Audit Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE REALIGNMENT OF THE INTER-AMERICAN AIR FORCES ACADEMY

Report No. 95-299

August 29, 1995

Department of Defense

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Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
IAAFA	Inter-American Air Forces Academy
MILCON	Military Construction

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

August 29, 1995

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Realignment of the Inter-American Air Forces Academy (Report No. 95-299)

We are providing this audit report for review and comment. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. Although the Under Secretary of Defense (Comptroller) comments were responsive, we request clarification on the amount specified in the comments, as indicated at the end of Finding B. As a result of Air Force comments, we deleted draft Recommendations A.1. and A.2. The Air Force comments on the recommendations in Finding B were nonresponsive, and we request that the Air Force provide additional comments as described at the end of Finding B. Comments on the final report should be received by October 30, 1995.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9248 (DSN 664-9248) or Mr. Thomas W. Smith, Audit Project Manager, at (703) 604-9243 (DSN 664-9243). The distribution of this report is listed in Appendix G. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. 95-299
Project No. 5CG-5017.11

August 29, 1995

Defense Base Realignment and Closure Budget Data for the Realignment of the Inter-American Air Forces Academy

Executive Summary

Introduction. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of three projects, valued at $16.6 million, associated with the realignment of the Inter-American Air Forces Academy from Homestead Air Force Base, Florida, to Lackland Air Force Base, Texas. This audit also assessed the adequacy of the management control program as it applied to the audit objective.

Audit Results. The Air Force Defense base realignment and closure military budget data were not accurate.

o The Air Force did not adequately support the need to include preexisting space deficiencies in two of the three FY 1996 Defense base realignment and closure military construction project estimates (Finding A).

o The Air Force did not perform an economic analysis to identify the costs and benefits of feasible alternatives to new construction to satisfy facility requirements of the Inter-American Air Forces Academy. As a result, no assurance exists that the $16.6 million for construction of new facilities to house the Inter-American Air Forces Academy is the most cost effective method of satisfying facility requirements (Finding B).

The results of the review of the management control program will be discussed in a summary report on Defense base realignment and closure military construction budget data. See Appendix E for details of potential benefits of the audit.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) suspend funding for the three projects by $12.1 million until the Air Force has prepared an economic analysis for the three Defense base realignment and closure military construction projects. We recommend that the Air Force prepare an economic analysis for the three Defense base realignment and closure military construction projects and submit revised DD Forms 1391.

Management Comments. The Under Secretary of Defense (Comptroller) agreed to put funds associated with the project on administrative withhold if the audit issues are not resolved by the start of FY 1996. The Air Force nonconcurred with the audit Finding A, stating that a unique situation existed at Homestead AFB in that a significant amount of dormitory space was being renovated at the time of Hurricane Andrew. The Air Force justified the Defense base realignment and closure military construction based on that unique situation. The Air Force also nonconcurred with the audit Finding B, stating that an economic analysis was not required because the site survey did not identify existing facilities that could support the requirements. A signed exception to an economic analysis will be prepared by September 1, 1995. In addition, the Air Force claimed that the data presented in the draft audit report was not valid. A summary of management comments is at the end of each finding in Part I. The complete text of management comments is in Part III.

Audit Response We request that the Under Secretary of Defense (Comptroller) provide clarification in response to the final report on the amount it will withhold.

As a result of Air Force comments, we deleted the draft report recommendations associated with Finding A. Although Air Force regulations clearly state that Defense base realignment and closure funds can not be used to satisfy preexisting facility deficiencies, we agree that the timing of the contract award and the occurrence of Hurricane Andrew caused a unique situation at Homestead Air Force Base. The unique situation made the official space that Inter-American Air Forces Academy occupied difficult to determine. We agree with the Air Force assertion that an exception be made because of that unique situation.

An exception to the economic analysis, however, which the Air Force proposes to submit, will not change the fact that existing facilities were available to meet the Inter-American Air Forces Academy dormitory requirements. In addition, the facts presented in the report are based on the official Air Force records. We request that the Air Force reconsider its position on conducting an economic analysis and provide comments on the final report. Comments on the final report should be received by October 30, 1995.

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Part I - Audit Results

Audit Background

The Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1996 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C.

Inter-American Air Forces Academy. The Inter-American Air Forces Academy (IAAFA) was established in 1943 to teach professional and technical aviation courses in Spanish to meet the training needs of countries in Central America, South America, and the Caribbean. In addition to teaching aviation-related courses, IAAFA provides students with training related to human rights and the democratic government process. After 46 years of service in Panama, IAAFA was relocated in January 1990 to Homestead Air Force Base (AFB), Florida. In 1992, IAAFA was temporarily relocated to Texas because Hurricane Andrew destroyed Homestead AFB in Florida. IAAFA was permanently realigned to locations in Texas in 1993.

Hurricane Andrew of 1992 Destroys Homestead AFB, Florida. In August 1992, Hurricane Andrew crossed over the southern tip of Florida. Homestead AFB was in the hurricane's path and was essentially destroyed. As a result, IAAFA was temporarily relocated to Lackland AFB and Kelly AFB, Texas.

Commission on Defense Base Closure and Realignment of 1993. On July 1, 1993, the Commission on Defense Base Closure and Realignment (the Commission) recommended that Homestead AFB, Florida, be closed and that the Inter-American Air Forces Academy be permanently realigned to Lackland AFB, Texas. Air Force officials decided to assign parts of IAAFA to Lackland AFB, Kelly AFB, and Camp Bullis, Texas, because Lackland AFB did not have the proper facilities to accommodate all IAAFA courses. IAAFA non-flightline classes, administration, and living quarters were realigned to Lackland AFB. Kelly AFB provided facilities for flight-line training, and Camp Bullis was used for the Air Base Ground Defense course.

Major Command. While located at Homestead AFB, IAAFA reported to Air Combat Command, Langley AFB, Virginia. As a result of the BRAC decision in July 1993, the Air Education and Training Command, Randolph AFB, Texas, became the major command for IAAFA.

IAAFA Student Strength. IAAFA student loads have historically ranged between 132 and 287 students per semester for FYs 1982 through 1994. Appendix D details the historical student strength of IAAFA.

IAAFA MILCON Projects. As a result of Hurricane Andrew and the recommendation by the Commission to realign, the Air Force funded a total of $26.5 million for MILCON projects at Lackland AFB, Kelly AFB, and Camp Bullis, Texas, from FYs 1993 through 1996. The $26.5 million included both MILCON and BRAC MILCON projects. Those projects are detailed in Appendix A.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for BRAC MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of controls as they applied to the overall audit objectives.

This report provides the results of the audit of three FY 1996 BRAC MILCON projects, valued at $16.6 million, for the realignment of IAAFA to Lackland AFB, Texas. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a summary report on BRAC MILCON budget data. Therefore, this report does not discuss our review of management controls at Air Education and Training Command.

