and developed the new standards and costs related to those standards, we perhaps were too conservative in our estimate of cost growth. We had cranked into our estimate a 6-percent factor for cost growth. This has already been overcome, I am afraid.

If spiraling construction costs do not level off, then I can only say that we would like to shoot for the new standards and have them as an incentive, in the hope that rising costs do level off and we can get some projects where perhaps competition is keen.

Also, they will be a tremendous incentive to the military departments in terms of our improvement program when we upgrade our old inventory.

I am saying that we hope to build as many units to those standards as we can, and if we do not get all the money we need this year, the standard will be there, and we will ask for it next year.

Mr. SIKES. In the main, however, I believe you are telling me that inflation may have priced you out of many of the improvements that you had contemplated, even if you do get the increased ceiling.

Mr. FLIAKAS. There are certain parts of the standards that we may have to compromise. For example, the category I mentioned with respect to the senior NCO's. We would still like an increase in the standards for those categories of housing that I listed. If we cannot build to them, there are certain things that would go first, and that would be the first.

In other words, we would build NCO quarters to higher standards but not senior NCO units to the company grade standard.

EFFECTS OF COST LIMITS ON PRIOR PROGRAMS

Mr. SIKES. What has been your experience with cost limits in prior-year programs?

Mr. FLIAKAS. In fiscal year 1966, it was necessary to obtain a cost exception for 200 units at the Academy at West Point, and for 50 units at Fort Leavenworth.

Also, in 1968 a cost exception was again obtained at Fort Leavenworth for 100 units.

In addition, you will recall that the size of the units at Leavenworth, even with the exception, had to be reduced. As I remember,

they were all field grade units, and we were not able to build to the limits at that time. We had to reduce the scope.

Mr. SIKES. You are still using the old permanent facilities and quarters at Leavenworth, the old brick buildings there?

Mr. FLIAKAS. Yes, sir.

Mr. SIKES. Have they been rehabilitated, or are they the same as they were 10 or 15 years ago?

Mr. GERBER. The Army made a study to rehabilitate those units, and the cost was so extensive that they did not take it under serious consideration. They did two units as a pilot project to determine the cost. It was beyond the possibility of getting approval, and they dropped it.

Mr. RHODES. Have they not rehabilitated the kitchens in all the old quarters there?

Mr. GERBER. I am not aware of it. I can check that out.

Mr. RHODES. I have been in them several times. It is my recollection that the last one I was in had a modern kitchen.

Mr. GERBER. They may have been able to do it within their own approval authority. I will check it out.

[The information follows:]

FISCAL YEAR 1972 IMPROVEMENT PROJECT, FORT LEAVENWORTH, KANS.

Fifty-six, three-bedroom field grade officer units contained in seven, eight-plex, two-story brick structures which were originally constructed as barracks in 1902 and converted into family housing in 1921. The scope of work includes modernization of the interiors by (1) rearranging the kitchen layout and providing new base and wall cabinets with countertops, new sink with garbage disposer, utility connections for occupant owned clothes washer and dryer and new floor covering; (2) rearranging bathroom layout and providing ceramic tile floor and wainscot, new plumbing fixtures and medicine cabinet; (3) modify interior partitions to provide additional closet space; (4) modernize interior electrical system by installing new fixtures and increasing the capacity from 60 to 150 amperes.

The current working estimate is \$8,200 per unit at a total cost of \$459,237 including design costs of \$22,000. Contract award was made November 27, 1972, the project was 38 percent complete as of April 30, 1973, and is scheduled for completion by October 10, 1973.

Mr. SIKES. You did not mention Camp Drum. Do you intend to include Camp Drum, or is that one where you now have overcome the problems?

Mr. FLIAKAS. We recently authorized the Army to proceed with negotiations.

Mr. SIKES. We know about that from another hearing.

A. Are there any others where you have had problems on costs?

Mr. FLIAKAS. We are aware that the Air Force was not able to award its 1972 project at the Air Force Academy for some 200 units. The Air Force is currently redesigning that project and will readvertise it and, hopefully, will be able to come within the money. If not, then we may have to include it as an amendment in the 1974 program as an exception.

Mr. SIKES. Mr. Rhodes, I believe you have some questions.

Mr. RHODES. Do you expect to seek legislative relief for the cost limitations in the fiscal year 1973 program?

Mr. FLIAKAS. We have not yet had sufficient experience with the 1973 program to know whether any relief will be required.

Our usual method in order to live within the statutory limits is to resort to deducts, or in some instances to take quality deficiencies with respect to the project, in order to live within the money, but in no case will we accept substandard housing.

Mr. RHODES. Will you be building substandard housing at places such as Fort Jackson if you do not do that?

Mr. FLIAKAS. No, sir. Under no conditions will we build, at Fort Jackson or any other place, any substandard housing.

Mr. RHODES. Are you proposing that certain land acquisition and site development costs be excluded from the unit cost limitations?

Mr. FLIAKAS. No, sir; not this year. As you know, we did propose this last year, but the Congress did not act favorably on our proposal.

BREAKDOWN OF INCREASED UNIT COST

Mr. RHODES. Can you provide for the record an analysis of the increase in unit cost limitation for the fiscal year 1974 program in terms of higher costs for labor and materials, increased space, special costs for site development and land acquisition, et cetera?

Mr. FLIAKAS. I will provide that, sir.

[The information follows:]

RATIONALE: FISCAL YEAR 1974 MILITARY FAMILY HOUSING—CONUS PROGRAM COST

Based on \$24,000 average unit (Conus) being acceptable for fiscal year 1972:

1. Fiscal year 1973 base figure.....	\$24,000
2. Add 2.2 percent for restoration of deducts (deducts expected to be needed to award fiscal year 1973 program).....	525
3. Add 6 percent to take care of cost growth from midcalendar year 1972 to midcalendar year 1973.....	1,475
4. Add 1.5 percent for reduced number of 2-bedroom units due to 30-percent limitation on such.....	400
5. Add 4.2 percent for new space standards and 30 percent of EM units being constructed for senior NCO's.....	1,100
	<hr/>
	27,500

Mr. RHODES. Mr. Long.

HOUSING EXCESS AS A RESULT OF BASE CLOSURES

Mr. LONG. You have moved out of many bases around the country, or so it is claimed. At some of those bases there was housing that we had built. I am thinking particularly of the Bainbridge Naval Station, where just about the time you made the decision to move out, you put about \$2 million to fix up Wherry housing.

What are you doing with the facilities you are moving away from at Bainbridge, and what are you doing with such facilities elsewhere in the country? How much of our housing, in other words, did we build, hoping to solve the problem of need for housing, only to find the base is surplus or redundant?

Mr. FLIAKAS. I will answer the general question first, and then get to Bainbridge.

There are about 13,000 units that are affected by the base closure impact at our various installations. Only about 3,500 units or 26 percent of these affected houses have been built with appropriated funds and only about 1,000 units since 1966. The balance, of some 10,000 units,

are either substandard quarters or built in the 1950's, such as Wherry, and some Capehart housing built a little later.

We do expect to retain some of these through our cross-service screening that is now going on among the services. For example, McCoy Air Force Base will turn over some 668 units of adequate family housing to the Navy for use at Orlando. There is another 900 units at Albany that we hope to have the Marines occupy to some extent. So, there will be some retention.

Mr. SIKES. Will the Marines use all of those houses at Turner?

Mr. FLIAKAS. Probably not, sir. I have not had a report as to just how many they can use in total.

Mr. SIKES. I would doubt it.

Mr. FLIAKAS. I would doubt that all 900 would be required.

Mr. SIKES. What will you do with the rest?

Mr. FLIAKAS. We would attempt, of course, to sever those that are not required and, if no other Government use is developed for them, we would turn them over to GSA for disposition. If they are encumbered housing, we try first to buy back the mortgages from the institutions that hold them so we can sell them free and clear.

GSA does require this.

As you know, we have had authorized some years ago the authority to recover the proceeds from the sale of encumbered housing back to the family housing account to apply against debt payment.

As I say, we have about 13,000 units that are affected. I cannot report how many of these will be actually surplus and have to be disposed of.

Mr. LONG. Can you provide that for the record?

Mr. FLIAKAS. As we develop it, yes, sir.

Mr. LONG. This is quite a touchy problem. It is awfully sad that we are being asked to provide a lot of housing for the Armed Forces, and in many cases it is needed; and then turn around and abandon housing we already have because we were not farsighted enough to build our bases at the right place, or because we are moving them for other reasons.

I would like to know just how much the Department of Defense is wasting in that sense. Also, I would like to know specifically what you propose to do with that housing at Bainbridge and other places like it. Are you going to be able to sell it? I hope you are not going to tell us that because housing is 15 years old it is not any good any more.

Mr. FLIAKAS. I will not tell you that, sir.

Mr. LONG. That housing was fixed up only 8 or 10 years ago at big expenditures of Government funds. I am getting a little tired of hearing that housing which is 10 or 15 or 20 years old is no good. My house is nearly 40 years old and worth several times what it cost to build. Are you continuing to build houses that just wear out, and are no good after 15 or 20 years?

Mr. FLIAKAS. I think I should make the point, sir—I am certainly not arguing your point with respect to the use of these houses, but 505 of the houses at Bainbridge are Wherry housing that were built in the early 1950's, so they are 20 years old.

Mr. LONG. Twenty years old? A house is just getting into use at 20 years.

Mr. FLIAKAS. Even in 1950, sir, an average of some \$8,100 which is what we paid for most of those houses, did not provide much house.

Mr. LONG. The Levitt housing in Philadelphia was built about that time for \$6,000 per unit. They are now selling for \$40,000 a unit. You cannot justify the idea that these houses cost only \$9,000 and therefore are no good. Something is very wrong.

If you are not recognizing your mistakes of the past, you are going to keep on making them.

Mr. FLIAKAS. I was merely pointing out, sir, the vintage of the houses. I think our record is quite good that of the 13,000 units affected, only 25 percent of the units have been constructed in the last 10 years.

To answer your question as to how we can predict where we should build, we have attempted to apply very carefully and stringently, guidelines to build only at hard core installations.

Mr. LONG. You have two problems here. One is that you built housing at a place that you subsequently abandoned. There are cases where you should have known better, but let us say that you did not know better. You went ahead and built them, and a few years later something happened and you had to move the base somewhere else. That is one problem.

I would hope we could minimize that for the future.

DISPOSITION OF HOUSING AT BAINBRIDGE

The other problem is that houses built in 1952, in the case of the Bainbridge Naval Station, and renovated only 8 or 9 years ago at a cost of a couple of million dollars; you now imply that they are not worth very much, that they are obsolete.

Mr. FLIAKAS. I did not mean to imply that. I am merely giving you information.

Mr. SIKES. What did you rehabilitate at a cost of \$2 million? Is all of the housing there Wherry housing?

Mr. FLIAKAS. No, sir. There are also 31 military construction houses, that were built prior to 1950 with appropriated funds. There are also 63 inadequate trailers.

Mr. LONG. Most are these Wherry houses.

Mr. SIKES. Then you did rehabilitate the Wherry housing at a cost of \$2 million, roughly. Did you get a fully satisfactory house?

Mr. GERBER. The money spent in that \$2 million rehabilitation program, actually \$2,283,570, primarily went into rehabilitation and modernization of the kitchens, to get extra utility space to accommodate owner-occupied clothes washers and driers, as well as some additional storage space—but, the bulk of the funds went into structural alterations to combine smaller units into ones with more bedrooms.

Mr. SIKES. How much was that per unit?

Mr. GERBER. It would be about \$4,200 per residual unit—of the original 744 units, 506 units remained after alterations.

ADEQUACY OF WHERRY HOUSING

Mr. SIKES. What is the basic problem with the Wherry housing? There is general dissatisfaction expressed, servicewise, about the durability, the livability of the Wherry housing. Why? I do not think we have ever brought this out for the record, and it should be.

Mr. GERBER. The Wherry housing program, you recall, sir, was built in the early fifties. It was the first military housing construction after World War II, at the same time the private housing industry was getting into a housing boom. There was competition by private builders to get these programs.

Most of them were rather large projects, 400 or 500 or 600 units. One of them, for example, at Wright-Patterson Airfield, was 2,000 units.

We had a nationwide average maximum mortgage limit of \$8,100 that could be put on these units, except in certain designated high construction cost areas, where the mortgage could go up to \$8,900.

In general, these units were minimal in size, many 1- and 2-bedroom units, minimal in construction material, and minimal in design and esthetics. Typical were densely sited 2-story walkup apartments with virtually no sound attenuation, much heat loss, inadequate insulation and minimum electric power. They were built to FHA minimum property standards. We bought marginal quality in every sense of the word.

Mr. LONG. I have already pointed out the Levitt case, in Philadelphia, where the housing units are supposed to be awfully poor and shoddy cookie box houses. You know what they cost to build and what they are worth now. That cost included the property, you understand; approximately \$6,500 with the land.

The same rules of economics applying to houses that Levitt built, and sold, and made a profit, apply to the Department of Defense, and your houses cost more than did the Levitt houses. This is not based on a temporary condition of the market. If any blunder was made, it was in the incompetence of the Defense Department in producing the houses.

Mr. GERBER. I doubt that any of them cost that small amount of money.

Mr. LONG. Why don't you look into it and see if I am right?

Mr. SIKES. What do you propose to do with the housing we are now discussing?

Mr. FLIAKAS. After we have the screening process that is going on now among the services those that can be retained, of course, will be. There are the examples I mentioned, and there may be others.

HOUSING AT BAINBRIDGE

Mr. SIKES. I am talking about this particular project in which Mr. Long is interested.

Mr. FLIAKAS. Bainbridge?

Mr. SIKES. Yes. Is there a projected use for these houses?

Mr. FLIAKAS. I would doubt it, sir, in which case, since they are encumbered, the Wherry houses do have a mortgage on them, we would attempt first to buy back the mortgage, make a deal, and in some cases we have been able to discount them, and then turn them over to GSA.

Mr. LONG. What does that mean?

Mr. FLIAKAS. We would turn them over to GSA for disposition. They are required to sell them at the best price that they can get, but again without causing a depression in the market. We work very closely with the economic adjustment committee and our own group in the Pentagon and also with community leaders so we do not flood the market with 500 units of housing.

Mr. LONG. I know something about the Bainbridge area, which is just across the river from Harford County. That area is jumping. I understand it is almost impossible to rent anything up there. It costs a lot of money to build. I do not see how it is possible to flood that area.

NEW CONSTRUCTION REQUESTED AT ABERDEEN

Here you are talking about building houses at the Aberdeen Proving Ground. Why should you be building houses at the Aberdeen Proving Ground when less than 10 miles a way you have 550 houses which are going to be surplus?

Mr. FLIAKAS. If Aberdeen can use them—this is the screening process that is going on now—then they will certainly be retained. If they cannot, then we would dispose of them.

I might add—it is a very important point you touched on—in many instances the availability of housing has been a very beneficial feature in backfilling or attracting industry or other uses to that installation. We are not just giving up housing. We are giving up the installation and in some cases educational institutions, industry and other users are attracted to them by the community.

Mr. LONG. You propose to build a certain amount of housing at Aberdeen. Did you look into the question of surplus housing at Bainbridge?

Mr. FLIAKAS. Our 1974 Department of the Army project at Aberdeen is for 166 units, of which 146 are 3-bedroom company grade, and 20 are 4-bedroom company grade. They are all, in other words, for junior officers.

If this housing at Bainbridge can meet that requirement—

Mr. LONG. You have not answered my question, Mr. Fliakas. I have had difficulty with you over the years getting you to answer questions.

Had you looked into the Bainbridge housing availability when you made your request to us?

Mr. FLIAKAS. The answer, sir, is "No."

Mr. LONG. Why hadn't you?

Mr. FLIAKAS. Because the decision to close Bainbridge was not known at that time. I will say that we will not build there if the assets at Bainbridge will meet the requirements.

Mr. LONG. You are speaking for the whole Defense Department?

Mr. FLIAKAS. That is correct.

Mr. LONG. Did you not know that Bainbridge has been closing ever since I have been in Congress?

Mr. FLIAKAS. I have certainly been aware of it, but the decision as announced by the Secretary—

Mr. LONG. The definite decision did not come down until recently, but you certainly knew about the possibility. Since it was known as a

possibility at least, why could you not have looked into it before you came to us with this budget request?

