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United States General Accounting Office
Washington, DC 20548

January 7, 2003

The Honorable Donald H. Rumsfeld
Secretary of Defense

Subject: *Military Housing: Opportunity for Reducing Planned Military
Construction Costs for Barracks*

Dear Mr. Secretary:

We are reviewing the Department of Defense's (DOD) management of its unaccompanied enlisted permanent party housing, commonly referred to as barracks for unmarried servicemembers. We understand that over the next few years the services plan to eliminate barracks with gang latrines and provide private sleeping rooms (meet DOD's 1+1 barracks design standard)¹ for all permanent party servicemembers. The Navy has an additional goal to provide barracks for sailors who currently live aboard ships when in homeport. To implement these goals, the services plan to spend about \$6 billion over the next 7 years to construct new barracks. In addition to reviewing the services' plans and exploring opportunities for reducing costs, one of our objectives is to assess the consistency of and the rationale behind the services' barracks occupancy requirements. While we expect to complete our review of DOD's management of military barracks early in 2003, the purpose of this interim report is to bring to your attention the widely varying standards among the services regarding who should live in barracks, the effect this can have on program costs and quality of life, and the apparently out-of-date policy guidance on this subject. Timely resolution of these matters could potentially affect future budget decisions.

Results in Brief

The *DOD Housing Management* manual,² which provides policy guidance about who should live in barracks, appears to be out of date and is under revision, and the military services have adopted different barracks occupancy requirements. The

¹ In November 1995, DOD adopted a new barracks construction standard, referred to as the 1+1 design standard, for servicemembers permanently assigned to an installation. The standard, which does not apply to barracks for members in basic recruit or initial skill training, provides each junior enlisted member with a private sleeping room and with a kitchenette and bath shared by one other member. The Marine Corps has a permanent waiver from the Secretary of the Navy to use a different barracks design standard—one sleeping room and bath shared by two junior Marines.

² U.S. Department of Defense, Office of the Under Secretary of Defense (Acquisition and Technology), *DOD Housing Management*, 4165.63-M (Washington, D.C.: Sept. 30, 1993).

rationale for the services' requirements, and in particular for the requirement that more experienced junior servicemembers live in barracks, appears to be a matter of military judgment and preference with less emphasis on systematic, objective analyses. The differences among service requirements have significant implications. Requiring more personnel (more pay grades) to live in barracks than is justified results in increased barracks program and construction costs and may be inconsistent with DOD's policy to maximize reliance on civilian housing to the extent this policy is applied to barracks. There are also quality-of-life implications because most junior servicemembers prefer to live off base.

Accordingly, we are recommending that DOD revise its barracks occupancy guidance based, at least in part, on the results of objective, systematic analyses and seek to ensure greater consistency in requirements among the military services to the extent practical.

Services Use Different Standards to Determine Barracks Requirements

The *DOD Housing Management* manual requires enlisted servicemembers without dependents in pay grades E6 and below to live in barracks, but permits the military services to change this policy and require only members in pay grades E5 and below to live in barracks. However, significant differences exist among the services regarding personnel who are required to live in barracks. More specifically

- the Army requires unaccompanied personnel in pay grades E1 through E6 to live in barracks;
- the Navy has required unaccompanied personnel in pay grades E1 through E4 with fewer than 4 years of service to live in barracks;
- the Air Force requires unaccompanied personnel in pay grades E1 through E4 to live in barracks; and
- the Marine Corps requires unaccompanied personnel in pay grades E1 through E5 to live in barracks.

Policy responsibility for military barracks rests with the Under Secretary of Defense for Acquisition, Technology and Logistics, while responsibility for quality-of-life initiatives rests with the Under Secretary of Defense for Personnel and Readiness. The two organizations are responsible for initiatives that eliminate inadequate housing and enhance the quality of life of military personnel. In discussing the *DOD Housing Management* manual, DOD officials stated that this manual, which has not been revised in more than 9 years, is out of date and under revision. The officials also stated that each service should make the final decision about who should live in barracks based on mission requirements. Currently, the Deputy Assistant Secretary for Military Community and Family Policy of the Office of the Under Secretary of Defense for Personnel and Readiness is reviewing DOD's and the services' policies

and practices for assigning junior servicemembers to family housing and barracks, with a focus on quality-of-life concerns.