Finding A. Preexisting Deficiencies

The Air Force did not adequately support the need to include preexisting space deficiencies in the BRAC MILCON estimates for projects MPLS963244, "IAAFA Enlisted Dormitory," and MPLS963240, "IAAFA Student Officers Quarters." That occurred because Air Force officials were not aware that BRAC MILCON criteria precludes the use of BRAC funds to resolve preexisting space deficiencies. As a result, FY 1996 BRAC MILCON projects MPLS963244 and MPLS963240 included $4.5 million in construction in its FY 1996 Defense base realignment and closure funding that should have been funded with regular military construction on funds.

Planned and Original Billeting Facilities

Planned BRAC MILCON Projects at Lackland AFB. Air Force officials planned two BRAC MILCON projects at Lackland AFB to accommodate the realignment of IAAFA. Project MPLS963244, "IAAFA Enlisted Dormitory," will construct a 61,000-square-foot dormitory to provide quarters for 225 enlisted students. Project MPLS963240, "IAAFA Student Officers Quarters," will construct a 31,000-square-foot officers quarters to house 50 student officers.

Original Facilities at Homestead AFB. Before IAAFA relocated, billeting space at Homestead AFB totaled 42,763 square feet. Of the 42,763 square feet, the enlisted dormitory accounted for 25,658 square feet, and student officers quarters accounted for 17,105 square feet.

Comparison of planned construction at Lackland AFB with the facilities occupied by IAAFA at Homestead AFB shows that the planned construction includes an additional 35,342 square feet of enlisted dormitory space and 13,895 square feet of officers quarters space. See Table 1 for computations.

Table 1. Planned BRAC MILCON Compared to Original Facilities

	Enlisted Dormitory	Officers Quarters	Total
Planned square feet (Lackland)	61,000	31,000	92,000
Original square feet (Homestead)	25,658	17,105	42,763
Differences	**35,342**	**13,895**	**49,237**

Accommodation of Planned Increase in Billeting Space Air Force officials stated that BRAC MILCON projects MPLS963244 and MPLS963240 were based on the billeting facilities that IAAFA occupied at Homestead AFB. In addition, Air Force officials at Air Combat Command stated that planned billeting space to relieve IAAFA space deficiencies at Homestead AFB was also included as a basis for justifying BRAC MILCON. However, because Hurricane Andrew destroyed Homestead AFB, IAAFA never obtained or occupied the planned additional space. Citing that planned additional space as justification for BRAC MILCON is not sound.

Air Force Guidance on Use of BRAC Funding

Assistant Secretary of the Air Force (Installations) Message. A March 1993 message from the Assistant Secretary of the Air Force (Installations) to the Air Education and Training Command, Randolph AFB, Texas, provides guidance for identifying facility requirements and developing cost estimates for construction resulting from the 1993 base closure and realignment recommendations. The message stated that in developing estimates for BRAC construction, the Air Force organizations should make maximum use of all existing facilities and should not incorporate corrections of existing space deficiencies in their estimates. The message also specifies that space requirements are to be based on established standards for Air Force space requirements or on currently occupied space at the base of origin, whichever is lower.

Program Action Directive 94-01. In addition to the Assistant Secretary of the Air Force (Installations) message, Headquarters, Air Force, Program Action Directive 94-01, February 15, 1994, states that:

> [Base] closure funding will not be used to resolve existing deficiencies, either preexisting at the gaining installation or those associated with the realigning units at their closing installation. Construction at gaining installations shall duplicate existing structures and current mission MILCON will be used to fund the portion of the facility to resolve existing deficiencies.

BRAC MILCON Justification

Air Force officials stated that the additional space in the BRAC MILCON projects was included because officials were unaware that BRAC funding could not be used to construct basic facility requirements, regardless of the size of original facilities for IAAFA. Air Force guidance on the use of BRAC funding does not require construction of facilities that do not meet an organization's requirements. The guidance simply states that BRAC funding can be used to duplicate the space occupied at the losing installation. While it may have been

appropriate to increase IAAFA space requirements, IAAFA did not possess the additional space at Homestead AFB. Therefore, any increase in space at Lackland AFB should be funded with regular MILCON instead of BRAC MILCON funds.

Reductions in BRAC MILCON Funding

The two FY 1996 BRAC MILCON projects were overstated by $4.5 million. The $4.5 million includes an overstatement of $3.2 million for project MPLS963244 and $1.3 million for project MPLS963240 based upon cost data obtained from the DD Forms 1391, "FY 1996 Military Construction Project Data," for the two projects. On the DD Forms 1391, the Air Force identified $92 per square foot as the cost to construct the enlisted dormitory and $91 per square foot for construction of the student officers quarters. See Table 2 for computations of the $4.5 million overstatement.

Table 2. Cost of Resolving Preexisting Space Deficiencies

	Enlisted Dormitory	Officers Quarters	Total
Cost per square foot	$ 92	$ 91	n/a
(times) Preexisting deficiency (square feet) From Table 1	35,342	13,895	49,237
Total Overstated Costs	**$3,251,464**	**$1,264,445**	**$4,515,909**

Based on the inappropriate inclusion of preexisting space deficiencies in the two FY 1996 BRAC MILCON project estimates and the resulting cost overstatement of $4.5 million, funding for projects MPLS963244 and MPLS963240 should be reduced by $4.5 million, and the DD Forms 1391 should be revised to reflect that the increased square footage will be funded by regular MILCON.

Draft Report Recommendations, Management Comments, and Audit Response

Draft Report Recommendations. We recommended in the draft report that the Under Secretary of Defense (Comptroller) reduce the funding for project MPLS963244, "IAAFA [Inter-American Air Forces Academy] Enlisted Dormitory," and project MPLS963240, "IAAFA [Inter-American Air Forces Academy] Student Officers Quarters," by $4.5 million. We also recommended

that the Commander, Air Education and Training Command, Randolph Air Force Base, Texas, submit revised DD Forms 1391, "FY 1996 Military Construction Project Data," for the two projects to reflect justifiable requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred with the report, but stated that it was premature to take action at this time because the funding for the projects is included in the FY 1996 BRAC budget request. However, if the issue is not resolved by the start of FY 1996, the funds associated with projects will be placed on administrative withhold pending resolution of the issues.

Air Force Comments. The Air Force nonconcurred with the recommendation and associated finding. The Air Force stated that the Inspector General, DoD, contention that BRAC should pay only for the IAAFA space occupied at the time of Hurricane Andrew is untenable, as it does not take into account the unique situation at Homestead AFB, Florida. Regular MILCON funding was being used to renovate dormitory space for IAAFA, and the contract had already been awarded when Hurricane Andrew struck. Because some dormitories were closed for renovation, IAAFA was occupying less dormitory space than it needed. IAAFA was never able to occupy the dormitory space that had been promised to it before Hurricane Andrew hit. If the regular MILCON project had been completed, IAAFA would have been able to move into two vacant dormitories and therefore justify the BRAC MILCON requirement in question. The Air Force agreed that BRAC funds can not be used to construct facilities at the gaining installation to replace facilities that did not exist at the closing installation.

