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**REPORT TO THE SUBCOMMITTEE ON
SMALL BUSINESS PROBLEMS IN
SMALLER TOWNS AND URBAN AREAS
SELECT COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES**

**Study Of Military
Temporary Lodging Facilities
And The Availability Of
Commercial Motels**



B-169926

Department of Defense

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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SEPT. 27, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-169926

The Honorable John C. Kluczynski, Chairman
Subcommittee on Small Business Problems
in Smaller Towns and Urban Areas
Select Committee on Small Business
House of Representatives

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Dear Mr. Chairman:

In response to your December 20, 1972, request, we have reviewed military temporary lodging facilities and the availability of commercial motels. As agreed with your office, we have not followed our customary practice of obtaining agency comments because of your desire to obtain the results of our review as soon as possible. You may wish to do so, however, after you have had an opportunity to review the report.

We trust that the report will satisfy your needs. We do not plan to further distribute it unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Axtell".

Comptroller General
of the United States

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ABBREVIATIONS

BAQ	basic allowance for quarters
DOD	Department of Defense
GAO	General Accounting Office
OMB	Office of Management and Budget
PCS	permanent change of station
TDY	temporary duty
TLF	temporary lodging facility

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STUDY OF MILITARY TEMPORARY
LODGING FACILITIES AND
THE AVAILABILITY OF
COMMERCIAL MOTELS
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D I G E S T

WHY THE REVIEW WAS MADE

At the request of the Subcommittee Chairman, GAO examined actions taken by the Department of Defense (DOD) and the military services in connection with their temporary lodging facilities (TLFs) program. The Subcommittee was concerned that DOD's promise to curtail construction of unneeded TLFs was not materializing. The promise was in response to the Subcommittee's March 1972 report containing recommendations to DOD.

The report was based on hearings about private industry complaints that the need for such facilities could be met by local motels near many bases where TLFs were planned. Complainants felt that such projects, if constructed, would constitute unfair competition since their modest prices were possible only because of Government subsidy.

Basic facts

In 1970 and 1971 the Army, Navy, and Air Force began to construct TLFs to provide temporary accommodations, at modest prices, for military personnel and their families attempting to find permanent quarters at new duty stations. TLFs were needed, the services said, because of a lack of adequate commercial motels at reasonable rates.

Construction was financed from the services' welfare funds, which are largely profits generated from post exchange sales. The Army planned about 830 units costing about \$9.3 million at 13 locations; the Navy, about 1,200 units costing about \$14 million at 19 locations; and the Air Force, 1,020 units costing about \$10.7 million at 24 bases. Daily rates were to be about \$8 a night for a family of five. (See p. 3 and app. I.)

FINDINGS AND CONCLUSIONS

The surveys used to support the requests to build TLFs did not meaningfully explore the capabilities of nearby communities to provide suitable facilities through leasing arrangements. Therefore, the Air Force did not have sufficient information to determine whether the need for TLFs could have been met by leasing. GAO informally advised DOD and Air Force officials of its findings on two projects, still to be built, and requested that they reconsider plans to build. The officials continued to feel the projects were needed, and construction is underway. (See ch. 3.)

In December 1972 DOD issued a directive on TLFs for the guidance of the military services. The directive provided for information on the capabilities of the local

communities to meet TLF needs and for close liaison on the subject with those communities. Although sufficient time has not elapsed to permit a valid evaluation of the effectiveness of the TLF directive, GAO believes that it could be improved. (See ch. 4.)

The services used various types of information to allocate TLF projects. It appears that the Army considered the availability of suitable commercial facilities but that the Navy and Air Force initially did not.

Each service gives permanent change of station (PCS) personnel top priority in occupying TLFs. However, detailed PCS information was not readily available for the Army and Navy, but it was for the Air Force. The information shows a very limited relationship between PCS moves and the allocation of Air Force TLF

projects. (See p. 37.)