Mr. FLIAKAS. I can only say, Dr. Long, that the Army was not privileged to—

Mr. LONG. Just a minute. This has been in the papers. This has been something that anybody could read about for years, and particularly within the last couple of years. People have been hanging on tenterhooks for the longest time all over that area.

It was impossible for your people in the Department not to have known of the possibility that Bainbridge would be closed down if they could read and write.

Mr. FLIAKAS. Dr. Long, I cannot concede at the moment that the assets at Bainbridge will meet the requirements. If they do, I will emphatically state we will not build.

[The information follows:]

ABERDEEN PROVING GROUND (APG)

At the time the 166-unit family housing project for Aberdeen Proving Ground was programed for the fiscal year 1974 military construction program, the potential availability of housing at NTC Bainbridge, Md., was not considered. Subsequent to the April 17, 1973 announcement of the scheduled closure of NTC Bainbridge, Department of the Army evaluated the housing at Bainbridge and determined that the Wherry housing was substandard and not capable of being upgraded to standards of adequacy within reasonable costs, and without some demolition to reduce the density.

Representatives of the Office of the Secretary of Defense have also visited both Aberdeen and Bainbridge to evaluate the housing situation. An inspection of the Wherry units at Bainbridge revealed that they are typical of marginal Wherry units and should have been declared substandard. Not only are they small in size but they lack the basic structural configuration and interior amenities that would permit them to be economically converted into adequate public quarters. Accordingly, it has been determined that it is in the best interest of the Government to dispose of the Wherry housing at NTC Bainbridge, Md.

Mr. LONG. That is not the point. The point right now is why didn't you look into the possibility, examine the pros and cons, and be able to tell this subcommittee there are so many houses of this type, so many in good condition, there is this number that could be for enlisted people, and this number could be for officers, instead of coming in here as if nobody had ever heard of this, and trying to tell us that the idea that Bainbridge was going to close is a brand new idea.

The chairman can support me on the Bainbridge business. You are all sick and tired of hearing me on Bainbridge.

Mr. RHODES. I am just wondering if you have any requirement for enlisted housing at Aberdeen. If the Wherry housing would not be suitable for officers, it still might be suitable for certain enlisted grades.

Mr. SIKES. Including the E-4's, who heretofore have not been eligible.

Mr. FLIAKAS. Can you talk to the requirement at Aberdeen, Mr. Rolence?

Mr. ROLLENCE. At Aberdeen, we are programing the 166 units. This is really a partial replacement project for a Wherry project which has been declared substandard. This would take our total housing assets at Aberdeen on post to about 45.6 percent, and overall it would take our housing assets to 87 percent at Aberdeen. We would still have a residual housing requirement at Aberdeen over and beyond this project.

Mr. RHODES. It seems to me you are completely ignoring Dr. Long's

line of questioning. I think what Dr. Long has in mind is that the needs of Aberdeen ought to be reconsidered in light of the probable availability of Wherry housing at Bainbridge.

Mr. SIKES. It would appear that has not been done.

Mr. RHODES. It looks as if he has a good point.

Mr. SIKES. It would appear there has been no such consideration, and certainly this committee will want exact details on what the effect of this housing will be on the housing requirements at Aberdeen. We are not going to fund housing if it can be provided 10 miles away in satisfactory condition.

WHERRY HOUSING AT FORT HOLABIRD

Mr. LONG. Following along that line, I just asked my assistant to look up the information on Fort Holabird. We have units called the Cummins Apartments on Fort Holabird reservation. They are Wherry housing units. There are 147 rental units, of which 116 are rented to military and 31 or 32 are rented to civilians. What do we do about those?

Mr. FLIAKAS. That project has not been acquired by the Department of Defense. It is still a privately owned housing project.

Mr. SIKES. Can we have the result of an exact study on the Aberdeen/Bainbridge housing situation? We want to know what part of the housing can be used to accommodate the E-4's and those below E-4. We would like to know what would be suitable for use by the personnel for whom the units at Aberdeen were scheduled. I would like to have an exact report on that as soon as possible.

Mr. LONG. They are leased, and all under private management. I want to know what we lose on them in terms of mortgages and all that.

Mr. FLIAKAS. As I indicated before, the Department of Defense did not acquire that Wherry housing project. It is still privately owned. The land, as I recall it, is outleased—

Mr. LONG. It is a 99-year lease.

Mr. FLIAKAS. That is correct.

We will take disposition action on that land, in which case, then, he would be free to acquire it. The units are not in our inventory.

Mr. SIKES. You do not plan to buy them, is that correct?

Mr. FLIAKAS. Absolutely not.

Mr. SIKES. You would consider selling him the land?

Mr. FLIAKAS. We will dispose of the land, yes, sir, that is correct.

Mr. LONG. If it is on a 99-year lease, there is nothing much to dispose of, is there?

Mr. FLIAKAS. We have no need, as far as I know, to retain the land.

Mr. LONG. Who would buy that land?

Mr. FLIAKAS. He would be free to bid—

Mr. LONG. I am talking about the land on which the apartment units are situated. Nobody would want it if the land is occupied by apartment houses.

Mr. SIKES. If anybody else bid it in, it would still be subject to the 99-year lease.

Mr. LONG. Exactly.

Mr. RHODES. It is a ground rent. It might be a pretty good investment, actually. I do not know what the ground rent is.

Mr. LONG. I note that you are requesting funds for 166 units of family housing and 76 units for mobile home facilities at Aberdeen Proving Ground. Are these funds being requested in order to provide housing for personnel who are housed inadequately off-post, or are they in order to provide housing in anticipation of increasing the military strength at Aberdeen?

Mr. FLIAKAS. The 166-unit new construction housing project and 76-space mobile home park proposed for Aberdeen Proving Ground are based upon projected strength and housing requirements after giving full recognition to the magnitude of adequate housing existing and planned for construction in the community. The 166-unit project is meant to replace Wherry housing considered unsuitable for use by junior officers with families requiring three and four bedrooms. It is anticipated that the Wherry housing being replaced by this project will be utilized by the approximately 283 families projected to be in pay grades E-1 through E-3. The mobile home park is similarly based upon the projected strength and estimated need for parking space by both eligible and ineligible families owning their own mobile homes; part of this project is meant to replace 45 spaces now on-base considered to be obsolete and undersized.

FORT HUACHUCA, ARIZ.

Mr. LONG. I would like to go back to Fort Huachuca, for a moment. In the long run, how large an installation will Fort Huachuca be? Since you are not requesting any more family housing or other housing construction money this year, I presume the housing situation there has improved. Please comment on this for the record.

[The information follows:]

The long-range permanent party military strength projected by Army is 5,778; an additional military student load will average 941 people on short temporary tours, and 3,322 civilians are projected for employment. The total population for civilians and military (both permanent party and those on temporary duty) is therefore projected at 10,771. Based on the calendar year 1973 housing survey recently conducted, the Army reports that, overall, the housing picture is improved over 1971 and 1972 reports, and that the housing referral inventory is expected to double during 1973 in the apartment category. Data on construction during the past 12 months follow:

New homes—414; additional mobile homes—609; and new apartments—12.

Additionally, 444 new homes and 200 apartments are scheduled for 1973 by private developers. Tenneco West and 14 area contractors plan to build with the market growth on about 1,500 acres of land now under development. A 60-unit section 236 project is now under construction, and although not specifically covered by military set-aside, will for the most part, benefit the lower pay grades at Fort Huachuca. The situation has improved and is expected to continue to improve.

HAWAII—PROJECT FRESH

Mr. RHODES. What are your plans with regard to the retention and acquisition of land in Hawaii to meet your family housing requirements there? Can you give us a detailed answer to this at this time?

Mr. FLIAKAS. I believe the committee is aware of the recently completed Project Fresh, facilities requirements evaluation, State of Hawaii, report, in which all holdings of real property that were not considered necessary for retention in support of family housing were identified in that report for excessing.

There are no plans at this time, nor in the foreseeable future, for any acquisition of land in Hawaii. We did cause the Project Fresh report to be modified to retain potential housing sites.

For example, the site known as Puuloa was first considered as a possible excessing of land, but we proposed that we retain that property and now, as a matter of fact, the Navy plans to build 350 units of housing in their combined 1972-1973 authorization at Puuloa.

Mr. RHODES. Where is Puuloa?

Mr. FLIAKAS. It is adjacent to Barber's Point, near the Iroquois Point housing project.

UTILIZATION OF FORT DERUSSEY

Mr. RHODES. Have you any plans to change the status of Fort Derusse or to dispose of that property or any part of it?

Mr. GERBER. As you know, there is presently under construction an R. and R. hotel. The remainder of that land has been opened up to the public as an open beach and park. It remains under Army control, but available to the public.

Mr. SIKES. Is there any room left for military personnel? You have a lot of public out there.

Mr. GERBER. Yes, sir.

Mr. SIKES. What is the answer?

Mr. GERBER. We do not know yet, sir. Right now the property other than the beach is full of construction equipment. It is planned that it be made available and open to the public. How it will work out, I cannot foresee.

Mr. RHODES. You mean all of the beach? You are not saving that part of the beach which is in front of the R. & R. hotel for military personnel?

Mr. GERBER. That is right, all of the beach. This was imposed upon the Department of the Army by the Federal Property Review Board. [Off the record.]

COST OF HOUSING IN HAWAII

Mr. RHODES. What additional legislation are you proposing with respect to site development costs in Hawaii?

Mr. FLIAKAS. Hawaii is considered as an overseas location with respect to the application of the cost limitations for military family housing. We are recommending that the cost limitation be established at \$38,000, compared with the current limitation of \$33,500. We consider that this will be adequate for all housing that we see in the near future, with perhaps the exception of Aliamanu Crater, where it is possible to site some 2,400 units of housing. The Army is now proposing special legislation to cover the extraordinary site development costs in this.

Mr. SIKES. Are you being priced out of Hawaii as far as practical utilization of the islands for military purposes is concerned? Is that what is happening?

Mr. FLIAKAS. Costs are exceedingly high, but we believe if we are careful in our site planning, and we have tightened up the density,

particularly in metropolitan and urban areas, that we can within these cost limits construct our military family housing.

When we open up difficult sites like the Aliamanu Crater, there may be some extraordinary costs that will have to be exempted from the average cost limitation.

I believe you are familiar with the previous bill which authorized the exchange of Fort Ruger with the State of Hawaii for a site above the Tripler Hospital. It is now contemplated that we will seek amendment to that bill to apply the funds from that exchange to the Aliamanu Crater development.

ALIAMANU CRATER HOUSING SITE

Mr. RHODES. Are you sure that the Aliamanu Crater is a suitable spot for a major housing development, and that you will actually not be building at such high density as to render the housing unattractive and unsuitable?

Mr. FLIAKAS. The site has been inspected by qualified representatives from the DOD. Mr. Gerber and I were out there several weeks ago, along with experts from the Corps of Engineers and from the Naval Facilities Engineering Command. Extensive tests have been started with respect to wind and temperature readings in the crater. We believe that is it a suitable site.

It is planned tentatively to put some 800 units on the rim of the crater, and another 1,600 units, perhaps, in the crater itself. It is a very large tract of land, over 500 acres.

Also, we should point out that the Army has retained a very capable architectural firm to develop the master plan and the environmental impact statement on the crater. We think it will be a suitable site.

Mr. SIKES. How many units do you propose to build in the crater?

Mr. FLIAKAS. We plan to master plan the crater for at least 2,400 units. In the 1974 bill, we are proposing 1,600 units, 1,000 for the Army and 600 for the Navy.

Mr. SIKES. 2,400 units would be crowding a 500-acre tract quite seriously, in my opinion.

Mr. GERBER. It is important to be aware that some 800 units (testimony changed to "an appreciable number") can be put on the outside face of the crater.

Mr. SIKES. Is that in addition to the 500 acres?

Mr. GERBER. The 500-acre terminology is actually misleading. It is more than that in total area.

Mr. SIKES. How much land is in the delta area?

Mr. GERBER. It is probably something closer to 800 acres. [Testimony later changed to 600 acres.] The 500 acres is just a vertical projection, and some of the buildable land is on slopes varying from 8 to 20 percent.

[Additional information was provided as follows:]

(The flat delta area is about 300 acres.)

METHODS OF ACQUIRING FAMILY HOUSING OVERSEAS

Mr. RHODES. We have a report from the General Accounting Office comparing methods of acquiring housing overseas. Do you generally agree with the conclusions of this report?

Mr. FLIAKAS. We generally agree. The GAO analysis covered three methods of acquiring military housing overseas: lease-construction, rental guarantee, and military construction with appropriated funds. The GAO concluded that the lease-construct method is the least expensive where the need is of uncertain duration, and will not exceed 20 years.

We generally agree with that, with the further proviso that each location should be examined on a case basis, and in some instances perhaps a rental guarantee program will have certain advantages. Either of those two methods we think are viable methods of acquiring housing overseas.

OVERSEAS LEASING

Mr. RHODES. By what amount are you expanding the overseas leasing program?

Mr. FLIAKAS. For this year's program before you, we are budgeting for 7,262 foreign leases at a cost of \$19.9 million. This compares with our current allocation of 4,977 leases at a cost of \$16 million. We have roughly an increase of 2,300 units. Most of these leases will be in Germany.

Mr. SIKES. Do you believe that leasing is the best way to provide overseas housing?

Mr. FLIAKAS. We believe it has very definite advantages. Heretofore, we have been leasing primarily for special command positions and hardship cases. We now feel that we can expand our leasing program to include general troop use, primarily for the lower grades.

Two years ago, we authorized the Air Force to enter into an agreement at Torrejon in Spain for 300 units. We also recently received an approval from the Senate Armed Services Committee, who had an administrative ceiling placed on this program, to allocate an additional 500 units in Germany and in Italy, again totally for general troop use.

RENTAL GUARANTEE PROGRAM

Mr. SIKES. What rental guarantee housing projects are being proposed?

Mr. FLIAKAS. Department of the Army is currently reviewing a proposal for the construction of 1,825 rental guarantee units in Germany. The military departments have rental guarantee projects under consideration at the following locations: Sigonella, Italy, 250 units; Misawa, Japan, 250 units; Ramstein, Germany, 300 units; Soesterberg, Netherlands, 200 units.

Mr. SIKES. What increases in cost limits are you requesting for the leasing program and for the rental guarantee housing program in fiscal year 1974?

Mr. FLIAKAS. We are not asking for any increase in the cost limitations on the domestic leasing program. For the rental guarantee program we are requesting that the current average guaranteed rental ceiling on any project be raised from \$225 per month to \$275 per unit per month.

INCREASED FAMILY HOUSING OPERATION AND MAINTENANCE COSTS

Mr. RHODES. What increases in family housing maintenance and operation costs have you experienced in the past year in the United States and overseas? Is there a sufficient allowance in the fiscal year 1974 budget to meet these costs?

Mr. FLIAKAS. In 1972, our total maintenance and operation costs for Government housing increased some 13 percent over 1971. We believe that the 1974 budget includes sufficient funds to meet our programed requirements known at the time of preparation.

On the other hand, we have already pointed out this morning that the devaluation of the dollar will increase our maintenance costs overseas by some \$18.5 million. So, a goodly part of the funds that we had hoped to apply against the backlog of deferred maintenance will be required by this increase.

Mr. NICHOLAS. Is there any possibility that you will ask for a supplemental appropriation for 1974?

Mr. FLIAKAS. I would say not. I do not know of any proposal at this time.

FAMILY HOUSING NOT AWARDED DUE TO BASE CLOSURES

Mr. RHODES. What is the situation with regard to family housing projects which have not been awarded and will not be required as a result of base closures and realignments?

Mr. FLIAKAS. There are 5 projects in the 1973 program which are no longer required. I can list those for the record.

Mr. SIKES. List them for the record, if you will. They will not be built; is that right?

Mr. FLIAKAS. They will not be built.

Mr. SIKES. Are any under contract?

Mr. FLIAKAS. No, sir; they are not.

[The information follows:]

There are five projects in the 1973 program, which are no longer required because of the base closures and realignments. They are as follows:

Army—Fort Monmouth, N.J., 100 units.

Navy—NC Long Beach, Calif., 400 units. NAS Lakehurst, N.J., 200 units. NC Newport, R.I., 150 units.

Air Force—Laredo AFB, Tex., 200 units.

In addition, the fiscal year 1972 project at NC, Long Beach, Calif., for 300 units will not be built.

IMPROVEMENTS PROGRAM NEED FOR MORE FUNDS

Mr. RHODES. In the event that the limitations on the amounts authorized for the improvements program were increased, could you effectively use some of those savings in that program?