Audit Response. Although the Air Force nonconcurred with the recommendation, the Air Force comments are considered responsive. Management provided us with additional information that stated that the contract for the MILCON to renovate existing dormitories at Homestead AFB had been awarded. The dormitories were then vacated to prepare for the renovations, and therefore, the dormitories were not occupied by IAAFA when Hurricane Andrew struck. We still contend that the Air Force used BRAC funding to resolve preexisting deficiencies; however, we agree with the Air Force statement that Hurricane Andrew created a unique situation. Because the contract had been awarded and the Hurricane happened while the buildings were awaiting renovations, the official space that IAAFA occupied is difficult to determine. Therefore, as a result of the management comments, we deleted Recommendations A.1. and A.2. from this final report. No further comments are required on the final report concerning the issues in this finding.

Finding B. Economic Analysis

The Air Force did not prepare an economic analysis for projects MPLS963244, "IAAFA Enlisted Dormitory;" MPLS963240; "IAAFA Student Officers Quarters;" and MPLS963241, "IAAFA Technical Training Classroom," for the IAAFA realignment to Lackland AFB, Texas. Air Force project planners stated that the economic analysis was not performed because the timeframe imposed for submitting BRAC MILCON project proposals was too short to allow adequate time for preparing such an analysis. As a result, no assurance exists that the $16.6 million programmed for new construction is the most cost effective method of satisfying IAAFA facility requirements.

Air Force Guidance on Economic Analysis

Air Force Instruction 65-501 2.2, "Economic Analysis," June 1, 1994, requires a major command to perform an economic analysis for any MILCON proposal when the cost estimate for the project exceeds $2 million. An economic analysis should include:

- o a statement of the problem,
- o assumptions,
- o alternatives,
- o the feasibility of alternatives, and
- o the cost of benefits of each feasible alternative.

Performance of Economic Analysis

Air Force planners did not perform an economic analysis or explore various alternatives, including utilization of existing space in enlisted dormitories, officers quarters, or technical training classrooms, to satisfy IAAFA requirements before recommending new construction.

Use of Existing Living Quarters. Before deciding to build new living quarters, an economic analysis should be performed that considers the use of existing living quarters space as an alternative to the construction of new quarters.

Enlisted Dormitories. Lackland AFB had an average technical training dormitory capacity of 2,000 to 2,300 spaces in FYs 1993 and 1994. The usage rates for FYs 1993 and 1994 were reported as 99 percent. The reported usage rate indicated that no excess space was available at Lackland AFB to accommodate the realignment of IAAFA.

The 99-percent reported usage rates for FYs 1993 and 1994 were achieved because Lackland AFB officials were required to follow Air Education and Training Command procedures to determine the usage rates for student dormitories. In September 1991, the Air Education and Training Command issued procedures that required unused student dormitory spaces to be disregarded when calculating usage rates so that full usage can be reported.

Figure 1 is a detailed presentation of enlisted dormitory usage for Lackland AFB.

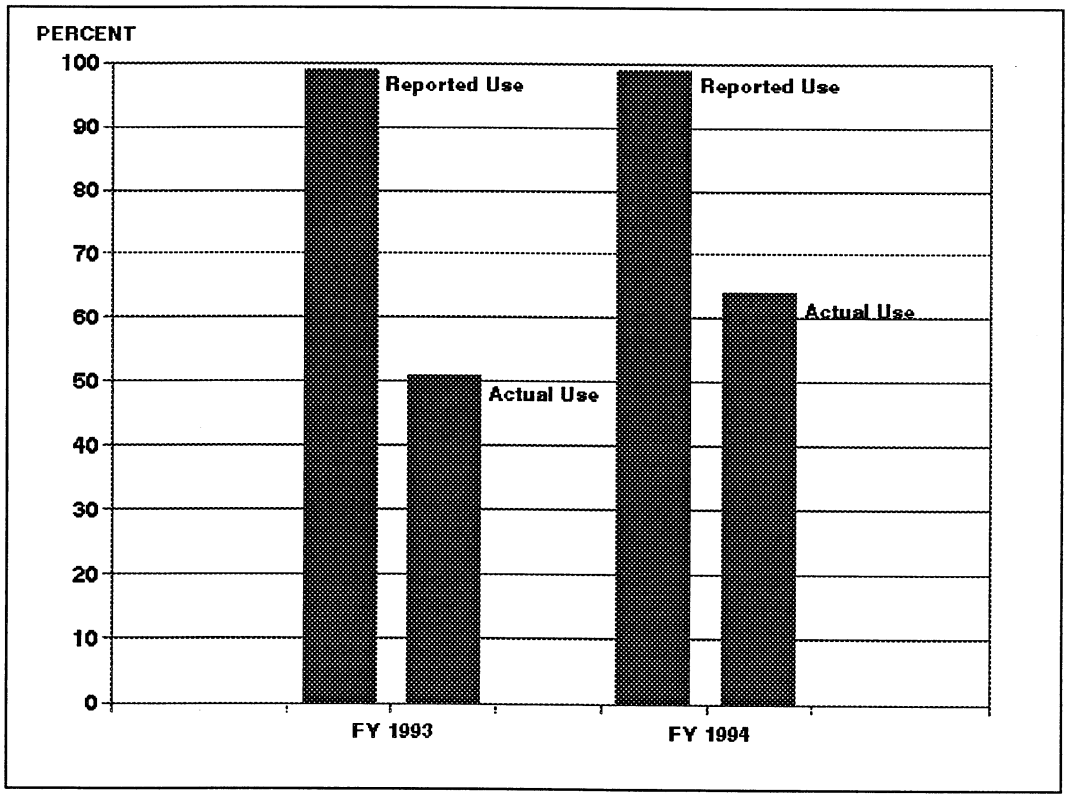


Figure 1. Use of Enlisted Dormitories at Lackland AFB

As indicated by Figure 1, the actual usage rate of enlisted dormitories was only 51 percent for FY 1993 and 64 percent for FY 1994. Therefore, adequate dormitory space existed to accommodate IAAFA enlisted students at Lackland AFB. However, accommodating IAAFA enlisted students with existing dormitory space was not considered as an alternative to new construction.

Officers Quarters. Lackland AFB had approximately 600 officers quarters in FYs 1993 and 1994. The reported usage rate of those quarters was 77 percent in FY 1993 and 67 percent in FY 1994. However, the quarters occupied by IAAFA student officers are reflected in the reported usage rates.

Figure 2 is a detailed presentation of officers quarters usage for Lackland AFB.