Also, the services' occupancy records of TLFs in operation show a relatively high percentage of use by non-PCS personnel even during peak periods of PCS moves. (See p. 40.)

The Navy and Air Force require that newly constructed TLFs be equipped with kitchenettes. Although kitchenettes may be desirable, GAO could not establish whether they are essential because there is no information on whether service families would select rooms without kitchenettes if they were available at lower costs.

Since relatively few commercial motels have kitchenettes, this requirement eliminated thousands of motel units from consideration as meeting military families' needs. (See ch. 6.)

CHAPTER 1

INTRODUCTION

In January 1970 the Secretary of the Navy announced plans to undertake a \$10 million temporary lodging facilities (TLFs)¹ construction program. He said the program was intended to remedy the situation in which Navy personnel and their families traveling to new duty stations have had to use up their savings and often borrow money to stay in commercial facilities while attempting to find permanent quarters. He explained that the situation occurred because of a lack of adequate commercial motels at reasonable prices.

About 900 TLFs were to be constructed in the United States at 13 bases in areas of fleet concentration. When the House Subcommittee on Small Business Problems in Smaller Towns and Urban Areas held hearings on the program in September 1971, the 900 TLFs were completed or being constructed. An additional 300 units were to be built at 6 other locations. The estimated total cost was about \$14 million.

The Army and the Air Force have similar TLF programs. As of September 1971 the Army reported it had about 580 units built or being constructed at 8 locations. About 250 units were to be built at 5 other locations. The 830 units would cost about \$9.3 million. The Air Force reported a plan to build 1,020 units at 24 bases at a cost of about \$10.7 million. In September 1971 all the Air Force projects were still in the planning stage. In November 1971 the Air Force awarded a contract to one bidder for projects at 18 bases. On June 4, 1973, it awarded a contract for projects at the remaining six bases.

Each of the services is financing construction of its TLFs from nonappropriated funds generated from morale, welfare, and recreation activities, such as post exchanges.

¹For purposes of uniformity, the Navy term is used throughout this report to designate such facilities, even though the Army uses "guesthouses" and the Air Force uses "temporary lodging quarters."

The Army loans funds to installations at 3-percent interest and requires that the principal be paid back within 15 years. The Navy does not charge interest but expects repayment of the loans within 14 years. The Air Force grants the funds. The Army planned to charge the occupants \$6 to \$13 a day; the Navy, \$8 a day; and the Air Force, \$5 to \$8 a day.

The particulars of the Army, Navy, and Air Force TLF programs, already known to the Subcommittee, are summarized in appendix I as a convenient reference.

CONGRESSIONAL CONCERN OVER
ADVERSE EFFECT THE TLF PROGRAM
MIGHT HAVE ON PRIVATE ENTERPRISE

In the summer of 1971 the Subcommittee learned, during hearings on the impact of Federal installations on small business, of the military departments' plans to construct and operate TLFs on various bases throughout the United States. Numerous motel owners had complained to the Subcommittee that TLFs would unfairly compete with commercial motels. Many Members of Congress also told the Subcommittee that TLFs would adversely affect commercial motels in their districts. The Subcommittee immediately broadened its investigation and held hearings which focused entirely on this subject.

As a result of hearings held in September 1971, the Subcommittee learned from Department of Defense (DOD) officials that many of the TLFs were being planned at the departmental headquarters of the Army, Navy, and Air Force. The services could not document surveys showing the availability of commercial motels in communities near the bases or the bases' actual needs in terms of number of units. The officials assured the Subcommittee, however, that no TLFs would be built where commercial motels could reasonably meet the needs and that commercial motel owners would be asked about the availability of their units.

The Subcommittee subsequently received additional complaints from Members of Congress and motel owners about the construction of TLFs on military bases. They said that, although construction had started on some TLFs, motel owners had not been contacted to see whether they could have met the bases' requirements. Where contacts were made, the

complainants said, the motel owners were merely advised of plans to build on base.