Mr. FLIAKAS. Yes, indeed; we could.

Mr. RHODES. You mentioned the fact that, in the past 2 years, this committee has increased the amount provided for minor construction above the budget request. Could you effectively use more than you are requesting in this area in fiscal year 1974?

Mr. FLIAKAS. If additional generated resources are applied to the 1974 program, we probably could make the most effective use of them in the improvement and alterations program. The minor construction authority is somewhat limited because of its criteria for urgency.

On the other hand, we have made effective use of the sums, some \$28 million in the last 2 years, that this committee has provided.

I would say, yes, we would use the funds, but we would prefer them, probably, in another category—in the improvement program.

Mr. SIKES. Thank you very much, Mr. Rhodes.

STATUS OF PRIOR YEAR'S PROGRAMS

Which of the fiscal 1973 family housing projects have been and which have not been placed under contract?

Mr. FLIAKAS. We have had very limited experience with respect to the 1973 program. I will refine this for the record, but it is generally my belief that there are no 1973 projects as yet awarded.

Mr. SIKES. Why is that?

Mr. FLIAKAS. Because the military departments are still working against their 1972 program. About 75 percent as of the middle of last month were awarded. That figure may have improved now.

Mr. SIKES. You are speaking of the 1972 program?

Mr. FLIAKAS. Yes, sir.

Mr. SIKES. This could indicate—I hope it does not, but I want clarification—that we are providing housing faster than you can digest it, even though it is your recommendation that we provide it. What is the situation? Are you unable to process and award the contracts after Congress approves the ones you request?

Mr. FLIAKAS. No, sir. The Army and the Navy have pretty much completed their 1972 program and have now turned their attention to their 1973 program. Normally, we would begin—

Mr. LONG. You are 1 year behind.

Mr. FLIAKAS. Sir, we received the appropriation, I believe, in November of last year. Normally, we would begin to award the 1973 program in the early spring. March, April, May, is now the time we should begin to award the 1973 program.

The Air Force was delayed in the implementation of the 1972 program because of their industrial buy concept, in which they proposed that they aggregate the market at certain installations and advertise regionally in the hopes of attracting industrialized builders. That program did not succeed, and they are now in the process of awarding most of their 1972 program on a turnkey basis. They had to start up again, so to speak.

They have generated now sufficient speed to catch up within the next few months. They were set back because of this program. I do not believe we are too far behind.

Mr. SIKES. When do you anticipate that the 1973 program, or those parts of it with which you are going to proceed, will be under contract?

Mr. FLIAKAS. I would say the bulk should be awarded late summer and early fall of this year.

Mr. SIKES. So there are no problems which are more difficult than usual at this time, is that correct?

Mr. FLIAKAS. That is correct.

Mr. SIKES. Some housing, I presume, is in bases that are being closed and, of course, would not be awarded. How much housing of that type is there that was authorized and funded but is at bases which are to be closed?

Mr. FLIAKAS. I believe there are five projects, for a total of about \$26 million. I will furnish the list to you.

There are 100 units at Fort Monmouth, N.J., for the Army. That is the only Army project.

The Navy has 3 projects: 400 units at Long Beach, Calif.; 200 units at Lakehurst, N.J.; and 150 units at Newport, R.I.

The Air Force has one project affected: 200 units at Laredo, Tex. A total of \$26 million.

DISCUSSIONS WITH FHA AND LOCAL OFFICIALS

Mr. SIKES. Have you discussed housing availability and housing needs with the FHA in the respective communities?

Mr. FLIAKAS. In those communities, sir?

Mr. SIKES. In communities where you propose to build housing.

Mr. FLIAKAS. Yes, indeed. As you know, sir, we are required to have FHA certification of need. We have received certification of our entire 1973 program. They are now reviewing our 1974 program. Usually they finish their certification by June or July.

Mr. SIKES. This committee also has felt that it is very important that your base commanders discuss with community leaders the housing situation in order to take into consideration the availability of houses readily available at reasonable rates in the community. Are you doing that?

Mr. GERBER. Yes, sir. Recently the OMB issued a circular, A-95, in which it reminds all Federal agencies, including the military departments, to apprise the local communities, and particularly the regional clearinghouses, of their plans and programs.

We have sent that word out to the field and have sent out two reminders to make sure it is implemented.

Mr. SIKES. Very good. Gentlemen, thank you very much. We have had a very useful hearing.

Mr. FLIAKAS. Thank you, Mr. Chairman.

[The subcommittee adjourned at 4 p.m.]

MONDAY, MAY 7, 1973.

DEPARTMENT OF THE ARMY

PRINCIPAL WITNESSES

G. W. BRAZIER, JR., DEPUTY FOR INSTALLATIONS AND HOUSING,
OFFICE, ASSISTANT SECRETARY (I. & L.) OF THE ARMY
MAJ. GEN. K. B. COOPER, DIRECTOR OF INSTALLATIONS, OFFICE,
DEPUTY CHIEF OF STAFF FOR LOGISTICS
MAJ. GEN. J. A. KJELLSTROM, DIRECTOR OF ARMY BUDGET, OFFICE,
COMPTROLLER OF THE ARMY

SUPPORTING WITNESSES

LT. GEN. W. P. LEBER, SAFEGUARD SYSTEM MANAGER, OFFICE,
CHIEF OF STAFF
BRIG. GEN. H. LOBDELL, JR., U.S. AIR FORCE, DIRECTOR, EUROPEAN
REGION, ISA
BRIG. GEN. C. C. PIXLEY, DIRECTOR, HEALTH CARE OPERATIONS,
OFFICE, THE SURGEON GENERAL
COL. D. L. BURT, TROOP SUPPORT DIVISION, OFFICE, DEPUTY CHIEF
OF STAFF FOR LOGISTICS
COL. W. P. GARDINER, ENVIRONMENTAL OFFICE, OFFICE, DEPUTY
CHIEF OF STAFF FOR LOGISTICS
COL. R. F. HAAS, LOGISTICS AND FACILITIES DIVISION, OFFICE, THE
SURGEON GENERAL
COL. H. W. LOMBARD, NEW YORK DISTRICT ENGINEER, OFFICE,
CHIEF OF ENGINEERS
COL. P. J. RAISIG, OFFICE, PROGRAM MANAGER FOR REORGANI-
ZATION, OFFICE, CHIEF OF STAFF, U.S. ARMY
COL. J. A. RICHBOURG, CONSTRUCTION DIVISION, OFFICE, DEPUTY
CHIEF OF STAFF FOR LOGISTICS
LT. COL. J. I. COATS, AVIATION OPERATIONS DIVISION, ARMY AVIA-
TION DIRECTORATE, OFFICE, ASSISTANT CHIEF OF STAFF FOR
FORCE DEVELOPMENT
LT. COL. C. J. ORAM, AVIATION OFFICE, DIRECTOR FOR SUPPLY AND
MAINTENANCE, OFFICE, DEPUTY CHIEF OF STAFF FOR LOGISTICS
LT. COL. C. E. SELL, PROGRAMS AND BUDGET DIVISION, OFFICE,
CHIEF OF RESEARCH AND DEVELOPMENT
LT. COL. R. L. WILLIAMSON, CONSTRUCTION DIVISION, OFFICE,
DEPUTY CHIEF OF STAFF FOR LOGISTICS
A. M. CARTON, PROGRAM, PLANNING, AND CIVIL PREPAREDNESS
DIVISION, DIRECTORATE OF MILITARY CONSTRUCTION, OFFICE,
CHIEF OF ENGINEERS
R. J. FITZ, CONSTRUCTION DIVISION, OFFICE, DEPUTY CHIEF OF
STAFF FOR LOGISTICS

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P. W. JOHNSON, OFFICE, DEPUTY FOR INSTALLATIONS AND HOUSING, OFFICE, ASSISTANT SECRETARY (I. & L.) OF THE ARMY
 H. G. KIRCHNER, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE, COMPTROLLER OF THE ARMY
 T. L. GRAY, PROGRAM, PLANNING, AND CIVIL PREPAREDNESS DIVISION, DIRECTORATE OF MILITARY CONSTRUCTION, OFFICE, CHIEF OF ENGINEERS
 W. M. LOCKWOOD INSTALLATION MANAGEMENT DIVISION, OFFICE, DEPUTY CHIEF OF STAFF FOR LOGISTICS
 J. T. LOVELAND, U.S. MISSION, NATO

DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION, ARMY
 PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	Budget plan (amounts for construction actions programed)			Obligations		
	1972 actual	1973 estimate	1974 estimate	1972 actual	1973 estimate	1974 estimate
Program by activities:						
Direct:						
1. Major construction.....	423,526	496,129	595,400	409,813	553,579	637,584
2. Minor construction.....	10,000	12,500	12,500	10,081	13,500	13,000
3. Planning.....	32,300	34,200	39,000	36,960	38,445	45,406
4. Supporting activities.....				2,860	4,476	2,010
5. NATO infrastructure.....	24,860	62,000	60,000	44,085	72,000	60,000
Total direct.....	490,686	604,829	706,900	503,799	682,000	758,000
Reimbursable (total).....	282,766	222,000	268,000	356,879	286,000	264,000
Total.....	773,452	826,829	974,900	860,678	968,000	1,022,000
Financing:						
Receipts and reimbursements from:						
Federal funds.....	-239,327	-172,400	-217,000	-247,730	-172,400	-217,000
Trust funds.....	-54,299	-49,600	-51,000	-54,299	-49,600	-51,000
Non-Federal sources.....		-24,000	-20,000	-5,726	-24,000	-20,000
Unobligated balance available, start of year:						
For completion of prior year budget plans.....				-929,048	-750,815	-605,444
Available to finance new budget plans.....	-548	-162,674		-548	-162,674	
Reprogramming from (-) or to prior year budget plans.....	-105,136	-4,200	-22,000			
Unobligated balance available, end of year:						
For completion of prior year budget plans.....				750,815	605,444	536,344
Available to finance subsequent year budget plans.....	162,674			162,674		
Budget authority (appropriation).....	536,816	413,955	664,900	536,816	413,955	664,900

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1972 actual	1973 estimate	1974 estimate
Relation of obligations to outlays:			
Obligations incurred, net.....	552,923	722,000	734,000
Obligated balance, start of year.....	282,774	445,433	762,433
Obligated balance, end of year.....	-445,433	-762,433	-1,061,433
Outlays.....	390,263	405,000	435,000

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1972 actual	1973 estimate	1974 estimate
DEPARTMENT OF THE ARMY			
Personnel compensation:			
Permanent positions.....	55,900	64,121	64,629
Positions other than permanent.....	1,200	1,887	1,996
Other personnel compensation.....	1,148	792	792
Total personnel compensation.....	58,248	66,800	67,417
Direct obligations:			
Personnel compensation.....	19,416	20,751	20,097
Personnel benefits, civilian.....	1,728	1,854	2,174
Travel and transportation of persons.....	2,360	2,500	2,600
Transportation of things.....	653	660	675
Rent, communications, and utilities.....	4,380	4,500	4,600
Printing and reproduction.....	1,200	1,250	1,250
Other services.....	86,500	95,000	95,000
Supplies and materials.....	7,300	7,800	8,000
Equipment.....	15,675	15,700	15,800
Lands and structures.....	355,960	517,421	605,744
Insurance claims and indemnities.....	20	20	20
Interest and dividends.....	30	30	30
Total direct obligations.....	495,222	667,486	755,990
Reimbursable obligations:			
Personnel compensation.....	38,832	46,049	47,320
Personnel benefits, civilian.....	3,937	4,055	3,829
Travel and transportation of persons.....	116	115	115
Other services.....	44,200	44,000	37,000
Lands and structures.....	269,794	191,781	175,736
Total reimbursable obligations.....	356,879	286,000	264,000
Total, Department of the Army.....	852,101	953,486	1,019,990

ALLOCATION ACCOUNTS

Personnel compensation:			
Permanent positions.....	63	110	19
Positions other than permanent.....	27	28	5
Other personnel compensation.....	8	8	2
Total personnel compensation.....	98	146	26
Personnel benefits, civilian employees.....	13	13	3
Travel and transportation of persons.....	30	60	8
Transportation of things.....	9	18	2
Rent, communications, and utilities.....	3	6	1
Other services.....	110	220	26
Supplies and materials.....	1	2	1
Lands and structures.....	8,313	14,049	1,943
Total allocation accounts.....	8,577	14,514	2,010
Total obligations.....	860,678	968,000	1,022,000
Obligations are distributed as follows:			
Defense—Military:			
Army.....	852,101	953,486	1,019,990
Department of Transportation.....	8,577	14,514	2,010

Personnel Summary

DEPARTMENT OF THE ARMY

Total number of permanent positions.....	4,068	4,526	4,485
Full-time equivalent of other positions.....	996	478	485
Average paid employment.....	4,379	5,029	4,994
Average GS grade.....	9.2	9.2	9.2
Average GS salary.....	\$13,891	\$14,075	\$14,259
Average salary of ungraded positions.....	\$5,757	\$5,843	\$5,929

ALLOCATION ACCOUNTS

Total number of permanent positions.....	10	10	3
Average paid employment.....	11	15	3
Average GS grade.....	8.0	8.0	8.0
Average GS salary.....	\$9,248	\$9,384	\$9,520

OPENING STATEMENT OF THE CHAIRMAN

Mr. SIKES. We are very pleased to welcome here this morning Mr. Brazier and General Cooper from the Department of the Army.

I am happy to note that we have three able new members of the subcommittee: Mr. Obey, Mr. Davis, and Mr. McEwen. I am confident they will carry out the fine traditions established by those who preceded them on this subcommittee.

Mr. Brazier and General Cooper appear in their new capacities as Deputy for Installations and Housing and Director of Installations for the Army.

ARMY HOUSING PROGRAM

The committee notes that the Army's request this year contains substantial increases over previous years for both bachelor and family housing. Please include in the record, at this point, a table showing the amounts provided for bachelor and family housing construction and modernization in the past 4 years and that proposed for fiscal year 1974. Also, please show the number of units constructed or modernized in each year.

[The information follows:]

ARMY HOUSING PROGRAM FISCAL YEARS 1970-74, BACHELOR HOUSING

Fiscal year:	Construction		Modernization ¹	
	Spaces	(Thousands)	Spaces	(Thousands)
1970.....	7,650	\$35,753	0	0
1971.....	5,541	25,629	0	0
1972 ²	6,752	58,101	³ 53,990	\$55,513
1973 ³	16,001	127,786	49,039	110,658
1974.....	24,838	242,577	47,424	146,311

¹ Full modernization did not start until fiscal year 1972.

² Spaces based on contract awards as of Apr. 5, 1973.

³ Only 10,789 spaces at full modernization. Remainder were for "Quick Fix."

FAMILY HOUSING

Fiscal year:	New units authorized	Appropriation (thousands)
1970.....	1,200	\$25,060.0
1971.....	1,700	41,032.0
1972.....	2,008	51,854.9
1973.....	³ 4,166	106,102.0
1974.....	6,135	178,208.0

¹ Includes 201 units deleted from program (200 at Malmstrom Safeguard Site and 1 at Sharpe Army Depot, Calif.).

² Includes 215 units at Malmstrom Safeguard Site deleted from program and 125 units at Grand Forks Safeguard Site currently deferred.

³ Includes 218 units at Grand Forks Safeguard Site deferred in the program.

We are glad to see the Army following a realistic program in this important area. I believe the committee will support the request where it feels there is a likelihood of long-term use of these facilities.

In your discussion, we would like your recommendations for any changes that appear required or important in the legislation affecting these programs. I am thinking particularly of section 236 housing,

where there may be a requirement for some change in the eligibility requirements.

The committee has felt the Army was not keeping pace with the other services in some of its construction programs in prior years. Those things we will discuss with you. We do feel that the present program is a more realistic one. This we think will help to correct the problem. There are some particular installations, which we will discuss with you, where we have been disappointed at the way individual projects have been handled, as, for instance, Fort Drum, in New York, where there has been a serious need for new housing. Because of costs and other problems, nothing has been accomplished. We feel we must correct that situation. The committee is ready to work with you to do so.

Again, we welcome both of you before the committee, and wish you well in your work. We want to be helpful. We know the essentiality of an adequate construction program. We are happy that you are stressing housing.

We will ask that your biographical sketches be included in the record ahead of your statements.