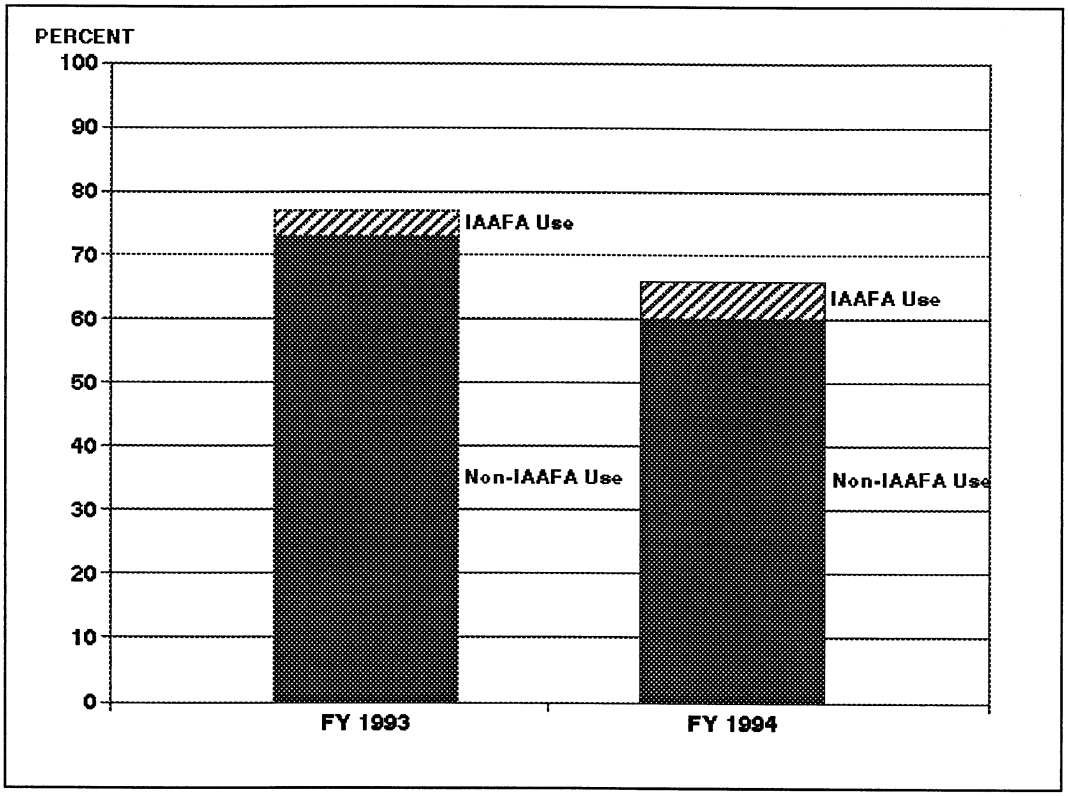


Figure 2. Use of Officers Quarters at Lackland AFB

As indicated by Figure 2, the actual usage rate of officers quarters space was only 77 percent for FY 1993 and 67 percent for FY 1994, including space occupied by IAAFA student officers. Therefore, officers quarters space existed to accommodate IAAFA student officers at Lackland AFB. However, accommodating IAAFA student officers with existing officers quarters space was not considered as an alternative to new construction.

Retaining Current Technical Training Classroom. Air Force planners also did not explore the alternative to new construction of retaining Building 7065, the IAAFA current facility for non-flightline training at Lackland AFB.

IAAFA officials stated IAAFA must vacate Building 7065 for the Lackland AFB Education Center's use. However, the Education Center had planned to move into Building 9050, once it was renovated, according to the

Air Education and Training Command's FY 1994 Military Construction Program, dated July 15, 1992. The renovation of Building 9050 has already been authorized and funded. Air Force officials could not confirm that the Education Center must move into Building 7065 instead of Building 9050 as planned.

We believe that the Air Education and Training Command should consider Building 7065 as an alternative site for non-flightline training since the Education Center should not need that building.

Time Constraints Lead to Use of Site Surveys

Air Force officials did not perform an adequate economic analysis for IAAFA FY 1996 BRAC MILCON projects MPLS963244, "IAAFA Enlisted Dormitory;" MPLS963240, "IAAFA Student Officers Quarters;" and MPLS963241, "IAAFA Technical Training Classroom." Air Force project planners stated that the economic analysis was not performed because the timeframe imposed for submitting BRAC MILCON project proposals was too short. Guidance for developing facility requirements and cost estimates was received by Air Force project planners in mid-April 1993. The facility requirements and cost estimates had to be submitted by mid-May 1993.

As a result of the short timeframe, Air Force planners decided to use site surveys prepared for the temporary IAAFA relocation to Lackland AFB to determine the scope for the projects instead of performing the required economic analysis.

Between October 1992 and April 1993, the Air Force performed three site surveys of Lackland AFB. The first two surveys outlined IAAFA facility requirements and options for temporary facilities. The final survey contained permanent options for IAAFA at Lackland AFB, along with general estimates of construction costs versus renovation costs. However, none of the site surveys considered the use of space in existing facilities to meet IAAFA space requirements.

Result of Not Performing an Economic Analysis

Because an economic analysis was not performed, Air Force planners did not consider the use of space in existing facilities. As a result, no assurance exists that the $16.6 million for MILCON projects MPLS963244, "IAAFA Enlisted Dormitory;" MPLS963240, "IAAFA Student Officers Quarters;" and MPLS963241, "IAAFA Technical Training Classroom," is the most cost-effective method of satisfying IAAFA requirements.

When viable alternatives are not considered, the Air Force has no basis for sound MILCON planning, programming, and budgeting decisions. By requiring an economic analysis, the Air Force will be able to consider all viable alternatives, including the use of existing facilities. Until an economic analysis has been performed, the $12.1 million to meet BRAC MILCON requirements ($16.6 million budgeted for the three projects less $4.5 million from Recommendation A.1.) should be suspended.

Recommendations, Management Comments, and Audit Response

B.1. We recommend that the Under Secretary of Defense (Comptroller) suspend the remaining $12.1 million in funding for projects MPLS963244, "IAAFA [Inter-American Air Forces Academy] Enlisted Dormitory;" MPLS963240, "IAAFA [Inter-American Air Forces Academy] Student Officers Quarters;" and MPLS963241, "IAAFA [Inter-American Air Forces Academy] Technical Training Classroom," until the Air Force determines the most cost-effective alternative for providing facilities in support of the Inter-American Air Forces Academy.

Office of the Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred with the report, but stated that it was premature to take action at this time because the funding for the project is included in the FY 1996 BRAC budget request. However, if the issue is not resolved by the start of FY 1996, the $8.1 million associated with the projects will be placed on administrative ithhold pending resolution.

Audit Response. The actions proposed by the Under Secretary of Defense (Comptroller) meet the intent of our recommendations. However, the suspended amount should be $12.1 million, not $8.1 million. We request that the Under Secretary of Defense (Comptroller) clarify the amount to be suspended in a response to the final report.

B.2. We recommend that the Commander, Air Education and Training Command, Randolph Air Force Base, Texas, perform an economic analysis to determine the most cost-effective alternative for providing the facility requirements for the Inter-American Air Forces Academy and submit revised DD Forms 1391, "FY 1996 Military Construction Project Data," for the three projects to reflect justifiable requirements and costs.