Additional hearings were held, and on March 22, 1972, the Subcommittee issued a report on its findings (H. Rept. 92-943, "The Impact of Federal Installations on Small Business"). The Subcommittee recommended that DOD:

1. Immediately review all TLF projects for which contracts had been awarded, but construction not completed, to determine if the projects should continue.
2. Consider giving small businessmen an opportunity to manage and operate those TLFs which had already been constructed.
3. Require the military departments to forward to the Secretary of Defense for review and approval all TLF construction projects, regardless of the method of funding. (At the time, each of the military departments had primary responsibility for its own TLF program.)
4. Before approving TLFs, determine by complete and accurate surveys whether:
 - Such facilities are needed and, if so, what features (such as kitchenettes) are required.
 - Private enterprise can meet the need, e.g., by leasing facilities or by constructing and operating such facilities under contract with DOD.
5. Report to the Subcommittee within 90 days from the date of the report on actions taken on these recommendations.

In reporting to the Subcommittee in May 1972, the Assistant Secretary of Defense (Installations and Logistics) agreed to comply with most of the Subcommittee's recommendations. He did not consider it feasible, however, to have the private sector operate the onbase facilities. He felt that such an arrangement would increase costs and defeat the purpose of the program.

The Assistant Secretary said that his office was preparing a directive¹ which would apply to all military departments and defense agencies. It would establish policy and procedures for constructing, acquiring, administering, operating, and using TLFs. The directive would also require the Assistant Secretary's office to review and approve all future TLFs. The reviews would evaluate the availability, adequacy, and cost of commercial facilities and determine the feasibility of leasing such facilities.

SUBSEQUENT SUBCOMMITTEE DISSATISFACTION WITH
DOD ACTION AND REQUEST FOR GAO ASSISTANCE

On December 6, 1972, the Chairman of the Subcommittee issued a statement reproaching DOD and the Air Force for approving all 18 TLF projects. He said he had written to the Assistant Secretary of Defense (Installations and Logistics) questioning the need for each of those projects. He also said that he had urged DOD to review those facilities already being constructed and that the Assistant Secretary had agreed to do so. However, the Assistant Secretary did not inform the Subcommittee that he had approved the TLFs some time before. The Chairman said he was planning to request GAO to fully investigate the matter.

In a December 20, 1972, letter, the Chairman asked the Comptroller General for assistance.² He was particularly interested in the following points.

1. Whether DOD and the military departments had observed and abided by the letter and intent of Office of Management and Budget (OMB) Circular A-76.
2. The need for kitchenettes in TLFs.

¹Issued on December 1, 1972, as DOD Directive 4165.55.

²In September 1971 the Chairman requested our assistance which we provided informally until the issuance of the Subcommittee report in March 1972.

3. The priority given to military and nonmilitary personnel for using TLFs, as related to the stated purpose and justification for the TLFs.
4. The basis on which TLFs were allocated to bases.
5. The validity of justifications, in light of the Subcommittee's findings and recommendations, for TLFs at the following Air Force bases.

Andrews, Camp Springs, Maryland
Lackland, San Antonio, Texas
Lowry, Denver, Colorado
MacDill, Tampa, Florida
Robins, Warner-Robins, Georgia
Scott, Shiloh, Illinois

SCOPE OF REVIEW

We reviewed the actions of DOD and each of the military departments in connection with the above issues.

We reviewed pertinent records and held discussions with officials at each of the following locations.

- Office of the Assistant Secretary of Defense (Installations and Logistics), Washington, D.C.
- Family Housing Division, U.S. Army, Washington, D.C.
- Bureau of Naval Personnel, Washington, D.C.
- Headquarters Command, U.S. Air Force, Washington, D.C.

At the six Air Force installations, we attempted to determine the gross requirements and the possibility of meeting those requirements through existing facilities and available units in the community. We examined surveys previously made at these installations to determine their thoroughness and accuracy. We also contacted local motel operators to determine the availability of commercial motel units.