BIOGRAPHICAL SKETCH OF GEORGE W. BRAZIER, JR.

[The biographical sketch follows:]

GEORGE WILLIAM BRAZIER, JR.

Mr. Brazier became Deputy for Installations and Housing in the Office of the Assistant Secretary of the Army—Installations and Logistics—on October 9, 1972. He is responsible for installation planning and programing; construction; real property and real property maintenance; military and civil works real estate; and direction and control of family housing functions.

He was born on June 23, 1923, in Johnson County, Kans., and spent his early years in Kansas City, Kans. His engineering education at the University of Kansas was interrupted for active duty in the Army during World War II. In Europe he participated in three major campaigns and received a battlefield commission as a combat infantryman.

Following the war he resumed his education graduating in 1949 from the University of Kansas with a degree in architectural engineering. In 1950, as an officer in the Army Reserve, he was recalled to active duty for the Korean conflict where he served during five campaigns as an engineer officer.

In 1955 he went to Morocco as a civilian representative of the Army Corps of Engineers. As chief of construction for the Morocco district he was involved in the construction of a complex of air bases for the U.S. Air Force.

In 1959 he returned to the United States for employment in the Office of the Army's Chief of Engineers. From then until he assumed his present duties he served in a succession of military construction and civil works assignments.

Mr. Brazier was decorated for valor in both World War II and the Korean conflict and has received the Army's award for Meritorious Civilian Service. He is a member of the American Society of Civil Engineers, the American Society of Professional Engineers, the Virginia Society of Professional Engineers, the U.S. Committee on Large Dams, the Permanent International Association of Navigation Congresses and the Society of American Military Engineers. He is registered both as an architect and as a professional engineer.

Mr. Brazier is married to the former Roberta Jacobus of Wichita, Kans. They have six children and reside in Fairfax County, Va.

Mr. SIKES. We shall be pleased to hear your statement, Mr. Brazier.

STATEMENT OF DEPUTY ASSISTANT SECRETARY OF THE ARMY,
INSTALLATIONS AND HOUSING

Mr. BRAZIER. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I appreciate having this opportunity to appear before you to discuss the Army's military construction request for fiscal year 1974.

In total obligational authority our request is \$706,900,000. It does not include any funds for either Safeguard or Site Defense of Minute-man. It does include \$60 million for the NATO infrastructure program and \$51,500,000 for general authorization. The remainder, \$595,400,000, is for major construction. To keep this figure in perspective, I would like to talk for a few moments about the Army's backlog of deferred construction.

CONSTRUCTION BACKLOG

This backlog, which excludes any requirements for Reserves, family housing or overseas areas, is currently estimated at \$6.5 billion. This is \$1.6 billion less than the figure we reported last year. This reduction reflects a decrease in the total strength of the Army but more significantly it reflects a purging of the backlog to remove low priority items. \$4.1 billion, or almost two-thirds of the backlog, is for modernization and replacement of existing facilities which have become outmoded. We calculate that to satisfy just the modernization and replacement portion of the backlog including annual depreciation within a 10-year period would require an annual funding level of \$600-700 million. Because of overall fiscal restraints, we are unable to program at this level. This year's request includes only \$463 million for replacement and modernization. Thus, it is apparent that only the highest priority items have been included in our request.

This year we have had to handle a special requirement; namely, construction items required in connection with the recently announced reorganization of the Army. Our construction request incorporates 14 projects totaling \$11,182,000 for this purpose. However, again this year the major thrust of our request continues to be for people-oriented facilities. Almost 85 percent of our major construction request is for troop housing, community support, and medical/dental facilities.

TROOP HOUSING

Troop housing accounts for almost 70 percent of the major construction request. Committed as we are to the objective of providing adequate housing for all our personnel in the seventies, we are continuing our two pronged attack on the barracks problem by programing for the modernization of existing permanent spaces as well as for new barracks. I am pleased to report that our bidding experience with the new regional barracks designs has been generally encouraging. As might be expected, we have had problems with a few projects, but overall the program has been a successful one. We are enthusiastically pursuing the approach of housing no more than three men to a room, excluding trainees, and are thoroughly convinced it will prove of major benefit to the Army in attracting and retaining personnel who measure up to the high standards required by today's Army. Significantly, our

troop housing request includes modernization and new construction for more than 7,500 women. This is consistent with the planned expansion of the Women's Army Corps from a fiscal year 1972 end strength of 12,400 to a fiscal year 1978 end strength of 23,800. Our request includes not only housing, academic and administrative facilities at Fort McClellan, the WAC center, but also troop housing at a number of other installations throughout Conus.

COMMUNITY SUPPORT

In the category of community support facilities, this year's request is for \$48.2 million, an amount which approximates that approved in last year's request. Prior to last year, we were unable to allocate significant amounts to these facilities. However, we feel they can no longer be deferred if we are to foster the spirit of community cohesiveness so important to an organization such as the Army whose efficiency is intimately associated with group effort. I would like to note that the community support category includes \$12.1 million for five dependents' schools in Europe. Existing conditions are deplorable and accreditation is in jeopardy. We feel we have an obligation to our personnel stationed in this part of the world to provide the facilities required for the education of their children.

MEDICAL

In the medical/dental category, we are requesting \$45.8 million. Although this amount is only about \$10 million more than our request last year, with the fiscal year 1974 program we are embarking on a 5-year, greatly expanded DOD health facilities modernization program. Because of the long leadtime for design of these facilities, the upsurge in construction funds for the expanded program will not be required until beginning with the fiscal year 1975 program. However, design funds are required at this time. As you are aware, we have reprogrammed \$4.2 million fiscal year 1973 funds to begin design of this accelerated program and the general authorization portion of this year's request includes \$6 million for this purpose.

COSTS

So much for an overview of the composition of this year's request. Now I would like to talk a few moments about our construction management performance. With regard to cost estimating, we are maintaining a high degree of reliability. Considering the rapidly spiraling prices of the last few years, the fact that we have been able to award the bulk of our projects within the programed amounts bears testimony to the professionalism of our estimators. However, their labors have not been without problems. When we appeared before you last year we were estimating an escalation increase during calendar year 1973 of 7 percent. However, it now appears that it may reach 10 percent. Such "real world" problems are not new and over recent years we have learned to live with them. One important method of minimizing the effects of cost growth is to increase the percentage of projects which are awarded in the first year they are authorized. Considerable high level attention has been devoted to improving the first year

obligation rate and these efforts are beginning to get results. I am pleased to be able to report that the obligation rate for the fiscal year 1973 program will show improvement over past performance. Our biggest problem in this regard is with pollution abatement projects. We are delayed sometimes by changes to local and State standards; also by the necessity to participate in regional sewage disposal systems. Although the going sometimes seems slow, we are resolving these problems as quickly as possible.

MAINTENANCE BACKLOG

Before concluding, I would like to touch on the subject of maintenance and repair of Army facilities which is related to the "Operations and Maintenance" appropriation. Last year we reported that by the end of fiscal year 1971 the backlog of essential maintenance and repair, referred to as BEMAR, had been reduced to \$241 million. During fiscal year 1972, BEMAR was further reduced to \$223 million. By the end of fiscal year 1973 we hope to further reduce it to about \$200 million. However, the outlook for fiscal year 1974, based on the budget level, is not as optimistic and we are projecting a rise to about \$230 million. Furthermore, we estimate that there will be an additional \$40 million of deferred maintenance work, consisting mainly of minor projects of less than \$10,000, not meeting the definition of BEMAR.

It is true that we are hampered by the perennial problems of cost escalation and budgetary restraints. However, there is a growing problem in the maintenance area that is becoming increasingly difficult to deal with. Modern day facilities are becoming much more complex, particularly with regards to equipment installed in them. As a result, the unit cost of maintenance is continually rising. Hospitals are a prime example of this trend. This problem is not unique to the Army. The private sector is also experiencing rising costs to maintain today's sophisticated buildings. One tool which we expect will help us cope with this problem is the integrated facilities system which we are developing.

Mr. SIKES. Will you keep us up to date, Mr. Brazier, on the integrated facilities system in order that the record will be more complete?

Mr. BRAZIER. Yes, Mr. Chairman, I will be happy to. At the present time we have completed a manual test for the first increment of the system at two installations. Based on that experience, we have completed detailed specifications for the automated system and it is now being designed. Prototype testing will be conducted beginning in March 1974 and implementation of this first increment is scheduled to begin in August 1974. The system is being designed to give us not only a detailed analysis of current costs and deficiencies but also far more accurate projections of maintenance requirements so that in the design of individual facilities for construction, we will be able to make the fullest possible use of life cycle costing techniques to obtain the best possible return for the taxpayer's dollar.

This concludes my statement. Major General Cooper will follow me with his statement which will give a more detailed look at this year's request.

I'll be pleased to answer any questions you may have.

[Additional information follows:]

At the hearings of the House of Representatives Committee on Appropriations on March 3, 1970, information was inserted into the record detailing the integrated facilities system (IFS). The system was under development at that time. The following information is provided to update the status of development and implementation of the integrated facilities system.

The system concepts have been tested at two installations and found to be valid. The resulting economic analysis indicated at a future cost savings through the elimination of need for "blue collar" workers to spend so much time on "white collar" work. The test also demonstrated that IFS will be readily able to provide much better information on facility condition, requirements, and utilization than is presently available.

The Army has already adapted reports similar to those which will be produced by IFS to obtain some information on unconstrained requirements for real property management activities.

The detailed functional specifications for the first increment, incorporating results of the test, have been completed and approved by the Assistant Secretary of the Army (financial management). The Computer Systems Command of the Army is already programing with a target completion date of October 1973. System integration tests are scheduled for November 1973 and live data prototype tests for March 1974. Implementation of the system at Conus installations will begin in August 1974 with a target completion date of November 1975.

Concurrently, action is underway to develop additional capability in the IFS for use in providing guidance for utilization of facilities and development of future requirements.

With completion of the full system in October 1976, the Army will have the capability required, as detailed in the March 1970 hearings, to meet staff responsibilities in all areas of facility management.

Mr. SIKES. Thank you, Mr. Brazier. This is a very good statement and a very interesting statement.

General Cooper, again we are happy to have you with us. We congratulate you upon your assignment to this work. You follow a number of able predecessors. We are looking forward to cooperating with you in the important work which lies ahead.

As I have stated, your biography will also appear in the record.

BIOGRAPHICAL SKETCH OF MAJ. GEN. KENNETH B. COOPER

[The biographical sketch follows:]

Kenneth Banks Cooper was born at Fort Leavenworth, Kans., November 12, 1923, the sixth of seven children born to Col. and Mrs. Avery John Cooper. After attending schools in Washington, D.C., New York, and Hawaii, he was graduated in 1940 from Bayside High School, Long Island, N.Y. He attended the U.S. Military Academy, as did his three brothers, and was graduated fifth in the class of 1944.

After 3 months at Fort Belvoir, he was sent to the Southwest Pacific area. He served with the 46th Engineer Construction Battalion in Leyte, Luzon, and Japan in various positions from platoon to battalion commander.

In the fall of 1946, he returned from Japan to Sandia Base, N. Mex., for assignment to the Manhattan project, later the Armed Forces special weapons project. In addition to his task as a technical operations officer, he served as special assistant to Lt. Gen. Leslie Groves, Chief, AFSWP, and participated in the Sandstone atomic weapon test at Eniwetok in 1948.

Following attendance at the U.S. Naval Postgraduate School and at MIT, studying civil engineering and nuclear physics, he spent 4 years, 1951-55, with the Atomic Energy Commission in Washington, working on the development, production, and stockpile requirements for nuclear weapons.

He was assigned to SHAPE, Paris, France, as a nuclear plans staff officer from 1955-58. After completing the course at the Command and General Staff College, Fort Leavenworth, in 1959, he joined the Advanced Research Projects Agency, Office of the Secretary of Defense, where for 4 years he was concerned

with ballistic missile defense research, primarily reentry physics phenomenology and radar and optical measurements of reentry vehicles.

Following a command tour in Korea (76th Engineer Battalion), he attended the Army War College at Carlisle, graduating in 1965. General Cooper's tour as director of the Army nuclear power program was cut short in the fall of 1966 when he was one of the first officers assigned to the newly organized Defense Communications Planning Group in Washington. He was assigned as executive to the Secretary of the Army, Stanley R. Resor, in July 1968.

From May 1970 to July 1971, he was assigned to the Republic of Vietnam as the Deputy Commanding General, U.S. Army Engineer Command, and the Commanding General, 20th Engineer Brigade. His assignment just prior to his assuming his present position in December 1972 as Director of Installations, ODCSLOG, DA, was as the Deputy Director of Civil Works, Office of the Chief of Engineers.

His decorations include the Distinguished Service Medal with Oak Leaf Cluster and the Legion of Merit with Oak Leaf Cluster.

General Cooper is married to the former Barbara Nesbit of Washington, D.C. They have two sons, Kenneth and Robert.

Mr. SIKES. You may proceed with your statement.

STATEMENT OF DIRECTOR OF INSTALLATIONS

General COOPER. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I am Maj. Gen. Kenneth B. Cooper, Director of Installations, Office of the Deputy Chief of Staff of Logistics, Department of the Army.

It is a privilege to appear before this committee and to present the Department of the Army's portion of the military construction appropriation request.

We have structured our budget to reflect the Army reorganization and realignment actions announced in January and April 1973.

FISCAL YEAR 1974 REQUEST

The Army is requesting an appropriation of \$664,900,000 for new obligational authority (NOA) within a total obligational authority (TOA) of \$706,900,000. The \$24 million difference between NOA and TOA is to be financed by expected NATO recoupments of \$20 million and estimated savings of \$42 million from prior-year programs. Included in our appropriation request is \$14,075,000 for three previously authorized but unfunded projects, \$1,186,000 deficiency funding for three previously authorized projects, and \$51,500,000 for planning and minor construction which are authorized by continuing legislation. Our companion request for new authorization totals \$660,139,000 which includes \$20 million for NATO infrastructure for which we are not requesting funding.

Of the total request \$563,819,000 is for construction within the United States and \$88,581,000 is for construction outside the United States, including projects in Europe, Korea, Panama, Puerto Rico, the Marshall Islands, and U.S. Army Security Agency and U.S. Army Strategic Communications Command sites.

As the core of this year's program, we are continuing to emphasize facilities which benefit the soldier: where he lives, where he plays, and where we treat him when he is sick. Over 84 percent of our request for construction, excluding NATO and "General Authorization," is in these categories. I will discuss this in more detail in a moment.

The construction planned outside of the United States is approximately 12.5 percent of our total program. This overseas program is similar to fiscal year 1973, providing for only a limited number of operational facilities and a few projects in support of troop welfare, all at locations where we expect to stay in our long-range planning. Also, as in fiscal year 1973, we are requesting no authorization or funds for construction in the Republic of Vietnam.

Continuing the procedure established in fiscal year 1968 this program contains \$60 million to support the U.S. share of infrastructure construction for the collective defense of the North Atlantic Treaty Organization. We propose to provide detailed support for this request at a later session.

Our fiscal year 1974 request includes \$14,394,000 to provide facilities for air and water pollution abatement at various Army installations in the United States. This is lower than in recent years. The fiscal year 1972 and fiscal year 1973 programs were the peak years and provided nearly \$131,300,000 to satisfy the requirements of Executive Order 11507 as best we could determine. The fiscal year 1974 program will satisfy newly identified requirement derived from increasingly more stringent standards and accomplish projects deferred from earlier programs for technological reasons. We do not yet know the magnitude of the requirements which will result from the Federal Water Pollution Control Act Amendments of 1972. We anticipate that we may need some sizable dollar amounts for pollution abatement projects in future MCA requests.

We are not requesting any funds for the Safeguard program.

Before discussing the highlights of our program, I would like to call your attention to the following tables which give summaries of the program. Table I shows the distribution of the appropriation request of \$706,900,000 among major commands in the United States and overseas.