Service officials state that unaccompanied junior enlisted servicemembers should live in barracks to help instill service core values, provide for team building and mentoring, and meet operational requirements. This policy appears reasonable for servicemembers who are undergoing basic recruit and advanced individual training and initial duty at their permanent assignment locations. However, the extent to which this requirement should extend to more experienced junior enlisted members is less clear and appears to be more a matter of military judgment, command preference, and tradition rather than the result of systematic, objective analyses. Without a more objective basis for determining who should be required to live in barracks, the services could err either in allowing some servicemembers to live off base who may not yet be ready or unnecessarily hinder the quality of life of more senior members for whom living off base would not present a problem.

Over the years, the services have periodically changed the requirement and allowed increasingly larger numbers of unaccompanied members to live off base in local communities. For example, until 1996 the Air Force required unaccompanied E5 personnel to live in barracks. Also, in order to more quickly achieve its barracks improvement goals and reduce planned construction costs, the Navy recently changed its policy so that, in the future, barracks will be constructed only for E1 through E3 servicemembers. Further, in all the services, single junior enlisted servicemembers are required to live in barracks, but married members are not.

Requirement Differences Have Significant Cost and Quality-of-Life Implications

The differences among the services in their requirements for unaccompanied servicemembers to live in barracks have significant cost and quality-of-life implications. Requiring more personnel (more pay grades) to live in barracks obviously results in increased barracks requirements. And, with the services planning extensive barracks improvement programs and with barracks construction costing as much as \$80,000 to \$100,000 per sleeping space, increased requirements translate into higher barracks program costs.

The current Air Force situation illustrates the point. In June 1998, the Air Force adopted a barracks assignment policy that called for private rooms for unaccompanied permanent party personnel. To implement the policy, the Air Force began assigning only one servicemember to rooms that had been designed for two. This approach created a significant shortage of available barracks spaces. To compensate for the shortage until new barracks could be constructed, the Air Force permitted many servicemembers normally assigned to barracks to live off base with a housing allowance. In the United States, as of September 30, 2001, about 13,200 (75 percent) of the Air Force's unaccompanied permanent party E4 personnel and 7,600 (27 percent) of its E3 personnel were living off base with a housing allowance. Although many junior enlisted servicemembers have lived off base since 1998, we have not identified any systematic Air Force analyses that would suggest any adverse

effect on the indoctrination or job performance of these servicemembers.³ Still, because its policy calls for all E1 through E4 servicemembers to live in barracks, the Air Force plans to spend over \$420 million during the next several years to construct new barracks in order to bring all E1 through E4 members back on base.

Where appropriate, allowing more experienced junior servicemembers to live off base with a housing allowance could reduce barracks requirements and future construction, operations, and maintenance costs. Also, relying more on community housing appears to be consistent with existing DOD family housing policy that advocates maximum use of civilian housing before constructing and operating military-owned housing. Further, as appropriate, a move to civilian housing could also be viewed as an enhancement to quality of life. As far back as 1992, personnel surveys have shown that as many as 84 percent of unmarried junior servicemembers prefer to receive a housing allowance and live off base.

Although reducing requirements for unaccompanied servicemembers to live in barracks could significantly decrease planned barracks construction costs over the next several years, this change would result in increased annual housing allowance costs. Our tentative analyses of five 1+1 design barracks projects in DOD's military construction budget request for fiscal year 2003, however, indicate that even over the long term—that is, a period of 30 years—paying allowances to servicemembers could be slightly less costly than constructing, operating, and maintaining on-base barracks, while reducing pressure on scarce military construction funds.

Recommendations for Executive Action

While the department updates its *DOD Housing Management* manual, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics and the Under Secretary of Defense for Personnel and Readiness to work together to revise the department's guidance regarding permanent party enlisted servicemembers who are required to live in barracks. In doing so, we recommend that the rationale behind the department's barracks policy revision and the services' barracks occupancy requirements be based, at least in part, on the results of objective, systematic analyses that consider the contemporary needs of junior servicemembers, quality-of-life issues, the services' mission requirements, and other relevant data that would help provide a basis for the services' barracks occupancy requirements. Although we recognize that military judgment may play an important role in setting barracks requirements, we believe that the soundness of those judgments could be validated and unnecessary requirements mitigated if those judgments were undergirded by objective qualitative and quantitative data where available.