CHAPTER 2

CONTEXT IN WHICH TO CONSIDER THE NEED

FOR BUILDING ONBASE TLFs

DOD's general policy, stated in its December 1, 1972, directive, is that:

1. Use of TLFs is a privilege and not an entitlement or right. They exist to reduce hardships or inconveniences which might otherwise affect military personnel if they were not available.
2. TLFs shall be occupied only on a volunteer basis for stipulated fees.
3. TLFs in the United States and its possessions shall be reviewed every 3 years, starting in fiscal year 1974, to validate the need to retain them.

The discussion which follows is intended to put the military departments' stated need for TLFs in the context of Government policy and congressional intent regarding the provision of housing.

RELIANCE ON PRIVATE HOUSING TO MEET MILITARY HOUSING NEEDS

In its December 1972 directive, DOD required the services to provide information on the availability of suitable commercial motels in communities near military bases to meet their need for military motels. (See ch. 4.)

This requirement is a move toward DOD's policy on permanent family housing, which is to rely principally on communities near bases to provide the necessary housing. By law DOD is required to consult with the Department of Housing and Urban Development concerning the availability of adequate permanent private housing at locations where DOD intends to build permanent onbase housing. DOD's consideration of the community's ability to meet the need is to be done carefully and must include consideration of potential, as well as existing, facilities.

OFFERING BARGAIN RATES AS INDUCEMENTS
NOT PERMITTED IN GOVERNMENT RENTAL HOUSING

According to OMB Circular A-45, rental rates for Government-owned permanent rental housing may not be reduced from those in the private sector either to encourage occupancy or to assist in recruiting or retaining employees.

TLFs are not specifically subject to the circular, and to our knowledge OMB has not suggested their inclusion, as it did in the case of Circular A-76. (See p. 32.)

ELIGIBLE OCCUPANTS--FAMILY
QUARTERS VERSUS TLFs

Although married personnel in grades E-4 (with less than 4 years' service) and below are entitled to receive basic allowance for quarters (BAQ), they are ineligible for onbase family housing, except on a space-available basis, and the Government assumes no responsibility for housing their families. The base housing referral office assists all personnel, irrespective of marital status, in locating off-base housing.

The provisions summarized above for permanent quarters do not apply to TLFs, and unlike the situation with permanent housing, all married personnel, regardless of grade, who are accompanied by their families are considered eligible for TLFs.

ROTATION AND ALLOWANCES
FOR RELOCATION

Rotation

Military members recognize that their duty locations will change periodically. Many welcome the change for such reasons as getting away from their present assignments or locations or enhancing their opportunities for advancement (for example, by taking special courses). The services also rotate personnel to give each his fair share of good and bad tours.

Thus, periodic rotation of personnel is a military way of life and not an unexpected burden or inconvenience. To minimize the effect of disruptions, advance notices of about 60 days are usually given so that personnel can arrange their

affairs, e.g., terminate their leases if living in private housing. Personnel are usually required to report to the new base by a stipulated date and are authorized to take leave of an unspecified amount.

Allowances for relocation

A military member receives certain allowances when he relocates. Whether these allowances are sufficient to reimburse him depends on the circumstances, such as length of time he and his family spend enroute or in temporary quarters.

A married E-4, with over 4 years' service, for example, would receive the following allowances on permanent change of station (PCS) moves.

1. Dislocation allowance--This is equivalent to 1 month's BAQ irrespective of the length of time enroute. The purpose of this allowance is to partially reimburse a military member, with or without dependents, for the expenses incurred in relocating his household.
2. BAQ (\$121.50 a month)--This ceases when adequate quarters are provided or marital status changes. If dependents do not accompany the military member, he is housed at the base without charge and continues to receive his BAQ.
3. Mileage allowance--In lieu of Government-furnished transportation, a military member receives a mileage allowance of 6 cents a mile for himself and an additional allowance of up to 18 cents a mile for his dependents, for a total not to exceed 24 cents a mile. We understand that DOD proposes to raise these amounts in July 1974.
4. Subsistence--The member's mileage allowance includes an amount for subsistence. He is not entitled to a subsistence allowance for his dependents either while enroute or after arriving at his new duty station.