[The table follows:]

TABLE I.—PROPOSED FISCAL YEAR 1974 MILITARY CONSTRUCTION, ARMY PROGRAM

<i>Inside the United States</i>	
Comand:	<i>Cost</i>
U.S. Continental Army Command-----	\$413, 809, 000
1st Army-----	(66, 891, 000)
3d Army-----	(153, 476, 000)
5th Army-----	(155, 697, 000)
6th Army-----	(37, 745, 000)
U.S. Army Materiel Command-----	58, 649, 000
U.S. Army Security Agency-----	287, 000
U.S. Army Strategic Communications Command-----	8, 226, 000
United States Military Academy-----	30, 145, 000
U.S. Army Medical Department-----	12, 827, 000
Office Chief of Engineers-----	597, 000
Military Traffic Management and Terminal Service-----	5, 716, 000
U.S. Army, Alaska-----	8, 344, 000
U.S. Army, Hawaii-----	10, 825, 000
Various locations, air pollution abatement facilities-----	7, 295, 000
Various locations, water pollution abatement facilities-----	7, 099, 000
Total inside the United States-----	\$563, 819, 000

Outside the United States

	<i>Cost</i>
Command:	
U.S. Army Forces, Southern Command-----	\$8,095,000
U.S. Army Pacific-----	1,568,000
Puerto Rico-----	517,000
Kwajalein Missile Range-----	2,353,000
U.S. Army Security Agency-----	1,434,000
U.S. Army Strategic Communications Command-----	2,097,000
U.S. Army, Europe-----	72,517,000
Germany-----	(12,517,000)
NATO infrastructure-----	(60,000,000)
Total outside United States-----	88,581,000
<i>Other</i>	
General authorization-----	51,500,000
Planning-----	(39,000,000)
Minor construction-----	(12,500,000)
Section 102 (classified project)-----	3,000,000
Total obligational authority requested-----	706,900,000

General COOPER. Table II shows the construction categories in which the funds are requested and the percent of the construction dollars in each category. This table illustrates the emphasis being placed on facilities supporting our soldiers.

[The table follows:]

TABLE II.—PROPOSED FISCAL YEAR 1974 MILITARY CONSTRUCTION, ARMY PROGRAM
SUMMARY BY CONSTRUCTION CATEGORIES

	Total	Percent of total excluding NATO and general authorization
Operational and training facilities-----	\$22,301,000	3.7
Maintenance and production facilities-----	16,418,000	2.8
Research, development, and test facilities-----	11,183,000	1.9
Supply facilities-----	8,101,000	1.4
Hospital and medical facilities-----	45,807,000	7.7
Administrative facilities-----	6,038,000	1.0
Housing and community facilities-----	453,391,000	76.0
(Troop housing)-----	(405,213,000)	(68.0)
(Community facilities)-----	(48,178,000)	(8.1)
Utilities and ground improvements-----	29,455,000	4.9
(Air pollution abatement facilities)-----	(7,295,000)	(1.2)
(Water pollution abatement facilities)-----	(7,099,000)	(1.2)
(Other)-----	(15,061,000)	(2.5)
Real estate-----	2,706,000	.5
NATO-----	60,000,000	-----
General authorization-----	51,500,000	-----
Total obligational authority requested-----	706,900,000	100.0

THE ARMY MODERN HOUSING PROGRAM

The priority element of our soldier oriented program this year, as with last year, is that portion directed to bringing our Army housing to adequate and modern standards. We first presented the Army's housing program for the seventies in the fiscal year 1972 budget. Our program goal is to provide modern housing for all bachelor soldiers and families. We are controlling both the programing and execution

phases to assure that we get the right type of housing, in the right amount, at the right place, and at the best design and cost we can manage. Since this presentation covers our general MCA program which provides for the bachelor housing support, my remarks will be directed to that portion of the housing program. Subject to your approval, the family housing portion will be covered during a later hearing.

BACHELOR HOUSING

The fiscal year 1974 program provides for construction of 24,553 new enlisted barracks spaces and 285 bachelor officer spaces in the United States and overseas. Included in these are 3,935 enlisted and 100 officer spaces for the Women's Army Corps and 380 enlisted spaces programmed for semipermanent construction overseas. In locating this new construction, emphasis has been placed on those troop stations which have the largest deficits in bachelor housing and which are included in the Army's long-range planning. We are requesting \$242,577,000 for this year's new construction portion of the bachelor housing program.

In our fiscal year 1974 budget request we are asking for \$146,311,000 to modernize 46,896 enlisted barracks spaces and 528 officer spaces. Of the barracks spaces, 45,397 are in the United States (including 3,587 for enlisted women) and 1,499 are overseas. All officer spaces are in the United States.

Recent changes in criteria for new construction and modernization have had a great impact on the Army's barrack assets insofar as their classification into "adequate" or "substandard" is concerned. Those we now classify as not meeting current standards may vary from pre-World War I buildings on some of our older posts, to relatively new barracks from our MCA programs of the 1960's. The amount of work required to bring these various buildings to current standards varies widely from a matter of internal partitioning to subdivide the open bays into rooms for one, two or three men to total renovation required for some of the older buildings.

I would like to cite some statistics to illustrate the status in adequately housing all of our soldiers and the size of the task still to be accomplished.

Requirements. Based on the long-range (fiscal year 1978) strength projection, it is presently estimated that housing will be required for approximately 497,000 soldiers of whom 60,000 will be trainees. It will also be necessary to house an estimated 34,000 bachelor officers.

Assets. Including construction and modernization in progress or already approved in fiscal year 1973 and earlier programs, the Army has approximately 397,000 permanent barracks spaces and 27,000 bachelor officer spaces worldwide. Both in the United States and overseas we have a wide variety of permanent buildings, semipermanent, and temporary structures being used for troop housing. As indicated earlier, except for trainee barracks in the United States, recent changes in housing criteria such as air-conditioning where required and semi-private or private rooms have caused approximately 40 percent of these existing permanent assets to be classified as inadequate under currently accepted standards.

Deficits. Comparison of the assets and requirements indicates that a deficit exists of approximately 100,000 enlisted barracks spaces and

about 7,000 bachelor officer quarters spaces. This deficit must be met by new construction. Plus, we must continue to modernize those existing permanent assets, over 158,000 spaces, that are below standards.

Current bachelor housing standards provide a significant departure from the open-bay barracks which have been our standard in the past. We are striving for increased privacy, more comfortable living conditions, and improved security for the soldier's personal possessions. For the lower grades (E2-E4) we are building or modernizing to create two- or three-man rooms at 90 square feet of living space per man. The new construction will provide a bath with each room as will modernization projects wherever practical. The middle grades (E5-E6) will normally have one- or two-man rooms at 135 square feet of living space per man and the senior grades (E7-E9) will be authorized a private room with 270 square feet of living space and a private bath. Air-conditioning, increased lighting and electrical outlets, improved furniture, and secure storage areas are inherent features in our designs.

For the junior officer (O1-O2) we are providing 330 square feet of living space consisting of a private combination living/bedroom, bathroom and pullman type kitchen. Grades O3 and above will have a private suite of approximately 460 square feet. The accommodations will consist of a living room, bedroom, bathroom, and kitchen.

The Army considers these standards to be both necessary and just and not extravagant. They are in keeping with improved living conditions which prevail in the United States today.

COMMUNITY FACILITIES

Also of importance to the soldier are the community functions related to his and his family's daily needs. Our request for these items is \$37,448,000 (exclusive of confinement facilities), which provides for a number of diverse facilities including new commissaries at Forts Campbell, Gordon and Polk, chapels centers at Aberdeen Proving Ground and Redstone Arsenal, automotive self-help garages at Forts Gordon and Greely, a physical conditioning facility at Carlisle Barracks, a gymnasium at Fort McClellan, outdoor athletic facilities at Fort Riley, a patient visitor facility at Walter Reed Army Medical Center, service clubs at two locations, a post library and gymnasium addition at White Sands Missile Range, a main post office at Fort Eustis, an NCO open mess at Yuma Proving Ground, and a billeting office, an officers' open mess, and a provost marshal facility at Fort Wainwright.

We are including in our request \$12,091,000 to improve the schools for our dependent children in Germany. We plan to build additions at three locations and to construct new facilities at two locations to reduce overcrowding and alleviate substandard conditions. The necessity for improvement of the dependent educational facilities in Germany has been recognized for several years and these projects will continue and expand the Army's efforts to improve the dependent school system.

MEDICAL FACILITIES

Our request for \$45,807,000 for medical facilities is about 3 percent of our program. The largest single project in this category is a \$25 million new hospital at the Military Academy. We have included an

addition for the permanent hospital at Fort Lee, new dental clinics at Forts Carson, Lewis, and Monmouth, and a combined medical and dental facility at Fort Shafter.

The request includes \$10,830,000 for the parking facility at Walter Reed Army Medical Center which was authorized but not funded in fiscal year 1972. Although the parking facility is not technically in the category of medical facilities, it is an integral part of the new hospital building and the overall center modernization project and hence we are reporting it in this section dealing with our medical program.

WOMEN'S ARMY CORPS EXPANSION PROGRAM

An important segment of our request supports the expansion of the Women's Army Corps which will double the size of the corps by fiscal year 1978. Over \$47,893,000 are allocated to this portion of the fiscal year 1974 MCA program. The key projects expand the housing, training, and administrative facilities at Fort McClellan, the WAC center. The remaining projects are for housing at various posts, as noted earlier, to provide adequate quarters for the increased WAC population.

AVIATION FACILITIES

This year's request contains eight projects totaling \$19,195,000, related to Army aviation activities. These include two projects at Fort Hood, one at Fort Sherman, Canal Zone, and one in Korea, all in support of Army contingency requirements. Helicopter landing facilities are planned for Fort Belvoir and runway improvements are requested for Fort Huachuca in the interest of safety, maintenance, and operational efficiency. Improvements are also planned for the airfield facilities at Fort Rucker. The third and final phase of the tactical airfield complex at Fort Campbell is included this year and will complete the project started in fiscal year 1972.

U.S. MILITARY ACADEMY

This year we are requesting \$30,145,000 for three projects: the new hospital, utilities expansion, and barracks modernization. These projects have been recommended for approval by the West Point Planning Advisory Board as being necessary and in consonance with the USMA expansion plan.

RESEARCH AND DEVELOPMENT

The Army's total request in this category is \$11,183,000, considerably lower than the \$59,872,000 approved in fiscal year 1973 when we were completing the construction of two major laboratories. The human factors engineering laboratory at Aberdeen Proving Ground, an addition to the explosive laboratory at Picatinny Arsenal, and the KOFA Range improvements (phase I) at Yuma Proving Ground are the major projects of the research, development, and testing program this year. There are seven other smaller, but necessary, projects.

CONFINEMENT FACILITIES

The Army is also requesting two new confinement facilities in fiscal year 1974 as a continuation of our long-range program for providing modern facilities for confinement of military personnel accused or convicted of violations of military law. This long-range program is based on the Army's modified correctional system. We foresee construction requirements extending into fiscal year 1977, at a dollar level approximating that of fiscal year 1974, to provide the necessary facilities support. The new facilities proposed in the fiscal year 1974 MCA program will be located at Forts Leonard Wood and Lee at a cost of \$10,730,000.

ENVIRONMENTAL POLLUTION ABATEMENT

In support of the national goal of reducing environmental pollution the Army has included \$14,394,000 in the fiscal year 1974 MCA program to improve pollution abatement capabilities at 27 installations in 22 States. Of the total program cost, \$7,295,000 is for air pollution abatement and \$7,099,000 for water pollution abatement, including \$300,000 for a previously approved project which now requires revision. Our program includes incinerators for explosives and contaminated waste disposal, facilities for treatment of industrial wastes, precipitators on smokestacks, connections to regional sewage systems, air and water pollution monitoring stations, and the upgrading of existing sewage and water treatment plants to conform to local and Federal standards. These projects have been coordinated with other Federal agencies involved in pollution abatement and are in phase with the environmental pollution control program.

As indicated earlier, several of our projects are based on more rigid standards or on technological advancement in pollution control. We expect future requirements to be generated in a similar manner, particularly as the States begin to implement their programs to achieve the goals established in the Federal Water Pollution Control Act Amendments of 1972.

ELECTRICAL SUPPLY AND DISTRIBUTION

This year we are again requesting funds to modernize the electrical systems on a number of our permanent installations, many of which are now inadequate and approaching unsafe conditions. The continuing rise in the demand for electrical power due to changes in communications, modern weapons, training techniques and living standards, especially the desire for air-conditioning, has overtaxed the electrical systems on many Army installations. To rectify this situation approval is requested to upgrade the electrical utilities at three installations in the United States at a cost of \$4,079,000. We are again requesting improvement of electrical facilities at various strategic communication sites overseas at a cost of \$2,097,000.

AIR-CONDITIONING

Mr. SIKES. What is the situation generally on air-conditioning at Army installations? The Army is probably the last of the services to begin to stress air-conditioning. This committee has supported air-

conditioning generally because we recognize the increased efficiency and comfort that come from air-conditioning. What is the overall picture on air-conditioning of Army facilities?

General COOPER. With regard to barracks, we are really just getting started. We are doing air-conditioning as part of the 1972 program, and some of that has been completed. For the most part, almost none of the barracks were air-conditioned prior to those built in 1968. By the time we get through with our modernization program, all the barracks in areas which qualify under Department of Defense criteria will be air-conditioned. We are just getting started. That is what it amounts to, sir.

Mr. SIKES. I thought that would be the situation.

General COOPER. For example, at Fort Campbell, only 7 barracks are air-conditioned, and those were built after 1968. Some of the trainee barracks which were built recently are air-conditioned.

Mr. SIKES. I think we can well afford to place added stress on air-conditioning.

Mr. DAVIS. Is this a good place to put in the record a general outline of the criteria with respect to air-conditioning?

Mr. SIKES. Would you please do that.

[The information follows:]

The criteria for air-conditioning is contained in Department of Defense "Construction Criteria Manual" DOD 4270.1M. Chapter 8 of this manual establishes weather zones based on the wet and dry bulb data of specific locations published in TM 5-785, "Engineering Weather Data" by the Departments of the Air Force, the Army, and the Navy. For new facilities, air-conditioning is permitted in personnel living space where the wet bulb temperature is 67° F. or higher 1,000 or more hours during the 6 warmest months of the year or where the dry bulb temperature is 80° F. or higher for more than 650 hours during the 6 warmest months of the year.

For *existing* facilities, air-conditioning is permitted in personnel living space where the wet bulb temperature is 67° F. or higher 1,400 or more hours during the 6 warmest months of the year or where the dry bulb temperature is 80° F. or higher for more than 900 hours during the 6 warmest months of the year.

Generally, for all other occupied facilities such as dining, administration, chapels, libraries, classrooms, etc., air-conditioning is permitted where the wet bulb temperature is 67° F. or higher 800 or more hours during the 6 warmest months of the year or where the dry bulb temperature is 80° F. or higher for 350 or more hours during the 6 warmest months of the year.

Medical facilities are air-conditioned on the same basis as above except critical areas such as operating, recovery, nursery, et cetera, are air-conditioned in all weather zones.

KWAJALEIN MISSILE RANGE

General COOPER. The Kwajalein Missile Range in the Marshall Islands is a national range for testing various types of equipment in the Nation's missile programs. The continuing development of test facilities in this area and the major testing programs underway make it necessary to request improvements of a variety of facilities. We are asking for a total of \$2,353,000 for three projects.

SUMMARY

In summary, we have designed the fiscal year 1974 MCA program to enhance the welfare of the soldier by improving our bachelor housing, primary medical care facilities, and community facilities. In addition, the Army is continuing its efforts to control environmental pollution

and to improve its operational capability. We have given careful consideration to insuring that the projects requested are located at "hard core" installations where the facilities will be fully utilized.

This concludes my presentation of the Army's fiscal year 1974 Military Construction Appropriation request. The detailed project justifications supporting the Army request are contained in the book which has been furnished to the committee. The projects are arranged in command and station sequence.

I will be pleased to answer any questions the committee may have or to see that the answers are provided.

LESS FIRM INSTALLATIONS

Mr. SIKES. Thank you very much, General Cooper. You have said these requests are for hard core installations where the facilities will be fully utilized during the foreseeable future.

General COOPER. With very minor exceptions, sir. Since the formation of this program, there are a few minor exceptions which I will get into as we go through the individual projects. We have programs in the 1974 program that are not hard core.

Mr. SIKES. We will cover that general subject in detail.

ARMY'S LONG-RANGE PROGRAM

Mr. Brazier, you discussed the Army's backlog of deferred construction. Will you provide for the record the current estimate for the backlog and break that out by categories of facilities?

Mr. BRAZIER. Yes, Mr. Chairman.