Air Force Comments. The Air Force nonconcurred with the recommendation and associated finding. The Air Force stated that the site survey identified no existing facilities that could support the requirement for dormitories or technical training classrooms, making new facilities the only option. Therefore, no reason existed to perform an economic analysis. However, to document the site survey data and review of existing facilities, a signed exception to an economic analysis will be prepared and finalized by September 1, 1995.

The Air Force stated that the IAAFA students could not utilize the space in the Defense Language Institute English Language Center (Defense Language Institute) quarters for several reasons. Selected quarters are dedicated to Defense Language Institute and some space in the quarters has to be reserved for unknown international requirements. Also, because the Defense Language Institute quarters were partially funded by other nations, the nations feel that they are part owners of the facilities. In addition, the students of the Defense Language Institute are in the United States to learn English and are forced into an English-speaking environment. Mixing Spanish-speaking IAAFA students with Defense Language Institute students, would be disruptive to both groups.

The Air Force also stated that IAAFA cannot utilize the space in the Basic Military Training Recruits open bay barracks because the use of the space would interfere with the training of both groups, IAAFA students and recruits.

In addition, IAAFA requires contiguous dormitory space close to its academic facility to alleviate transportation problems that would exist if the IAAFA students were scattered throughout the installation. Also, IAAFA students generally cannot speak English and need to be housed in close proximity to each other to allow the Spanish-speaking cadre to supervise them.

The Air Force disagreed with the assertion that the Education Center should use building 9050, thus allowing IAAFA to use building 7065 for non-flightline training. The Air Force stated that adequate space did not exist in building 9050 to accommodate all the planned missions; therefore, recommendations were made to have the Education Center removed from the planned design of building 9050. The Air Force also contended that the floor loadings were not designed to support the heavy training aids required for some of IAAFA academic classes.

Finally, the Air Force claimed that the data presented in the report were inaccurate and invalid based on an Air Force examination.

Audit Response. The Air Force comments are not responsive. We consider the recommendation to be valid based on established Air Force criteria for performing an economic analysis and on official documentation provided by the Air Force that reported occupancy rates. The Air Force did not perform an economic analysis as required by Air Force instructions. We found no documentation stating that Air Force officials considered the use of any existing facilities with excess capacity.

Although the Defense Language Institute quarters were funded by other nations, the quarters are the property of Lackland Air Force Base and would be retained by the Air Force should the Defense Language Institute ever cease operations. The desire to segregate English-learning, English-speaking and Spanish-speaking students from each other is not proper justification for the construction of a new facility. The Air Force needs to rethink its comments regarding the issue because its comments can be considered a cultural insult.

The audit identified existing space available in technical training dormitories, not the Basic Military Training Recruit open bay dormitories. The audit did not

consider space available in the Basic Military Recruit Training open bay dormitories because of Air Force issues of privacy for the IAAFA students.

In addition, the transportation problems that would exist if the IAAFA students were scattered throughout the installation can be alleviated using the buses that IAAFA possesses. Currently, IAAFA utilizes the buses to transport students to flightline and air defense training facilities at Kelly AFB and Camp Bullis.

IAAFA is currently utilizing building 7065 for a portion of their classroom training. Rather than relocate the Education Center and IAAFA, the Air Force could find other options for the Education Center. Building 9050 was originally planned to house the Education Center, and with a small amount of additional regular MILCON funding, the Education Center could relocate to building 9050 as planned. In addition, the classes requiring heavy training aids could be taught at Kelly AFB, in the recently constructed flightline training building. We noted excess classroom space during our tour of the facility, without taking into consideration the approved plans for an additional training building at Kelly AFB.

Without an economic analysis, no assurance exists that new facility construction is the most cost-effective means of satisfying the IAAFA requirements. The Air Force comments did not provide a viable reason for nonperformance of an economic analysis; therefore, a signed exception to the performance of an economic analysis is inappropriate and unacceptable. We request that the Air Force reconsider its position and provide comments on the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget request and related documentation for three projects regarding the realignment of the Inter-American Air Forces Academy (IAAFA) from Homestead Air Force Base, Florida, to Lackland Air Force Base, Texas. In addition, we identified 17 other military construction projects related to the IAAFA move that were funded in prior years. However, we did not review the 17 projects because they were outside the scope of this audit. See Appendix C for the overall audit selection process.

The 20 individual projects, which cost a total of $26.6 million, are listed in Tables A-1, A-2, and A-3.

Table A-1. FY 1996 BRAC MILCON Projects for IAAFA Realignment to Lackland AFB, Texas

Project Number	Project Title	Estimated Cost
MPLS963240	IAAFA Student Officers Quarters	$ 4,250,000
MPLS963241	IAAFA Technical Training Classroom	4,250,000
MPLS963244	IAAFA Enlisted Dormitory	8,100,000
Total FY 1996 BRAC Funds		**$16,600,000**

Note: Construction designs are completed.

Table A-2. FY 1995 BRAC MILCON Projects for IAAFA Realignment to Lackland AFB, Texas

Project Number	Project Title	Estimated Cost
MPLS953242	IAAFA Armory/Storage	$ 400,000
MBPB953510	IAAFA Instructor Facility	1,300,000
MBPB953511	IAAFA Small Aircraft Hangar	1,600,000
MBPB953512	Alter IAAFA Nose Docks	840,000
Total FY 1995 BRAC Funds		**$4,140,000**

Note: Construction designs are completed.

Table A-3. FY 1993 and 1994 Emergency-Funded MILCON Projects for IAAFA Relocation and Realignment to Lackland AFB, Texas

Project Number	Project Title	Estimated Cost
MPLS931607	Alter/Repair IAAFA Headquarters	$1,007,000
MPLS931607	Alter/Repair IAAFA Headquarters	98,700
MPLS931608	Alter/Repair IAAFA Administration	1,007,000
MPLS931609A	Repair Building 7357 Visiting Officers Quarters (VOQ)	540,000
MPLS931609B	Alter Building 7353 (VOQ)	162,000
MPLS931610A	Repair Building 7358 (VOQ)	540,000
MPLS931610B	Repair Building 7358 (VOQ)	162,000
MPLS931606A	Alter Building 7065 (Dorm/Class)	275,400
MPLS931606B	Repair Building 7065 (Dorm/Class)	195,400
MBPB941008	Alter Nose Dock	166,500
MBPB941007	Alter Nose Dock	166,500
MBPB933030	IAAFA Flight Line Training Facility	1,465,000
F4165095C0003	Leased Instructor Facility	53,424
Total FYs 1993 and 1994 Emergency Funds		**$5,838,924**

Note: Construction completed

Table A-4 Summarizes total funds expended on the IAAFA relocation to Lackland AFB, Texas.

Table A-4. FYs 1993 through 1996 IAAFA MILCON Projects

Total FY 1996 BRAC MILCON Funds (Table A-1)	$16,600,000
Total FY 1995 BRAC MILCON Funds (Table A-2)	4,140,000
Total FY 1993-94 Emergency MILCON Funds (Table A-3)	5,838,924
Total FY 1993-96 IAAFA MILCON Projects	**$26,578,924**

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from January through March 1995 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix E for the potential benefits resulting from the audit. Appendix F lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected BRAC reports issued by the Inspector General, DoD.