DOD's rejection of military departments'
recent request for
stateside lodging allowance

In December 1972 the military departments proposed to DOD a stateside temporary lodging allowance similar to that authorized overseas for PCS moves. The new allowance, which would have required legislation, was rejected by DOD officials. In a memorandum to the Navy, which submitted the proposal on behalf of the other two services, DOD explained the basis for its rejection.

"The estimated annual cost, \$234.2 million, added to personnel costs which presently account for over half of the Department of Defense budget, precludes acceptance at this time, particularly in light of congressional concern for permanent change of station expenditures.

"A request to submit this legislation would also serve to weaken the status of the TLF program. That program exists primarily to provide temporary lodging for military members and their dependents, incident to permanent change of station."

RELATIVE LOW PRIORITY OF TLFs

Ordinarily, TLF construction would be financed with appropriated funds, but little such construction has taken place in the past several years. This seems to indicate that TLFs have a relatively low claim on the limited funds available for military construction.

The headquarters of the military departments initiated the TLF programs using nonappropriated funds and requested some input from the bases, such as data on PCS moves, before selecting the locations. Most other requests for authority to build housing come from the bases themselves and are accompanied by studies or surveys justifying why onbase construction is necessary.

IMPACT ON BASE RESOURCES

Onbase TLFs add to a base's financial burden of operating and maintaining other facilities. The extent of this burden may be affected by the requirement that TLFs be self-sustaining. One of the ways to achieve this goal is to keep them full. This, in turn, may increase the amount of appropriated-fund support needed for maintaining the buildings and providing such community services as trash disposal.

CHAPTER 3

CONSTRUCTION OF TLFs AT SIX AIR FORCE BASES

The Subcommittee asked us to review the validity of the justifications for TLFs at six Air Force bases "in the light of the Subcommittee's findings and recommendations." The size and status of the six TLF projects are as follows:

<u>Air Force base</u>	<u>Number of units authorized</u>	<u>Status of construction</u>
Andrews	60	(a)
Lackland	60	Completed May 1973
Lowry	40	" Oct. 1972
MacDill	40	" Mar. 1973
Robins	40	" Nov. 1972
Scott	36	(a)

^aConstruction contract awarded June 4, 1973.

The Subcommittee's recommendations and our analyses of DOD's actions taken in response follow.

Recommendation a

"Immediately review all temporary lodging projects for which contracts have been awarded, but construction not completed, with a view to determining if the projects should continue in light of the Subcommittee's findings."

DOD reviewed the need for TLFs at the six Air Force bases.

Recommendation b

"Consider the feasibility of giving small businessmen in the private sector an opportunity to manage and operate those temporary lodging units which have already been constructed."

The Assistant Secretary of Defense, in his May 1972 letter to the Subcommittee, said he did not consider it feasible to have the private sector operate the onbase

facilities. The Subcommittee believed that the Assistant Secretary's reasoning was quite understandable. Accordingly, DOD did not consider this alternative for the six bases.

Recommendation c

"Require each of the military departments to forward to the Secretary of Defense for review and approval all construction projects for temporary lodging quarters regardless of method of funding."

This was done for the six projects.

Recommendation d

"Before approving temporary lodging projects, determine by complete and accurate surveys whether:

- "1. There exists a need for such facilities and, where the need exists, whether there is a need for the required features (such as kitchenettes).
- "2. Private enterprise can meet the need, including the feasibility of leasing private units or having private enterprise construct and operate such facilities under contract with the Department."