[The information follows:]

ESTIMATED BACKLOG OF DEFERRED CONSTRUCTION		<i>Millions</i>
Facility class:		
Operations -----		\$402
Training -----		518
Maintenance and production -----		867
Research and development -----		454
Supply -----		393
Medical -----		711
Administrative -----		474
Housing (bachelor) -----		1,371
Community support -----		866
Utilities -----		468
Total -----		<u>6,524</u>

Mr. SIKES. I would also like to have provided for the record the amounts which the Army plans to request in fiscal year 1974 and the 4 subsequent years, and the resulting backlog which you would expect at the end of the fiscal year 1978 program.

Mr. BRAZIER. We will provide that, Mr. Chairman.

[The information follows:]

ESTIMATED FISCAL YEAR 1974-78 MCA PROGRAM

[In millions of dollars]

Facility class	Fiscal year 1974	Fiscal year 1975-78
Operational.....	15	40
Training.....	8	104
Maintenance and production.....	16	107
Research and development.....	11	105
Supply.....	8	62
Medical.....	46	681
Administrative.....	6	40
Bachelor housing.....	405	1, 224
Community support.....	48	238
Utilities.....	32	74
Total.....	595	2, 675

The above figures take into consideration escalation.

It is difficult to estimate what the backlog will be at the end of fiscal year 1978. However, one can assume that it will still be considerable. Reasonable estimate of the backlog would be :

Facility Class :	Millions
Operational	\$370
Training	440
Maintenance	790
Research and development.....	350
Supply	340
Medical	35
Administrative	450
Bachelor housing.....	60
Community support.....	600
Utilities	380
	3, 815

Mr. DAVIS. I would like to get a little better picture of what you define as a backlog of deferred construction. When we talk about this in Public Works, we speak of the authorized projects that have not been funded. I gather from your comments that when we talk about that in this connection, we are not necessarily talking about authorized projects. This is a kind of in-house inventory of what the Army considers to be its foreseeable necessary construction program for the next few years. Is that coming pretty close to it?

General COOPER. Yes, sir. There is a difference from civil works where you authorize projects and then fund them incrementally. In military construction, you authorize and fund, with minor exceptions, at the same time. The projects we are talking about are those which are in our plans for the next few years.

Mr. DAVIS. General, to get another viewpoint of what might be referred to as deferred construction, what does the Army have in the way of construction projects which have been authorized but unfunded?

General COOPER. I am not sure of the exact figure, but I think it is probably very small. It is almost an insignificant number. In 1974, we had \$10 million, for example, for the hospital out at Walter Reed, but that was out of \$112 million or so in the program. Normally, we do not get projects authorized in the way they do in civil works in the Public Works Committee. We have a long-range program, and we get a general idea from the committees of whether that program makes sense. We design our program around these long term ones, such as the bachelor housing and family housing.

We also have in the backlog some less urgent items that may be in our so-called long-range program, some administrative buildings and things like that. We also in some cases are not replacing facilities as rapidly as we should. We figure that they have a 50-year lifetime. If you are doing everything in an orderly manner, you should be replacing some of those facilities just because they have outlived their life. As you know, we still have some World War II facilities which outlived their life in 1945. We are trying to get rid of all of those.

Does that answer your question?

Mr. DAVIS. Yes. I used the term "internal" in that connection as being internal within the Army. When you refer to a backlog in the sense in which you used it, does this connote that these things have been approved not only at the Army level but at the Secretary of Defense level?

General COOPER. Not all of them, but many of them are included in the 5-year Defense Program. That means they are approved for programing. That does not mean they are finally approved for incorporation in the budget. There is a difference between projects which are in the specific program which does go up to OSD, and projects which are in the long-range program.

General KJELLSTROM. If I may, the only approved projects that you see for the Army are the projects which are submitted to Congress each year. There are many changes in the inner workings of the Army and the Defense Department on individual projects from one year to the next because of the priorities established by the Chief of Staff and the Secretary.

GENERAL AUTHORIZATION

Mr. DAVIS. You have a general authorization. These, I would assume, without demeaning it, are the cats and dogs of the program where you do not exactly know what specific project you are going to allocate a certain amount to, but you have a general impression that you are going to need this type of thing somewhere. Is that about it?

General COOPER. This is in Mr. Brazier's statement.

Mr. BRAZIER. In general authorization, the biggest item is for planning, for designing a project in advance of the authority that the Congress will give us later on to construct it. We design ahead. It is to get the planning and design started so when we come to the Congress for approval we know what the budget estimate should be and we have a good basis on which to discuss it.

We start our design in advance of obtaining the authorization and appropriation that will permit us to go ahead with the actual construction.

General KJELLSTROM. That category also includes minor construction.

Mr. BRAZIER. That is correct, and access roads.

Mr. DAVIS. You would not have a clear conception of where these so-called minor construction projects might be?

Mr. BRAZIER. That is right. We use the word "urgent," urgent minor construction. These are projects that come up on an urgent basis and cannot be planned for ahead, but have to go ahead. We have authority through that process to be able to construct certain projects.

FULL FUNDING

Mr. TALCOTT. You people understand that there is a difference between authorization and appropriation on the military side just as there is on the civilian side?

Mr. BRAZIER. Yes, sir.

Mr. TALCOTT. You were talking about the civilian side being different from the military side.

General COOPER. The difference is, the Congress on the civil works side will authorize the project—a dam, for example, that might take 5 years to build at \$200 million—but will appropriate only \$50 million for the first year.

Mr. TALCOTT. We do the same thing on the military side, do we not?

General COOPER. Not very much.

Mr. BRAZIER. Walter Reed was an exception to the general rule.

General COOPER. That was only a small part of it. That is only \$10 million out of \$112 million. There is a difference in the way those are handled. People have said, why don't you authorize switching either the civil works side to the way the military construction is doing, or vice versa? That is always a source of debate.

Mr. TALCOTT. It is true that on the civil side they authorize a lot more projects than can ever be appropriated.

General COOPER. That is correct.

Mr. TALCOTT. The same thing happens in the military, too, I think.

General COOPER. I do not know of very many.

General KJELLSTROM. Generally speaking, the appropriation follows the authorization bill almost line by line.

Mr. TALCOTT. Maybe we will have to make that a little more tight, to be sure you understand there is an Appropriations Committee, too.

General KJELLSTROM. We are not implying—

Mr. TALCOTT. What is the inference, then?

General COOPER. There is a different system.

General KJELLSTROM. The authorization process precedes the appropriation process, and normally when we end the congressional process, the approved projects of the four interested committees.

General COOPER. At least in theory—

Mr. TALCOTT. We will try to make the distinction a little better this year.

General COOPER. At least in theory, the authorization hearings take place before the appropriation hearings.

Mr. DAVIS. In theory.

General COOPER. In other words, we are not supposed to come and ask for money unless something has been authorized.

Mr. TALCOTT. That is right. We try to do a lot of accommodating here to make sure the process moves along. We hold hearings as quickly as we possibly can. But there is a function of the Appropriations Committee.

General COOPER. Absolutely, sir. If you infer from anything I said that there was anything else but, I apologize. It was not in any way my intent to ascribe any lesser role to the appropriations than to the authorizations. They are both required.

UNOBLIGATED BALANCE

Mr. DAVIS. Maybe this is a good time to put into the record an indication of what your unobligated balance will be at the end of this fiscal year.

Mr. BRAZIER. We will provide that.

Mr. DAVIS. Maybe you had better give us the actual unobligated balance as of the last date that you have available, which probably would be the 1st of April.

General KJELLSTROM. We have the March 31 figures.

Mr. DAVIS. And the estimated June 30 figure. In that way, we will know what kind of unobligated authorized balance you have.

[The information follows:]

Unobligated Balances :	<i>Thousands</i>
June 30, 1972-----	\$673, 969
March 31, 1973-----	¹ 730, 224
June 30, 1973 (estimated)-----	¹ 429, 924

¹ Includes \$22 million applied to fiscal year 1974 program in the President's budget.

BASE REALINEMENTS

Mr. TALCOTT. How can you talk about long-range, when you do not know what your short-range planning is? Right at this time, the Army is trying to decide about base closures and consolidations. It appears that you do not know what you are going to do. One time you are going to close Fort Dix and another time you are not. You really do not know what you are doing. The Secretary said, before he became Attorney General, that base closures would be reviewed again. How can you really talk about long-range when you do not know what your short-range is?

General COOPER. We know the long-range strength is based on having 13 divisions. We know approximately at the end of fiscal year 1974 it is supposed to be 804,000. It will not end up exactly 804,000 at the end of that year. I would not try to say that it would.

Mr. TALCOTT. So, you can look at your long-range needs better than you can your short-range plans?

General COOPER. We know the basis of what the Army is supposed to look like in terms of the structure. The physical location of all those elements we know really quite well, too. There are some installations that we may phase out in the future, but that won't affect in a major way the end strength, as long as you have 13 divisions.

Mr. TALCOTT. We are talking about military construction. We are talking about facilities. They have to be located someplace. They cannot be moved around as easily as troops can.

General COOPER. That is right, sir. That is the reason that when we looked at the 1974 budget, initially we tried to be very sure that any military construction that we asked for was at a base we expected to remain active, almost regardless of how these things changed. There are inevitably some changes, but I think they are very minor changes, not major changes.

CONSTRUCTION FOR LAST TEN YEARS AT BASES AFFECTED BY REALIGNMENT

Mr. TALCOTT. Somebody told me we spent \$150 million in the last 10 years at Fort Dix. I cannot find even a small percentage of that amount that went through the Appropriations Committee. Is that possible?

General COOPER. I do not believe that could be possible. We cannot spend money without its going through the Appropriations Committee. I will defer to General Kjellstrom. It would be a very small amount.

Mr. TALCOTT. Will you tell me what you spent at Fort Dix in the last 10 years?

General KJELLSTROM. For construction, sir?

Mr. TALCOTT. Yes.

Mr. SIKES. Construction at all levels and from all funds, including Southeast Asia; funds which might have been spent for emergency purposes there.

Mr. McEWEN. I wonder, Mr. Chairman, if we might include in that request all of the bases that have been subject to closure, not only Dix, but what has been spent in the last 10 years on all of these.

Mr. SIKES. On all bases for which closure action has been announced?

Mr. McEWEN. Yes.

General COOPER. I believe we have provided the information to the staff. We are now revising it.

Mr. SIKES. We have some of that information in the committee file, but revise it and write it up to date.

Mr. TALCOTT. The ones that are going to be closed, and Fort Dix.

[The information follows:]

CONSTRUCTION AT INSTALLATIONS TO BE CLOSED AND AT FORT DIX IN THE 10 PRIOR YEARS

[In thousands]

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Alaska: North Fort Wainwright: Command Control Center.....			411							
Georgia:										
Hunter Army Airfield: ¹										
Electrical distribution improvement.....								1,150		
Atlanta Army Depot:										
Install elevator in building 49.....	49									
Industrial waste treatment plant.....				237						
Fire and rescue station.....						107				
Industrial waste treatment plant, deficiency.....						233				
Storage modernization.....							572			
Industrial waste collection system.....									117	
Maryland: Fort Holabird: Alter building 12.....							489			
New Jersey: Fort Dix:										
Telephone exchange addition.....	108									
Enlisted men's barracks complex.....	4,241									
Enlisted men's barracks complex.....	2 10,772		2 3,812							
Walston Army Hospital addition.....		1,633			2,585			(DEF) 886		
Enlisted men's barracks complex.....		14,092								
Tactical equipment shop.....			195							
Dental clinic.....			620							
Enlisted men's barracks complex.....			14,565							
Bachelor officer quarters.....			2,385							
Training ranges.....				1,850						
Improve water supply system.....						635				
Training Fac-SEA.....						1,814				
Enlisted men's service club.....							976			
Main post office.....							488			
Laundry.....								3,379		
Reception station.....								5,668		
Improve sewage facilities.....								2,624		
Barracks improvements.....									400	
Boiler plant.....									129	
Cold storage warehouse.....										1,215
Barracks modernization.....										5,671
Sewage treatment plant.....										117
WPC monitoring stations.....										25
South Carolina: Charleston AD: ¹										
Water pollution control projects.....				200			143			
Texas: Fort Wolters: ¹										
Parking apron (heliport).....	257									
Academic buildings.....					1,040					
Electrical distribution system.....					379					
Aircraft paint shop.....						250				
Air condition 10 permanent barracks.....						771				
Library/study hall.....							60			
Additional latrines in barracks.....							161			
Miscellaneous sanitation and industrial waste—WPC.....										
										248

¹ Supplemental appropriations:

Fiscal year 1966S:		
Charleston AD.....	490	Ship repair shop.
Fiscal Year 1967S:		
Hunter AAF.....	3,000	Aviation training base expansion.

Fort Wolters..... 216 Aircraft instrument trainer building.
 Fort Wolters..... 10,400 Aviation training base expansion.
¹ 11-building complex authorized in fiscal year 1964: 8 buildings were funded in fiscal year 1964 and 3 buildings funded in fiscal year 1966.

FUTURE USE OF FORT DIX

General COOPER. We excluded Fort Dix after the change because we are now in the process of doing the study to decide whether we will keep the 6 Army training centers, including Fort Dix, or whether we will put some additional units into Fort Dix and keep it open. Fort Dix is up in the air as of the moment.

Mr. TALCOTT. Is that not true of the rest of the Army bases?

General COOPER. No, sir.

Mr. TALCOTT. It is a pretty big installation not to be related to some of the others.

General COOPER. When you say relate to others, it relates to other installations, that is correct, sir, but in terms of the total number of dollars we are asking for in fiscal year 1974, it does not relate in a major way, in terms of percentage of the \$700 million we are asking for.

Mr. TALCOTT. I really do not understand that. If you are going to be building facilities at one place or another, a major base would have some relationship.

General COOPER. Yes, sir, it would have some relation, but I am saying—

Mr. TALCOTT. Are you going to build at these other places regardless of what you do at Fort Dix?

General COOPER. No; I think if we decide to keep an Army training center at Fort Dix, there will be some facilities we will not build elsewhere, and if we decide to backfill Fort Dix with other installations, it will take out MCA funds, but not necessarily out of the 1974 program. It may take funds out of the 1975, 1976, or 1977 program.

Mr. SIKES. General Cooper, how is it that the status of Fort Dix was not determined as of the time that other decisions were being reached on base closure and base shifts?

General COOPER. We did determine it within the Army. We were asked by the Secretary of Defense to reexamine it. We are now in the process of reexamining it as the Secretary of Defense announced in the April 17 announcement of base closures.

Mr. TALCOTT. Shouldn't we defer the whole military construction consideration until you make up your mind what you are going to do?

General COOPER. No, sir, because I believe we can show you in each case where we think Fort Dix might affect the 1974 program.

Mr. TALCOTT. But it is not just Fort Dix. There are many other installations in the Army.

BASES WHICH MAY BE AFFECTED BY FURTHER STUDIES

General COOPER. I am prepared to indicate the small number of bases which we think have some probability of being affected by not just the study and the backfill of Fort Dix, but our continuing study on the realignment and base closures of particularly the small, single-mission bases.

MAJOR FACILITIES DEFICITS

Mr. SIKES. Will you tell us briefly where the major facilities deficits lie, in what areas?

Mr. BRAZIER. Mr. Chairman, our major deficits at the present time are in medical and bachelor housing facilities. We are essentially programming these to be completed within the seventies. However, as we emphasize these two important areas, some other important areas will fall behind. We think emphasis is required in these two areas, and this is where we intend to put our money.

Mr. SIKES. Are you air-conditioning the housing which you are building in the 1974 program?

Mr. BRAZIER. Yes, sir, we have air-conditioning where it is authorized.

MODERNIZATION AND REPLACEMENT

Mr. SIKES. You mentioned that the amount allocated to replacement and modernization this year is \$463 million, and that a realistic level to meet these needs within 10 years would be \$600 million to \$700 million a year. How does the amount proposed for modernization and replacement this year compare with last year?

Mr. BRAZIER. Last year, sir, our figure was \$298 million. As you can see, we are up considerably over our level a year ago.

Mr. SIKES. Does that mean that the Army is falling behind in modernization?

Mr. BRAZIER. Sir, at the present, of course, we are catching up in medical and bachelor housing but, yes, essentially we are falling behind in the other classes.

ARMY STRENGTH

Mr. SIKES. The Army's average strength during fiscal year 1974 is scheduled to be approximately 812,000 with an end strength of 804,000. In the past, we have programmed facilities for the Army based on long-range strengths as high as 925,000.

What is the projected long-range strength upon which the Army is basing its facilities planning this year? Is that classified?