Inspector General, DoD

Report No.	Report Title	Date
95-289	Defense Base Realignment and Closure for the Realignment of Grissom Air Reserve Base, Indiana	August 8, 1995
95-290	Naval Cost Estimate for the Realignment of the Naval Sea Systems Command From Arlington, Virginia	August 4, 1995
95-287	Defense Base Realignment and Closure Budget Data for the Construction of the Special Purpose Vehicle Storage Facility at Vandenberg Air Force Base, California	August 4, 1995
95-286	Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey	August 4, 1995
95-284	Defense Base Realignment and Closure Budget Data for the Move of the Naval Air Warfare Center, Aircraft Division, Trenton, New Jersey, to the Naval Air Warfare Center, Aircraft Division, Patuxent River, Maryland, and Arnold Air Force Base, Tennessee	August 4, 1995
95-283	Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts	August 1, 1995
95-282	Defense Base Realignment and Closure Budget Data for the Realignment of the HAVE NAP Maintenance Complex From Castle Air Force Base, California, to Barksdale Air Force Base, Louisiana	August 1, 1995

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
95-278	Defense Base Realignment and Closure Military Construction Budget Data, Fort Huachuca, Arizona, Family Practice Clinic	July 14, 1995
95-276	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Naval Air Station Whidbey Island, Washington	July 7, 1995
95-272	Defense Information School at Fort George G. Meade Base Realignment and Closure Military Construction Project	June 30, 1995
95-258	Defense Base Realignment and Closure Budget Data for the Naval Hospital Lemoore, California	June 28, 1995
95-257	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center Forward Operating Base From Grissom Air Force Base, Indiana, to Wright-Patterson Air Force Base, Ohio	June 27, 1995
95-250	Defense Base Realignment and Closure Military Construction Budget Data for Randolph Air Force Base, San Antonio, Texas	June 23, 1995
95-249	Defense Base Realignment and Closure Military Construction Budget Data for Goodfellow Air Force Base, San Angelo, Texas	June 23, 1995
95-248	Defense Base Realignment and Closure Military Construction Budget Data for Sheppard Air Force Base, Wichita Falls, Texas	June 23, 1995
95-247	Defense Base Realignment and Closure Military Construction Budget Data for the Naval Aviation Depot North Island, California	June 23, 1995

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
95-226	Defense Base Realignment and Closure Military Construction Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	June 8, 1995
95-223	Defense Base Realignment and Closure Military Construction Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and Realignment to Naval Air Station Miramar, California	June 8, 1995
95-222	Defense Base Realignment and Closure Budget Data for the Proposed Construction of the Automotive Vehicle Maintenance Facility, Guam	June 7, 1995
95-221	Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center San Diego, California	June 6, 1995
95-213	Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	June 2, 1995
95-212	Defense Base Realignment and Closure Budget Data for Fort Jackson, South Carolina	June 2, 1995
95-208	Defense Base Realignment and Closure Budget Data for Realignment of Construction Battalion Unit 416 From Naval Air Station Alameda, California, to Naval Air Station Fallon, Nevada	May 31, 1995
95-205	Defense Base Realignment and Closure Budget Data for the Relocation of Marine Corps Manpower Center at Marine Corps Combat Development Command, Quantico, Virginia	May 26, 1995
95-203	Defense Base Realignment and Closure Military Construction Budget Data for the Army Reserve Center, Sacramento, California	May 25, 1995

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
95-198	Defense Base Realignment and Closure Budget Data for the Closure of the Underway Replenishment Training Facility, Treasure Island, California, and Realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia	May 19, 1995
95-196	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Alameda, California, and Realignment to Puget Sound Naval Shipyard, Washington	May 17, 1995
95-191	Defense Base Realignment and Closure Budget Data for the Closure of Naval Reserve Readiness Center San Francisco, California, and Realignment to Naval and Marine Corps Reserve Center Alameda, California	May 15, 1995
95-172	Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York	April 13, 1995
95-154	Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations	March 21, 1995
95-150	Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects at Various Sites	March 15, 1995
95-051	Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyard, California, and Realigning Projects to Various Sites	December 9, 1994
95-041	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California	November 25, 1994
95-039	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada	November 25, 1994

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
95-037	Realignment of the Fleet and Mine Warfare Training Center from Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas	November 23, 1994
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning Projects to Various Sites	November 15, 1994
95-010	Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California	October 17, 1994
94-179	Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey; Barksdale Air Force Base, Louisiana; and Fairchild Air Force Base, Washington	August 31, 1994
94-146	Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites	June 21, 1994
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 10, 1994
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Training Center Great Lakes, Illinois	May 19, 1994
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-107	Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-104	Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West	May 18, 1994
94-103	Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the DoD Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

BRAC Costs and Savings
(Billions of FY 1996 Dollars)

	BRAC Actions		Closure	6-Year Net	Recurring Annual	Total
	Realignments	Closures	Costs	Savings	Savings	Savings
1988	86	59	$ 2.2	$0.3	$0.7	$ 6.8
1991	34	48	4.0	2.4	1.6	15.8
1993	130	45	6.9	.4	1.9	15.7
Subtotal	**250**	**152**	**13.1**	**3.1**	**4.2**	**38.3**
1995	113	33	3.8	4.0	1.8	18.4
Total	**363**	**185**	**$16.9**	**$7.1**	**$6.0**	**$56.7**