The surveys used to support the requests to build TLFs at the six bases did not meaningfully explore the capabilities of local communities to provide facilities through leasing arrangements. Therefore, the Air Force did not have sufficient information to determine whether the need for the TLFs could have been met by leasing.

The inadequate assessments of the capabilities of the communities were particularly critical for the projects at Andrews and Scott because the construction contracts were still to be awarded at the time of our field review. We informally discussed our findings with DOD and Air Force officials and requested they reconsider the planned construction at these bases. The officials still felt the projects

were needed and awarded the construction contract on June 4, 1973, covering several other installations as well.

We also found that TLFs used in the past to accommodate PCS personnel were not considered as assets at certain bases.

AIR FORCE EVALUATION OF ADEQUACY OF LOCAL MOTELS

In comparing the costs of commercial motels with the planned costs of TLFs, base officials used daily rates quoted by local motels; they did not explore the possibilities of lower commercial costs through leasing agreements. Most local motels' daily rates were higher than the planned rate of \$8 per day for TLFs. This provided a basis for rejecting the motels because of excessive costs, regardless of the number of units that might have been available.

Several motels expressed a willingness to enter into leasing arrangements with the Air Force for a specified number of units at a guaranteed price of about \$8 a day. In fact, after we identified a few motels in the Washington area interested in such an arrangement, the Air Force entered into guaranteed-rate agreements with two motels.

The Air Force also did not adequately explore other alternatives to leasing commercial facilities without kitchenettes. One alternative would be using the motel and offering use of onbase eating facilities. Another would be using the motel and having its restaurant offer reduced prices and/or special menus.

Andrews

The community could satisfy many of the base's requirements, including the one for kitchenettes, if leasing arrangements were actively pursued. There are over 100 hotels and motels containing several thousand rooms within a 30-minute radius of Andrews, Bolling, and the Pentagon.

We contacted representatives of seven of these properties and asked whether they would be interested in leasing, for a year, a certain number of rooms to the base and, if so, at what prices. All of the representatives were interested.

For example, one motel approximately 15 minutes from Andrews was willing to annually lease 10 units with kitchenettes for \$12 a night. The manager stated that he would make any vacant units available also for \$12 a night. The rate normally charged is between \$18 and \$21 a night.

We contacted the managers of two apartment complexes in Virginia located about 15 minutes from the Pentagon. The complexes were completely furnished with full kitchens and had approximately 600 square feet of living space, or almost double the space in the proposed TLFs. Both managers were interested in discussing leasing arrangements with the base. In a letter dated April 5, 1973, to the billeting officer at Andrews, one manager indicated that he would annually lease up to 50 suites for \$10 to \$14 a night.

In response to this proposal, the Air Force entered into a guaranteed-rate agreement on a space-available basis effective May 1, 1973. The agreement signifies intent only and is not legally binding. The base billeting officer told us that as of June 22, 1973, the other manager had not contacted the base.

Motel offer of special discount on meals

In a proposal submitted to the billeting officer at Andrews on March 20, 1973, the manager of a 150-unit motel located directly across the street from Andrews offered to annually lease 50 rooms at \$8 a night. We were advised that the normal daily rate is approximately \$20 a night. The 50 units are located in 1 building and, according to the manager, base officials could make them available to anyone they wish. Part of the proposal is quoted below.

"These rooms are contained in one modern brick building of two floors with ample parking in the immediate area. Each room has:

- "1. Two double beds with sufficient space for an extra bed or crib to be furnished as needed.
- "2. All tile bath with tub and shower. Vanity area is separate from bathroom.

- "3. Modern furniture, carpeting and television.
- "4. Individually-controlled heating/air conditioning.
- "5. Direct-dial telephone service and message waiting indicator.

"The following services can also be provided to Air Force personnel:

- "1. 24-hour check-in and secretarial service.
- "2. Kennels for pets.
- "3. Supervised swimming pool.
- "4. Shuttle service to Andrews and immediate area from 0700 hours to 2300 hours daily.
- "5. Baby sitters on a one-day's notice.
- "6. Daily maid service."