Mr. BRAZIER. We have based this budget on a figure that is not classified.

Mr. SIKES. All right.

Mr. BRAZIER. It is approximately 804,000, sir.

Mr. SIKES. What long-range strength have you used?

General KJELLSTROM. There is a classified figure which we should provide for the record, which differs from this.

Mr. SIKES. Very well.

[The information follows:]

The projected long-range strength of the Army is ——.

Mr. TALCOTT. What is the category of classification that you are talking about? Secret?

General KJELLSTROM. Secret.

Mr. BRAZIER. The figure of 804,000 on which we based this budget is not changed.

Mr. SIKES. Will you tell us how this long-range strength is translated into facilities requirement?

Mr. BRAZIER. Each installation is provided a long-range projected strength and force structure, and then by the application of our facility allowance criteria, we determine what projects are required to support the strength.

ARMY FORCES OVERSEAS

Mr. SIKES. What assumptions are you making with regard to the number of troops to be stationed overseas and the number to be stationed in the continental United States?

Mr. BRAZIER. Our planning at the present time is based on the assumption that the forces in Europe will remain about as they are at the present time, but that there may be some reductions in other overseas areas. At this time, there is nothing in our program for 1974 to support a pullback of U.S. troops from overseas.

Mr. SIKES. In other words, it is the policy at present to maintain troop strength levels at the announced figures in different parts of the world?

Mr. BRAZIER. Yes, sir, as far as I know.

Mr. SIKES. If there should be a decision within the near future to change that, it would, presumably, be politically based, required by action of Congress or some similar action, and at the same time you would have to revise your estimates. It is the Army's planning, based on present policy, to keep troops about where they are at present?

Mr. BRAZIER. That is essentially correct, sir, but the possibility always exists that it may be necessary to make adjustments.

TIMING OF DECISION ON FORT DIX

Mr. SIKES. If there should be a change in the status of Fort Dix, how quickly can that be translated into changes in your requirements in this bill? We want to know whether we are safe in proceeding with the consideration of the Army requests as they now are presented, or whether we should delay pending a final decision on Fort Dix?

General COOPER. By July 1, this year, we have to have our report to the Secretary of Defense in this regard. It is difficult to predict, but

we see no reason why he would not act on it fairly promptly. We do not expect major changes in this.

Mr. SIKES. The budget before us is essentially what the Army will recommend?

General COOPER. Yes, sir. There may be some minor changes.

Mr. SIKES. You recognize the importance of keeping this committee informed on what is done?

General COOPER. Yes, sir. We would expect in the month of July to be able to tell you any changes as a result of the Fort Dix decision.

Mr. TALCOTT. How can you have confidence that the Secretary will accept it when he did not accept it before? There is something wrong. There is a difference between you and the Secretary about the management of your affairs.

General COOPER. We do not know who the new Secretary of Defense is going to be.

Mr. TALCOTT. It does not make too much difference who the person is. No one man will make a lot of changes. Somebody in the Defense Department is not happy with the way the Army manages its affairs. That is the way it appears to me.

General COOPER. We can expect that what we recommend will be approved, because as we are working through this study we will have in process reviews with the people from the Office of the Secretary of Defense to be sure that the plan we come out with is not completely out of line with what they think it should be.

Mr. TALCOTT. I thought you were doing that before. That was the impression you always gave us before.

General COOPER. No, sir. I think that is probably not the case with Fort Dix.

MODERNIZATION OF BARRACKS OVERSEAS

Mr. SIKES. In discussing the rate of replacement and modernization of troop housing and other facilities, how have you taken into account the modernization of the kasernes which is being carried out by the Federal Republic of Germany?

Mr. BRAZIER. Mr. Chairman, our program assumes that we will pick up about 97,000 spaces as a result of the German offset agreements during the period 1972 through 1975, and approximately 3,800 spaces during the 1973 to 1974 time frame as a result of the Okinawa reversion.

Mr. SIKES. How are you taking into account the construction which the Army receives from the NATO infrastructure program?

Mr. BRAZIER. The NATO construction, of course, we do not have programed in this particular bill. We have money for the U.S. share of NATO products in our bill. But NATO line items are not programed here.

Mr. SIKES. Is there any construction other than that mentioned which may be provided for by other foreign governments in return for our release of facilities acquired under the status of forces agreement? We know about Okinawa and you can provide some details on Okinawa but are there others?

Mr. BRAZIER. Not to my knowledge. We will provide classified details on Okinawa later in the hearings.

Mr. SIKES. Would the return of several brigades or a division from Korea or Germany increase or decrease the total construction required?

Mr. BRAZIER. Sir, that would depend on the type of unit that came back. We would probably anticipate some increased construction requirements.

As you know, an infantry division has a different requirement than an armored or a mechanized division and it would depend on the unit returning to the States, sir.

Mr. SIKES. Would a change in force levels overseas be immediately reflected in a change in the military construction requirement? In other words, would you avoid the construction of additional facilities in those areas from which troops would be returned?

Mr. BRAZIER. Yes, sir. There would be a reduction. For example, if we return people from Europe, there would be a reduction of what we would have to have in that area.

General COOPER. We only have \$12 million for the European program, and that is all for schools.

Mr. SIKES. Off the record.

[Discussion off the record.]

HEALTH FACILITIES MODERNIZATION

Mr. SIKES. Now you mentioned the Department of Defense health facilities modernization. Tell us something about the size of the Army's portion of this program for the next 5 years.

Provide that for the record. Give details on requests for planning and for construction funding in fiscal year 1973, 1974, and projected for the next 4 years in connection with this program.

Mr. BRAZIER. We will be happy to do that, sir.

[The information follows:]

The Army's health facilities construction program was averaging less than \$40 million per year up until fiscal year 1972 when the Walter Reed General Hospital replacement was authorized. This boosted that total for fiscal year 1972 to \$112 million. In the fiscal 1973 program, medical projects were back down to \$35 million. The Department of Defense program decision memorandum, issued August 30, 1972, allowed the Army to program an additional \$481 million in medical construction during the period fiscal year 1974 through fiscal year 1978. After some adjustments in the original plan, the current programing levels are as follows:

[In millions of dollars]

	Fiscal year—				
	1974	1975	1976	1977	1978
Medical MCA.....	46	168	153	170	186
Medical design cost.....	10	9	10	11	6

These figures are subject to change as the Department of the Army completes its reorganization and as the individual requirements are analyzed and estimates are refined.

POLICY ON BACHELORS LIVING OFF BASE

Mr. SIKES. Will you discuss with us the Army's policy with regard to allowing bachelor enlisted and officer personnel to live off base? Do you anticipate any change in this policy?

Mr. BRAZIER. Yes, sir. By statute, bachelor personnel below the grade of major, O-4, must be assigned to Government-controlled quarters if they are both available and adequate. Adequacy standards for assignment of bachelor personnel to government quarters are established by the Department of Defense. If adequate quarters are not available, personnel in grades E-7 through O-3, warrant officers included, have the option to seek housing in the local community and receive payment of a basic allowance for quarters. Enlisted personnel in grades E-6 and below may be authorized to live off post and receive BAQ at the discretion of the installation commander when the total capacity of the installation's permanent and/or semipermanent barracks assets are or will be exceeded.

The installation commander is responsible for determining when available bachelor quarters are adequate and suitable for assignment.

We have three things that an installation commander looks at when he is making a determination.

First, he determines that the person is not required to live on the base as a result of military necessity; second, the individual concerned has to certify a desire to live off post and third, community support facilities must be available for him to move into.

Mr. SIKES. Do you anticipate any change in this policy?

Mr. BRAZIER. No, sir, I do not anticipate a change in this policy.

Mr. SIKES. Apparently you had not finished your answer. What else is there?

Mr. BRAZIER. I was going to say one example of how this works is in the Washington, D.C., area, where we have a considerable number of enlisted personnel living off the posts at which they serve because we do not have on-post facilities for them.

Mr. SIKES. Do you require full utilization of existing space before you give authorization for an individual to live off post?

Mr. BRAZIER. Yes, sir, in accordance with the criteria we have set up; yes, sir.

Mr. TALCOTT. Mr. Chairman?

Mr. SIKES. Yes.

Mr. TALCOTT. How do you have any input into the policy of the service about who should live off base and who should not?

You are dealing directly with family housing, bachelor quarters, so you should have a pretty good insight about what the men, as well as the commanding officer, want. So somehow or other there should be a dual input into the determination of what the regulations should be concerning who is going to live off base.

It seems to me, as a layman, that we should encourage as many people as possible to live in the community and still perform their special job.

With the new Army, with new career advancement, better pay, and all of these improvements, we are trying to make it more normal for the servicemen. Is there any indication from your point of view that, for instance, we should permit lower grades to live off base? Should we reduce that age, or rank?

I guess my basic question is: What input do you have in trying to make policies which really relate to the family housing and bachelor housing?

General COOPER. We make recommendations to the Office of Secretary of Defense which establishes the policy Department of Defense-wide. We do this based on our considerations of the mission requirements, which differs.

For most of the combat units or even the combat support units, you want to have most of the troops on the base. It is also a function of how close the base is to the nearest community. Certainly in family housing, within these requirements, we do rely very heavily on community support. But we do not now contemplate a change in policy which would permit anybody—and I realize this is an extreme case of what you said—anybody to live off base because he prefers it.

We are trying to provide adequate facilities on the post now, consistent again with the mission requirements.

Mr. TALCOTT. For those who are required to be on the post?

General COOPER. That is right.

Mr. TALCOTT. Have you made a different recommendation than what their policy is now?

General COOPER. Not to my knowledge.

Mr. SIKES. Well, let me see if I understand the situation.

Are you planning to provide housing on posts where there would be ample availability of off-post housing for those who may be allowed to live off post and who would like to take advantage of it?

In other words, are you building more than is absolutely required for the post requirements?

General COOPER. No, sir; not at this stage of the game.

At the very end of the program, we will have to look at that once more. We are not even close to the point where we are building facilities on the post for those people who could be appropriately housed off the post. Of course, this is within the constraint we have of wanting to have people, for example, E4s in an infantry battalion, living on the post.

Mr. SIKES. It seems to me that there may be greater room for flexibility in setting and administering this policy. The requirements for unit cohesiveness, hard physical training, and a tendency to play hard which often goes with it, and tight discipline which characterize a successful troop unit, may require that enlisted personnel as well as a large number of NCOs and officers reside on base. In this case we clearly have to provide adequate quarters on base.

However, at installations where the majority of the personnel are involved in administrative, headquarters, or technical training functions, and where there is adequate off-base support, it may be prudent to allow a large part of these personnel to live off base rather than building new quarters on base.

Does the Army recognize that different missions may require differing approaches in programing bachelor quarters? How is this reflected in your programing?

General COOPER. As we have mentioned earlier, our present policy requires bachelor personnel below the grade of O-4 to live on post where adequate quarters are available. For the majority of our troops this is a sound approach. Our long-range program implements this policy by planning quarters for these personnel. In our short-range programing, for example in fiscal year 1974, we are still faced with sizable bachelor housing deficits at nearly all of our installations

except some key divisional posts. The bulk of the troops at these divisional posts belong to combat units and we have them live on post as a military necessity. With the bachelor housing shortages at the other installations we are not running the risk of overbuilding. In this context, we recognize that there are different missions for our personnel and these could lead to different approaches for programming living accommodations. After we have further pared down the large outstanding bachelor housing deficit these differing approaches will take on more significance.

Mr. SIKES. Last year the committee received the results of a survey of several installations of each service. It indicated that many personnel preferred to live off base. Has the Army conducted any such survey of its enlisted personnel?

General COOPER. Our surveys have shown that the primary sources of dissatisfaction with barracks life are related to poor barracks design and the lack of comfort amenities. Specifically, the lack of privacy, in both sleeping areas and latrines; security of personal items; poor furnishings; and, inadequate storage space are areas most often criticized. Because of these dislikes and the associated poor living conditions in existing inadequate barracks, some lower grade bachelor enlisted personnel have indicated a desire to live off base. However, it follows that given adequate troop housing on-base which eliminates these avowed shortcomings, these same individuals would for the most part probably desire on-base living accommodations. The Army's new barracks design was developed to eliminate the noted shortcomings. The new design represents a revolutionary change from the traditional open bay living environment with community latrines to the 1, 2, or 3 man-room with private bath concept. In order to obtain the soldiers' reaction to this modern living arrangement, a group of enlisted personnel representing a cross-section of ranks was provided the opportunity to inspect a real life mock-up of the new style quarters. Although the group was small in numbers, their comments were very encouraging and ranged from "I wish they'd had this 5 years ago," "How about that! Three men to a bathroom!", "Looks more like home!", "That's what I like—the idea of being able to lock the door," "I love it," "It's real nice to think that they're thinking of us." "I'll tell you, if we had a building like this nobody would want to live off-post," to "I definitely think it's a step in the right direction—when a man comes home he leaves his job behind." Only after the first increment of the new barracks become available and are occupied can we evaluate the impact of adequate troop housing on personnel retention in the volunteer force environment. However, we think we are moving in the right direction.

Mr. MCKAY. Just a clarification here. Is it your policy that down the road all military personnel would be housed on bases?

General COOPER. No, sir. You said all military personnel.

Mr. MCKAY. If that time ever comes.

General COOPER. For married people, right now we are limited in the criteria of what we can provide in family housing. We cannot provide it for anybody below an E-4 and we can provide it for an E-4 only if he has 4 years' service or 2 years' service and a commitment for 6. So for family housing, we do surveys every year to determine how much the community can support.

If the community can support the housing within what the Secretary of Defense calls the maximum allowable housing costs, we do not build family housing on the post.

Mr. MCKAY. I gather from what you said there are certain groups you want on base, because they are ready-combat or whatever, units that necessarily need to be congregated in an alert situation for whatever purpose. But I gathered also from your indication that in the long term you had hoped, as you caught up with your long-range planning, that you would have more and more housing of all sorts on the base until, if the ultimate was reached, you would have all military personnel and families housed on or in close proximity at least to the base.

General COOPER. Well, that is correct, when you say close proximity—

Mr. MCKAY. That opens the door to everything.

General COOPER [continuing]. You have to differentiate between the family housing and the bachelor housing. We do not plan to build bachelor housing—and this is not really significant because there are not too many—for majors and above.

We do plan to build bachelor housing for everybody below the rank of major, but the bachelor housing for the higher grade enlisted men is on the lower end of the priority.

SAFEGUARD

Mr. SIKES. Before I get into other aspects of the fiscal 1974 request, we have General Leber with us and I am going to take up that portion of the questions which deals with Safeguard so that we will not tie you up longer than necessary.

General Leber, do you have a statement on the overall situation of the Safeguard program?

General LEBER. Only that we are not asking for any authorization or appropriation in fiscal year 1974 for either Safeguard or site defense.

Mr. SIKES. What Safeguard funds remain unobligated and unexpended? What plans does the Army have for their use during fiscal 1974?

General LEBER. The current Safeguard MCA program totals \$646.8 appropriated during fiscal years 1968 through 1972, of which \$114.5 million remains unobligated and \$206.9 million remains unexpended as of 28 February 1973. Of the unobligated amount, \$64.8 million is committed against completion of the Safeguard deployment, principally for Grand Forks, but also including termination of the Malmstrom, Warren, and Whiteman sites in accordance with the treaty limitations supporting construction elsewhere and community impacted assistance. The remaining unobligated amount, which is \$49.7 million, has been reserved for dismantling and restoration of the Malmstrom site and to meet other contingencies in the overall program.

The site defense MCA program consists of a total of \$20.4 million appropriated in fiscal 1973, to design and construct R. & D. facilities at Kwajalein Missile Range in support of the site defense prototype demonstration program. Design is now well under way and construction is scheduled to begin during the first quarter of fiscal 1974.

I will put in the record the information you asked for.

SAFEGUARD OBLIGATION RATE

Mr. SIKES. I would like to have a complete breakdown for the record showing the status of obligations, current and projected, for Safeguard and site defense, breaking out the costs related to Safeguard and those related to site defense, also details for the record on planning funds for Safeguard and site defense.

[The information follows:]

The Safeguard MCA program includes \$91.6 million in planning funds appropriated during fiscal year 1968-72. Of this amount, \$78.0 million had been obligated as of February 28, 1973. Of the remaining \$13.6 million, \$2.8 million is committed during the remainder of fiscal year 1973 and in fiscal year 1974 for completion of the deployment; and \$10.8 million is included in the reserve established for dismantling/restoration of the Malmstrom site.