Whether a "one size fits all" policy would be practical is not clear at this point, but greater consistency among the services appears warranted. Accordingly, we also recommend that the Secretary of Defense seek to ensure greater consistency among

³ We also have seen no systematic analyses from the other services that show any adverse impact from unaccompanied enlisted members living off base with a housing allowance.

the services in implementing this guidance and ensuring that the basis for significant variances includes consideration of objective data and analysis.

As you know, 31 U.S.C. 720 requires the head of a federal agency to submit a written statement of the actions taken on our recommendations to the Senate Committee on Government Affairs and the House Committee on Government Reform not later than 60 days after the date of this report. A written statement must also be sent to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of this report.

Agency Comments and Our Evaluation

The Principal Assistant Deputy Under Secretary of Defense (Installations and Environment) provided written comments on a draft of this report, which are reprinted in enclosure I. In commenting on the draft, DOD agreed with our recommendation to revise the department's guidance regarding permanent party enlisted service members who are required to live in barracks. DOD indicated that actions were underway to study the department's policy for assigning government quarters to single and junior enlisted service members and to update the department's barracks and family housing management guidance.

Additionally, DOD agreed, in principle, to base the department's barracks policy revision and the services' barracks occupancy requirements—at least in part—on the results of systematic analyses, but left unclear the extent to which it is likely to do so. The department noted that while a systematic analysis would help support policy development, the relative importance of the factors used are equally important, and not all factors can be defined in an objective manner. The department reiterated the importance of military judgment in such decisions considering the impact of such factors as training, readiness, and discipline; and it cited the importance of considering service-unique requirements that could lead to differences among the services in how they handle this issue. While we recognize the importance of each of these factors, we continue to believe that, given the variations noted in our report, the services requirements determinations should be supported with more objective analyses to the extent practical.

The department provided additional technical comments which expressed concern that the presentation of our tentative analysis finding that paying housing allowances to service members could be slightly less costly than constructing, operating, and maintaining on-base barracks was incomplete in its treatment of costs. Specifically, it cited the exclusion of partial basic housing allowances to barracks residents and the payment of subsistence allowances, as well as other assumptions made in our analysis, such as year of occupancy. We will take these comments under consideration as we continue our analysis of this issue along with the broader body of work we have underway examining barracks housing issues. However, it should be noted that our preliminary analysis assumed that design, construction, and occupancy would occur in the first year of the projects, based on DOD's typical life-cycle cost analyses used in the family housing area. Also, available data indicate that inclusion of partial housing allowances and differences in subsistence costs provided to on-base and off-base personnel would not necessarily materially affect the results

of our analysis. We agree that housing cost issues for single servicemembers are worthy of additional analyses particularly because the military services, on their own, are exploring the potential for barracks privatization.

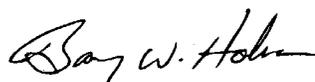
Scope and Methodology

We performed our work at the Office of the Secretary of Defense and at the Air Force, Army, Navy, and Marine Corps headquarters offices responsible for unaccompanied housing and quality-of-life initiatives. At each location, we interviewed responsible officials and reviewed applicable policies, procedures, and documents. We also reviewed the services' barracks improvement plans, goals, and milestones. Further, we visited three military installations in Virginia—Fort Eustis, Langley Air Force Base, and the Norfolk Naval Station—to view barracks conditions and discuss barracks issues. Our review focused on housing for unaccompanied enlisted servicemembers at their permanent duty locations in the United States. We did not include recruit, training, or transient barracks in our review.

To assess the consistency of and the rationale behind the services' barracks occupancy requirements, we reviewed and compared the services' barracks policies and interviewed DOD and service officials to discuss the rationale supporting the policies. We also (1) obtained and analyzed data to estimate possible barracks construction cost savings if fewer servicemembers were required to live in barracks, (2) compared the estimated life-cycle costs of five Army, Air Force, and Navy construction projects for 1+1 design barracks in DOD's military construction budget request for fiscal year 2003 with the life-cycle costs of allowing servicemembers to live off base with a housing allowance, (3) examined the number of single junior enlisted servicemembers living off base in the Air Force, and (4) reviewed quality-of-life survey data showing where unmarried members prefer to live. Our review was conducted from May through October 2002 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the appropriate congressional committees, and it will be available at no charge on GAO's Web site at <http://www.gao.gov>. We are continuing with our review of the management of military barracks and plan to report the results early in 2003. If you or your staff have any questions on the matters discussed in this letter, please contact me at (202) 512-8412, or my Assistant Director, Mark Little, at (202) 512-4673. Gary Phillips, Jim Ellis, Sharon Reid, and R.K. Wild were major contributors to this report.