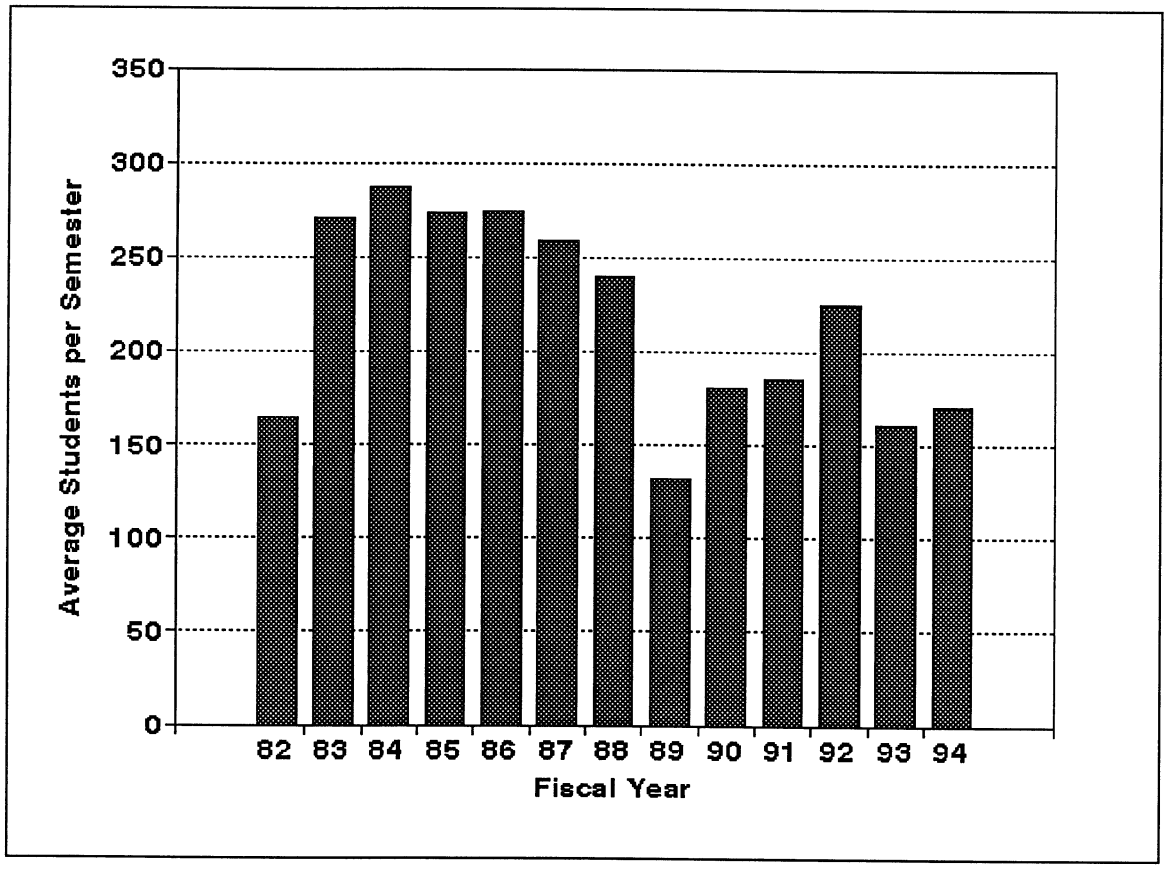
Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, the DoD realigning activity officials prepare a DD Form 1391, "FY 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. COBRA provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because COBRA develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1996 BRAC MILCON $1.4 billion budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least $1 million for each group.

Appendix D. Number of Inter-American Air Forces Academy Students - FYs 1982 through 1994



Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount or Type of Benefit
B.1.	Economy and Efficiency. Holds funding for BRAC MILCON projects until adequately supported.	$12.1 million in funds put to better use.*
B.2.	Economy and Efficiency. Determines whether BRAC MILCON is the most economical alternative to meet requirements.	Undeterminable.*

*Exact amount of benefits to be realized will be determined by future budget decisions and budget requests.

Appendix F. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology, Washington, DC
Under Secretary of Defense (Comptroller), Washington, DC
Assistant Secretary of Defense (Economic Security), Washington, DC
  Deputy Assistant Secretary of Defense (Economic Reinvestment and Base Realignment and Closure),[1] Washington, DC
Assistant Secretary of Defense (Force Management and Personnel),[2] Washington, DC

Department of the Air Force

Deputy Assistant Secretary of the Air Force (Installations), Washington, DC
Office of the Civil Engineer, Director of Plans and Programs, Washington, DC
Deputy Chief of Staff Plans and Operations, Washington, DC
  Air Force Operations Support Center, Base Transition Division, Washington, DC
Air Combat Command, Langley Air Force Base, VA
Air Education and Training Command, Randolph Air Force Base, TX
  37th Training Wing, Lackland Air Force Base, TX
  Inter-American Air Forces Academy, Lackland Air Force Base, TX
Air Force Material Command, Wright-Patterson Air Force Base, OH
  Kelly Air Force Base, TX
Air Force Reserve, Robins Air Force Base, GA
  Homestead Air Reserve Base, FL

[1] Now Deputy Assistant Secretary of Defense (Installations).
[2] Now Assistant Secretary of Defense (Force Management Policy).

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Economic Security)
  Deputy Assistant Secretary of Defense (Installations)
Assistant Secretary of Defense (Force Management Policy)
Assistant Secretary of Defense (Reserve Affairs)
Deputy Under Secretary of Defense (Acquisition Reform)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations)
Auditor General, Department of the Air Force
Commander, Air Combat Command, Langley Air Force Base, VA.
Commander, Air Education and Training Command
  Commander, 37th Training Wing
  Commander, Inter-American Air Forces Academy
Commander, Air Force Reserve
  Commander, 482d Fighter Wing

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Bob Graham, U.S. Senate
Honorable Phil Gramm, U.S. Senate
Honorable Kay Bailey Hutchison, U.S. Senate
Honorable Connie Mack, U.S. Senate
Honorable Henry Gonzalez, U.S. House of Representatives
Honorable Carrie Meek, U.S. House of Representatives

Part III - Management Comments

Office of the Under Secretary of Defense (Comptroller) Comments

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER
(Program/Budget)

MAY 23 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Realignment of the Inter-American Air Forces Academy (Project No. 5CG-5017.11)

This responds to your May 18, 1995, memorandum requesting our comments on the subject report.

The audit recommends that the USD(Comptroller) reduce funding by $4.5 million for Military Construction projects, MPLS963240, Student Officers Quarters and MPLS963244, Enlisted Dormitory, and suspend funding of $8.1 million for project MPLS963241, Technical Training Classroom until an economic analysis is performed to validate that new construction is the most cost effective alternative to new construction for the three projects.

The funding for the three projects at issue is included in the FY 1996 BRAC budget request. We generally agree with the audit and recommendations; however, since the Air Force has yet to comment formally on the audit and the amount of the savings has not been resolved, it is premature to take action at this time. However, if the issue is not resolved by the start of the fiscal year, we will place funds associated with the project on administrative withhold. Further, any savings resulting from the audit will be reprogrammed to other BRAC requirements as appropriate.

B. R. Paseur
Director for Construction

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE

08 JUN 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: HQ USAF/RT
1670 Air Force Pentagon
Washington DC 20330-1670

SUBJECT: Draft Audit Report, Defense Base Realignment and Closure Budget Data for the Realignment of the Inter-American Air Forces Academy (Project No 5CG-5017.11)

1. This is in reply to your Memorandum to the Assistant Secretary of the Air Force (Financial Management and Comptroller) requesting Air Force comments on the report.

2. The first DoD (IG) recommendation is to reduce the funding for Lackland AFB Project MPLS 963244, IAAFA (Inter-American Air Forces Academy) Enlisted Dormitory by $3.2 million and project MPLS 963240, IAAFA Student Officers Quarters by $1.3 million, for a total reduction of $4.5 million, and reprogram the $4.5 million to other supported and approved Base Realignment and Closure Military Construction Projects. Submit revised DD Forms 1391 for the two projects to reflect justifiable requirements and cost.