The site defense program includes \$1.4 million in planning funds appropriated in fiscal year 1973 in support of R. & D. construction at Kwajalein Missile Range, of which \$0.3 million had been obligated as of February 28, 1973. Additional obligation of \$0.8 million is anticipated by end fiscal year 1973, with the remaining \$0.3 million to be obligated during fiscal year 1974.

A tabulation portraying the overall Safeguard and site defense funding picture by site or purpose, including actual obligations as of February 28, 1973, and projected obligations through fiscal year 1975, is presented in the following chart.

SAFEGUARD AND SITE DEFENSE MCA OBLIGATION SUMMARY

(In millions of dollars)

Site/purpose	Actual as of Feb. 28, 1973	Fiscal year—						1975	Total
		March 1973	4th quarter 1973	1st quarter 1974	2d quarter 1974	3d quarter 1974	4th quarter 1974		
Safeguard:									
Grand Forks.....	269.2	2.6	9.6	6.2	5.4	0.4	0.3	0.5	294.2
Malmstrom.....	139.9	2.4	.4	.5					143.2
Whiteman.....	5.8		-2.4						3.4
Warren.....	.6	.4							1.0
Central training facility..	6.8	.1	.1	.1	.4				7.5
Mission depots.....	3.8	.1	2.4						6.3
R. & D. support at Kwajalein	22.3	.4	.5	.5	1.1				24.8
Standard and miscellaneous design and engineering and design in support of construction.	58.8	3.6	5.5	3.6	3.5	3.4	2.6	1.7	82.7
Community impact assistance.....	8.1	1.8	1.0	1.0	1.0	1.0	1.0	2.1	17.0
Sentinel effort not applicable to Safeguard.....	17.0								17.0
Safeguard total.....	532.3	11.4	17.1	11.9	11.4	4.8	3.9	4.3	597.1
Safeguard reserve.....									49.7
Total Safeguard program.....									646.8
Site defense: R. & D. Support at Kwajalein.....	.3		.8	3.8	.2	6.2	.1	9.0	20.4

Mr. SIKES. The table provided to the committee's staff indicates that you plan to obligate some \$13.1 million for standard and miscellaneous design, and engineering and design in support of construction, during fiscal year 1974. Can this amount be justified, this amount of planning, in view of the fact that construction at Grand Forks is very nearly complete, and the site defense construction program at Kwajalein totals only \$20.4 million?

This seems to be a very large amount of planning.

General LEBER. Well, sir; the title you have here is standard design and miscellaneous design and engineering and design in support of construction. The \$13.1 million is programmed in support of Safeguard only. It consists of construction funds intended primarily for the development of a contractor maintenance data system for maintenance of the tactical support equipment, the utilities and so on that have been installed at Grand Forks; also, for shock testing of installed equipment and for electromagnetic pulse testing.

Now this contractor maintenance data system will provide the necessary documentation to facilitate rapid maintenance, repair and replacement of key components of MCA tactical support equipment, such as the generators, the air-conditioning, and the purified water system.

This is absolutely essential in this system, which has to be operated 24 hours a day, 365 days a year. Shock testing of equipment, identical to that installed at the Grand Forks site, is being accomplished at a number of Government and contractor installations to verify that the equipment meets design requirements.

We are also carrying on the electromagnetic pulse testing of the equipment to verify that it will stand up under the conditions that are contemplated.

Mr. SIKES. Is it proposed to transfer any funds from Safeguard to site defense?

General LEBER. No, sir.

SAFEGUARD TERMINATION COSTS AND CLAIMS

Mr. SIKES. What reserves are you holding for contract termination costs and for claims?

General LEBER. We are not holding a reserve as such for contract termination at the Malmstrom, Warren, and Whiteman site.

We have identified in the program amounts totaling \$147.6 million for the three sites and we think that this total amount will cover the termination costs. There may be some slight variation between the three, but we think the total of \$147.6 million is adequate.

Now, virtually all of that money has been obligated and we are now in the process of auditing the contracts that were awarded and then terminated to determine the final termination cost, and we expect to have that answer by this September.

We are holding, as I say, no reserve for that purpose. We do have an overall reserve which I mentioned, of \$49.7 million, which is to cover restoration and dismantling of the Malmstrom site and any other contingencies in the overall program.

Mr. SIKES. Do I recall that in hearings before the Defense Subcommittee you indicated that about \$10 million was being reserved for claims?

General LEBER. Well, sir, that \$10 million is an approximate figure in the reserve for claims on the whole program, not just the termination.

Mr. SIKES. All right.

Do you think that your reserves are sufficient or more than sufficient to cover these costs?

General LEBER. Sir, I believe the reserve is sufficient. The reserve is roughly \$50 million.

REPROGRAMING OF SAFEGUARD FUNDS FOR NATO INFRASTRUCTURE

Mr. SIKES. The committee has just received a reprogramming request which utilized \$20.650 million of prior year Safeguard funds for application to the NATO infrastructure program.

How does this fit into your Safeguard funding?

General LEBER. Sir, the Office of the Secretary of Defense has decided that in view of this requirement for funds to support the NATO infrastructure, that they would reduce the \$50 million reserve by the amount you have cited, and ask the committee's approval to reprogram it for this other purpose.

Mr. SIKES. Does that mean the \$20 million plus would come out of your \$49 million reserve?

General LEBER. Yes.

Mr. SIKES. If the committee approves it?

General LEBER. Yes.

Mr. SIKES. What are your recommendations?

General LEBER. My recommendation to you is the same as I made to the Office of Secretary of Defense. If, in your judgment, you feel we will not need all of the \$50 million to close out the Malmstrom site and restore it as we will be required to do under the treaty, and to cover contingencies, then go ahead with this reprogramming.

Mr. SIKES. What is your personal thinking on the matter?

General LEBER. Well, my own feeling is that we should be able to close out that site at less than the total reserve.

Now let me explain that a little further.

SAFEGUARD SITE RESTORATION COSTS

We have outlined a whole spectrum of plans for closing out the site. The cheapest plan would cost about \$1.5 million. Now this would be nothing more than simply grading off, cutting out any safety hazards and walking away from it, leaving portions of the uncompleted construction there. You can go all the way from that inexpensive plan up to a plan where you tear out all the reinforced concrete that you put in out there. If you undertake that, it is going to cost perhaps \$30 to \$40 million.

In my view, that does not make sense. I would recommend against it. I have recommended against it. But it is not up to me to decide. This will be a matter decided between the United States and the Soviets as part of the ABM Treaty provisions.

My strong recommendation, though, is do not spend the taxpayers' money to rip out all of that reinforced concrete. There is no point in it, absolutely no point.

SAFEGUARD CLAIMS

Mr. SIKES. Is it correct that \$10 million should be sufficient to cover all claims?

General LEBER. I believe it should, yes.

Mr. SIKES. How much are you reserving for demolition at the other Safeguard sites in accordance with the SALT agreement?

General LEBER. None, sir; there is no requirement for demolition at sites other than Malmstrom.

Mr. SIKES. So there would be no demolition unless you are ordered to proceed with that?

General LEBER. That is correct.

Mr. SIKES. I think this committee would support you.

Would you discuss the situation which has arisen, the current situation on claims for the Grand Forks Safeguard construction?

General LEBER. Yes, sir.

The Department of Army, through the Corps of Engineers, awarded a firm fixed contract to the Morrison-Knudsen joint venture on April 1, 1970 for \$138 million for construction of the Grand Forks site. Since that contract was awarded, there have been changes in the drawings and specifications and these have been passed to the construction contractor. These have been handled in the normal way as change orders. To date the Government has settled for \$6.6 million, 142 of the change orders, for which the contractor claimed \$16.3 million. So we settled at about 30 percent.

We now have before us some 284 outstanding change orders for which the contractor has claimed \$113 million. I fully expect that we will settle at some figure less than \$113 million. I cannot tell you today what it will be, because the corps has not gone that far in the negotiations.

But I have no hesitation in telling you that we will settle for less than \$113 million.

Mr. SIKES. What amount is the contractor claiming?

General LEBER. The \$113 million is the outstanding amount.

Mr. SIKES. Can he support such a large claim?

General LEBER. I do not believe he can, no, sir.

Mr. SIKES. If the Army had to do it over again, would you recommend a negotiated contract at Grand Forks so as to obtain the contractor's cost estimates as a basis for later claims due to change orders?

General LEBER. Well, sir, you know hindsight is a great thing. We have tried to look at it, look back. In my own view, in construction we are best to stay with the firm fixed price contract, even though we know that there will be charges ahead of us. In the end I think the Government and the taxpayer will come out ahead, for this main reason: When you award a firm fixed contract, you place on the contractor the onus of management. If we ever go to the cost-plus-fixed-fee, the onus is on the Government, the contractor has no incentive to run and manage a good job.

Mr. SIKES. When do you expect the claims problem to be settled?

General LEBER. The corps is working on that now, giving it first priority.

I would think by the end of this calendar year we should be well along with it.

Mr. SIKES. It is customary procedure in this subcommittee to go to the ranking minority member for questions, then back to the majority side.

On Safeguard, Mr. Davis, do you have any questions, so we can excuse General Leber?

Mr. DAVIS. No, I have no questions.

Mr. SIKES. Mr. Talcott?

Mr. TALCOTT. With regard to the fixed-price contract or the cost-plus, how about quality? You talked about management.

General LEBER. Under our system with the plans and specifications and in the inspection, we insure that the quality is there.

Let me just say in behalf of this contractor who has been somewhat maligned in this case, he has done a fine job at Grand Forks. The quality is good, it had to be good. We saw that it was.

Mr. TALCOTT. I have no further questions about Safeguard, but he is an expert on Panama and we have a pretty big item in here on Panama.

Mr. SIKES. Go right ahead.

General LEBER. I remember I answered some questions last year on the road down there.

Mr. TALCOTT. I will not ask any questions now.

Mr. SIKES. Mr. McEwen?

Mr. McEWEN. No questions.

Mr. SIKES. Thank you, General. We are always glad to have an opportunity to discuss this important subject with you.

NATIONAL CAPITAL SITE

One additional question: Do you plan to use any funds that are available for Safeguard for the National Capital site?

General LEBER. Sir, none that are available, no. We are asking in the fiscal 1974 R.D.T. & E. account under site defense for authority and appropriation totaling \$5 million for planning of a possible defense of Washington by adapting the site defense system to be used here. But we are proposing no use of MCA funds, no, sir.

Mr. SIKES. Does that require authorization?

General LEBER. Yes, sir, it does.

Mr. SIKES. Thank you very much General Leber.

FISCAL YEAR 1974 REQUEST

Mr. SIKES. Turn back to the fiscal 1974 request.

ARMY'S BARRACKS PROGRAM

Has the fiscal 1974 request for barracks been carefully screened to eliminate those installations at which reliance upon suitable community support is feasible?

Mr. BRAZIER. Yes, sir, it has been screened.

Mr. SIKES. Discuss the type of barracks facility which the Army plans to provide in the fiscal 1974 program.

I am impressed by the new Army barracks design.

Provide a short discussion, for the record, of the essential features of the new design, and any major changes or improvements that you feel it includes.

Mr. BRAZIER. We will provide this.

[The information follows:]

Mr. BRAZIER. In consonance with the need to provide the volunteer soldier with an appropriate living environment, the Army directed the development of an entirely new concept of bachelor enlisted housing. The principal emphasis

of this concept is privacy for the individual. The Corps of Engineers, through an architectural design competition, developed two designs embodying the improved criteria for standard, nontrainee, housing of 300-man capacity or greater.

Both designs provide, within statutory fund limitations, the following:

a. A separate living area for each man. These areas are combined to form a private three-man room with an attached three-fixture bath.

b. Flexibility to assign either three E2-E4's, two E5-E6's or one E7-E9 to this room as personnel load requirements dictate.

c. The separate living spaces provide each man with a bed, desk, and chair, secure wardrobe and an operable window.

d. Each three-man room provides its occupants with TV and telephone outlets and an individual room thermostatic control.

e. Coordinated interior design is provided throughout.

f. A small lounge is provided for no less than four nor more than eight rooms with individual access to maintain unit integrity. This lounge accommodates TV watching, reading, writing, limited socializing, quiet music playing and other activities of a relaxed nature.

g. A service module is provided for every 165 men. It contains some central storage, control desk, lobby, laundry facilities, vending machines, mail lock-boxes for each man, public restroom facilities, and areas for activities of a loud or active nature.

h. Separate buildings are provided for unit orderly and supply buildings. In addition to their historical function, this building now provides each soldier, housed in the barracks, in family housing and off-post, with individual storage and maintenance facilities for issued field equipment.

The major improvements this design provide are increased living area, privacy for the soldier and a separation of his work and living areas to achieve an improved living environment.

Mr. SIKES. I would like to have for the record the status of the Army's fiscal year 1973 barracks program.

[The information follows:]

The status of contract awards as of April 20, 1973, for the fiscal year 1973 barracks program is as follows:

New Barracks.—Eighteen projects totaling \$118,729 million were approved. Ten projects totaling \$76,309 (64.3 percent) have been awarded and include the following:

	<i>Thousands</i>
Fort Carson.....	\$12. 920
Fitzsimons Hospital.....	0. 685
Fort Ben Harrison.....	0. 878
Fort Gordon.....	2. 803
Fort Jackson.....	16. 810
Fort Hood.....	25. 486
Fort Sill.....	10. 403
Fort Polk.....	4. 997
Location 178.....	0. 505
Kwajalein.....	0. 822

Three projects totaling \$18.559 million (Belvoir, Ord, and Vint Hill Farms) were advertised but could not be awarded because of high bids. These projects are now being reviewed and design adjustments made to reduce costs to enable awards within programed amounts when they are readvertised.

Projects not yet awarded total \$23.861 million and include:

	<i>Thousands</i>
Fort Lee.....	\$0. 245
Fort Myer.....	1. 815
Walter Reed Hospital.....	8. 923
Fort Knox.....	12. 160
Sierra AD.....	0. 699

Barracks modernization projects.—Thirty-five projects totaling \$110.2 million were approved. Fourteen projects totaling \$34.4 million (31.2 percent) have been awarded.

[Dollar amounts in millions]

Summary	Program	Award	
		Amount	Percent
New barracks.....	\$118.7	\$76.3	64.3
Barracks modernization.....	110.2	34.4	31.2

Approximately 90 percent of fiscal year 1973 bachelor housing projects are scheduled for award before the end of fiscal year 1973.

BARRACKS COST PER MAN

Mr. SIKES. Can you tell us how much the cost to provide adequate barracks and associated facilities for one enlisted man has increased in the past 5 years?

Mr. BRAZIER. Sir, as we see if at the present time, the cost to support one enlisted man has approximately doubled in that period. It has gone up anywhere from \$4,000 to \$5,000 per man.

At the same time the barracks itself has increased in cost from \$2,750 per man in fiscal year 1970 to about \$4,760 per man in fiscal year 1974.

Mr. SIKES. How much of that is, shall we say, modernization in the sense of providing more adequate facilities, more space? How much is the cost actually based on that consideration, primarily, rather than on inflation?

Mr. BRAZIER. It is both, sir. We have increased the amount of space overall that we are providing.

Of course, in the period of the last 4 or 5 years we have had a considerable increase in escalation which has to be reflected also.

Mr. SIKES. Provide details for the record.

[The information follows:]

During the period April 1970 to April 1974 improved standards will have increased the barracks area per man by approximately 32 percent. Construction cost escalation during the same period is approximately 42 percent. The total increase in cost to provide one barracks space, reflecting both increased standards and cost escalation is approximately 73 percent.

BARRACKS STANDARDS

Mr. SIKES. What changes in legislative limits, if any, are required to provide the type of bachelor quarters you are proposing in fiscal 1974?

Mr. BRAZIER. Sir, we have a requirement for congressional approval of \$30.50 per square foot for bachelor officers quarters. That is up \$1.50 from previously. And \$28.50 per square foot for barracks. That also is a rise of \$1.50.

These unit costs are based on military bid experience and building costs with cost growth projection for the fiscal year 1974.

Mr. SIKES. Tell us how much you are expanding the amount of space per man by such means as separating his equipment storage from his living space?

Mr. BRAZIER. Sir, we are expanding our company administration and storage facilities, to provide 2.25 square feet per man for each soldier's field equipment. This is not in the new barracks, but in separate buildings. It is intended that a soldier living in the barracks