Sincerely yours,



Barry W. Holman, Director
Defense Capabilities and Management

Comments from the Department of DefenseACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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20 DEC 2002

Mr. Barry W. Holman
Director, Defense Capabilities and Management
United States General Accounting Office
Washington, DC 20548

Dear Mr. Holman:

This is the Department of Defense (DoD) response to the GAO draft report GAO-03-257R, "MILITARY HOUSING: Opportunities for Reducing Planned Military Construction Costs for Barracks," dated November 1, 2002 (GAO Code 350294).

The Department has reviewed the draft report and agrees, in principle, with the recommendations. During the course of the audit, the Directorate for Housing within the Office of the Deputy Under Secretary of Defense (Installations and Environment) contracted with the Center for Naval Analysis to begin a review of the *DoD Housing Management* manual (DoD 4165.63-M), which includes assignment policies for both family housing and barracks.

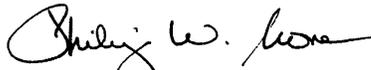
In response to the recommendation that the Department should use an objective, systematic analysis in determining barracks policy and requirements, we believe our housing requirements process fulfills this recommendation. The housing requirements process is an analytical approach to determine the appropriate on-base housing needed to support our single and married military members. However, as the GAO report correctly points out, military judgment is also an important factor in establishing these policies. As the Department reviews its housing assignment policies, it will work to maintain a balance between systematic analysis using DoD-wide policies with individual Service authority to effectively base housing assignment policies on military judgment, mission, discipline or readiness, as expressed in Title 37, United States Code, Section 403(e).

Finally, the draft report concludes (page 4) that "paying allowances to service members could be slightly less costly than constructing, operating, and maintaining on-base barracks." Extracting reliable barracks operations and maintenance (O&M) costs from the larger O&M appropriation is extremely difficult. Further, the analysis of the five barracks construction projects provided by the GAO in support of this conclusion also neglects some important costs, such as Basic Allowance for Subsistence or payment of partial Basic Allowance for Housing. As such, we believe more work would need to be done in this area before DoD could accept the GAO's conclusion.



Enclosed are the Department's specific and technical responses to the recommendations. Thank you for the opportunity to provide comments on the draft report. My point of contact for this action is Ms. Phyllis Newton. She can be reached at (703) 614-5356 or at phyllis.newton@osd.mil.

Sincerely,



Philip W. Grone
Principal Assistant Deputy Under Secretary of Defense
(Installations and Environment)

Enclosures

GAO CODE 350294/GAO-03-257R

**“MILITARY HOUSING: OPPORTUNITIES FOR REDUCING PLANNED MILITARY
CONSTRUCTION COSTS FOR BARRACKS”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: *The GAO recommended that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense for Personnel and Readiness to work together to revise the Department’s guidance regarding permanent party enlisted service members who are required to live in barracks. (p. 4/Draft Report)*

DoD RESPONSE: Agree. The Department has already taken steps to update the barracks and family housing management guidance. A study has also been initiated to review the policy for assigning government quarters to single and married junior enlisted members. This effort is being conducted by the Under Secretary of Defense for Personnel and Readiness, in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics, with Military Department input, to ensure both the facility and compensation aspects of housing are addressed.

RECOMMENDATION 2: *The GAO recommended that the rationale behind the Department’s barracks policy revision and the Services’ barracks occupancy requirements be based, at least in part, on the results of objective, systematic analyses that consider the contemporary needs of junior service members, quality-of-life issues, the Services; mission requirements, and other relevant data that would help provide a basis for the Services’ barracks occupancy requirements. (p. 4/Draft Report)*

DoD RESPONSE: Agree, in principle. While a systematic analysis using such factors as those identified in the recommendation would help support policy development, the relative importance of the factors used are equally important. As such, not all factors can be defined in an objective manner. Commander and senior enlisted decisions that may be based on subjective measures play an important role, as recognized in this report.

(350294)