AIR FORCE COMMENTS: Non-Concur

The basic tenet of BRAC funding policies is that BRAC funds can not be used to construct space that did not exist at the closing installation (i.e. to satisfy existing deficiencies). A unique situation existed at Homestead AFB in that a significant amount of dormitory space happened to be empty at the time of Hurricane Andrew due to on going renovations funded with Regular MILCON which also included space assigned to IAAFA. There are two Regular MILCON projects (FY 90 & FY 91) that would renovate six dormitories. The first project had a bid opening on 6 August 1991. The low bid exceeded the programmed amount by 36% and the project was not awarded. In an effort to bring the contract cost within the programmed amount, the two projects (FY 90 & FY 91) were combined and resolicited as one contract. The new contract was awarded. The first three dormitories had already been vacated for construction under the first solicitation and the next three were vacated when the contract was actually awarded. This action placed six dormitories out of commission and as a result all organizations on base were reduced to 4 people assigned to each 2 person room (including IAAFA). At the time of Hurricane Andrew, IAAFA occupied enlisted dormitory 478 at 25,658 square feet (SF) space and officer dormitory 434 (2/3 of the building) at 17,105 square feet for a total occupancy of 42,763 SF. If the MILCON project had been completed, IAAFA would have also moved back into vacated

dormitories 435 at 26,034 SF and dormitory 477 at 25,658 SF for a total final bed down of 94,455 SF for officers and enlisted. The planned space at Lackland is only 92,000 SF.

The DoD (IG) contention that BRAC should only pay for the 42,763 SF of IAAFA space occupied at the time of Hurricane Andrew is untenable as it does not take into account the unique situation at Homestead AFB.

3. The second DoD (IG) recommendation is to suspend the remaining $12.1 million in funding for projects MPLS 963244, IAAFA Enlisted Dormitory; MPLS 963240, IAAFA Student Officers Quarters; and MPLS 963241, IAAFA Technical Training Classroom, until the Air Force determines the most cost effective alternative for providing facilities in support of the Inter-American Air Forces Academy. Perform an economic analysis to determine most cost effective alternative for providing the facility requirements.

AIR FORCE COMMENTS: Non-Concur

The purpose of an Economic Analysis (EA) is to provide the cost and benefits of identified alternatives. The EA does not identify the alternatives to be evaluated. Site surveys were conducted by HQ ACC to determine the capability of the installation to support the beddown, which included an evaluation of existing facilities. Therefore, the site survey identified whether existing facilities were available to support the mission. An EA would then normally be developed to determine whether or not it was more economical to renovate that existing facility or to construct a new facility. However, in the case of IAAFA, no existing facilities which could support the requirement for dormitories or the technical training classrooms were available, making new facilities the only option.

The claim that other dorm space was available and should have been used is not valid. It was necessary for HQ AETC to grant a waiver in 1993 to let E-3's live off base in order to convert 252 permanent party rooms into 504 transient student billets. Although small pockets of vacant dormitory space may have been available throughout the installation, this was not acceptable to support IAAFA requirements. IAAFA requires contiguous dormitory space close to their academic facilities for all students to alleviate transportation problems that would exist if their students were scattered throughout the installation. Also, because IAAFA students generally cannot speak English, they must be housed in close proximity to each other to allow the Spanish speaking instructor cadre to supervise them and assist if problems arise due to language barriers. Because adequate dormitory space did not exist that could accommodate all IAAFA students in one location the decision was made to construct the dormitories.

The low percentage of occupancy for officer's quarters stated in the report is inaccurate due to the following factors. The first deals with how the auditors numbers were generated. After an examination of the occupancy records for the time frame in question, it appears that only occupancy data for international student quarters were used in calculating their figures. If all VOQs are considered, the combined occupancy rate was 80% for FY 93. The Air Force Base Closure Executive Group (BCEG) considers existing transient quarters unavailable for increased mission support if a 75% occupancy rate is maintained. The BCEG derived this percentage from

the HQ USAF policy established for transient quarters. This policy allows for fluctuations in the transient population while avoiding the unnecessary expense of contract quarters, particularly when students are involved.

The report also states that their occupancy rates included IAAFA's officer students. This could not be correct. The IAAFA students were billeted at the Medina Annex until Dec 92 when they were moved into enlisted transient quarters where they remained until March 1994. At that time the IAAFA officer students were temporarily moved to the Defense Language Institute English Language Center (DLIELC) quarters. Neither the Medina Annex nor the enlisted transient quarters were factored into the occupancy rate computer records for VOQs. Therefore they could not have been included in any occupancy rate calculations. These figures also did not account for the peaks and valleys of the international student officer load. For example, there were 476 occupants occurred in Mar 1993 (100% occupancy rate), while the peak load for FY 94 of 432 occurred in July 1994 (91% occupancy rate). While the average occupancy rates were lower than these figures, the number of rooms available must accommodate the peak load which is encountered.

The audit report does not state which quarters were considered by the DoD IG. IAAFA students could not use quarters reserved for DLIELC students on a permanent basis, nor Basic Military Training recruits for the following reasons:

a. Selected quarters were dedicated to DLIELC because they were constructed using a mixture of Foreign Military Sales and MILCON Programmed funds. Furthermore, since student projections are only forecast for a 60-day period, some extra rooms must be reserved for unknown international requirements.

b. DLIELC quarters were partially funded by the nations which send students to receive the training. These nations feel they are part owners of these facilities. In addition, the students of DLIELC are here to learn English and are forced into an English-speaking environment. Mixing Spanish speaking IAAFA students with DLIELC would be disruptive to both groups.

c. Basic Military Training recruits are housed in open bay barracks. Mixing of IAAFA students in this environment would interfere with the training of both groups.

We do not concur with the auditor's assertion that the Education Center should use building 9050, thus allowing IAAFA to use building 7065 for non-flightline training. Although the Education Center was originally programmed to occupy building 9050, it was discovered during the design process that adequate space did not exist in building 9050 to accommodate all of the planned missions. Therefore, both the Design Charrette (13 May 1993) and the Project Definition Report (received 18 Oct 1993) recommended that the Education Center be eliminated from the design due to lack of space to accommodate either their current or expanding future requirements. The space in Building 7065 currently occupied by IAAFA was the only space available to accommodate the Education Center, leaving no other classrooms available for use by IAAFA. In addition to the argument above, during the original site survey it was determined that building 7065's floor

loadings were not designed to support the heavy training aids required for some of IAAFA's academic classes. This fact made the facility inadequate for permanent use.

We do not concur with the auditors assertion that none of the site surveys considered the use of space in existing facilities to meet IAAFA space requirements. All three site surveys, to include those for both the temporary and permanent beddowns, looked at the availability and suitability of existing facilities in meeting IAAFA space requirements. The fact that we did occupy some existing facilities at both Lackland and Kelly should be proof of this assertion. The site surveys determined that suitable space was not available to support the permanent dormitory and tech training space requirements. New construction was the only viable alternative, and therefore there was no reason to perform and EA.

However to document the site survey data and review of existing facilities, a signed exception to an EA will be prepared and finalized by 1 Sept 95.

4. Our point of contact for this report is Mr Lester R. Schauer, HQ USAF/CEC, DSN 227-6559.

JAY D. BLUME JR, Major General, USAF
Special Assistant to the Chief of Staff
for Realignment and Transition

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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