A restaurant is attached to this motel, and as an alternative to kitchenettes, the manager proposed special menus for Air Force personnel. Briefly, the menu consisted of three or four selections at each meal with prices for breakfast ranging from \$0.80 to \$1.40, lunch from \$1.15 to \$1.30, and dinner from \$1.60 to \$2.80. These prices include tax and gratuity. Children under 12 were to be charged one-half of the set prices.

The manager has written to his Senators objecting to the TLF project and believes that, if constructed, its presence will adversely affect his business. He feels that his proposal precludes the necessity of building the TLF project and has expressed a willingness to build additional units, if necessary, to meet base needs.

The base commander rejected the proposal principally because the units lacked kitchenettes. We understand, however, that the Navy has arranged with another motel in the Washington area (which does not have kitchenettes) to

guarantee PCS personnel a fixed rate on rooms and a 25-percent price reduction on all items on the restaurant's menu.

Scott

In our opinion, the potential for annually leasing motel units with kitchenettes was nominal in the vicinity of Scott. However, by waiving the Air Force requirement for kitchenettes, there appeared to be sufficient motel facilities to satisfy even peak-period requirements.

Approximately 23 kitchenette units and about 900 sleeping units are within a half hour's drive from Scott. The 23 kitchenette units are located in 10 different motels, and there appears to be little chance of leasing these units. The 900 units without kitchenettes are in 30 motels. We interviewed 27 motel owners or managers and found that 6 were interested in discussing lease agreements with base officials. The 6 motels have a total of 246 units--168 of which are at 1 motel. The operator of this motel was interested in negotiating a lease at reduced rates for several units if the Air Force would guarantee payment regardless of whether the units were occupied.

The owner of a 23-unit motel located one-half mile from Scott has expressed considerable concern over the proposed TLF project. He has contacted numerous officials, including Congressmen, requesting assistance in stopping construction of the project or, as an alternative, receiving just compensation for destruction of his business. He claims that 90 percent of his business is military. Although we did not attempt to verify his claim, the location of his motel indicates that he could be dependent on military personnel for most of his business. He stated that, although he would prefer conditions to remain as they are, he would consider leasing some or all of his units to the Air Force.

Lackland

In the September 1971 survey of off-base facilities, base officials contacted 223 hotels, motels, and efficiency apartments in the San Antonio area. In their subsequent report to Air Force headquarters, they included 151 of the 223 facilities surveyed. We were informed that the difference between those surveyed and reported was due to a decision

not to report (1) efficiency apartments because they do not cater to transients, (2) motels that were within a 1 hour's drive but still an unreasonable distance from Lackland, and (3) certain facilities that were in undesirable locations. Also, some units were simply overlooked.

The survey report contained the following four sections from which we compiled the figures shown.

	<u>Facilities</u>	<u>Units</u>
Facilities not meeting requirements	122	a7,512
Facilities meeting requirements and interested in leasing	24	b867
Facilities meeting requirements and not interested in leasing	4	b111
Facilities meeting requirements but did not respond to leasing inquiry	<u>1</u>	<u>b200</u>
	<u>151</u>	<u>8,690</u>

^aDoes not include any units for 19 facilities because information had not been obtained.

^bIncludes all units at the facilities, although not all units would meet all requirements.

Of the 122 facilities not meeting Air Force requirements, 17 were rejected because they did not have kitchenettes. These comprised 2,911 units, of which 735 could accommodate at least 5 people.

We limited our review to the 24 facilities that base officials previously identified as meeting their requirements and interested in leasing. We contacted the owners or managers to determine the number of units that were comparable to TLFs and to reconfirm their leasing interest. We were unable to obtain unit information for one facility; one would not accept children or pets and therefore was not suitable; and four did not have kitchenettes that would accommodate a family of five. The following table summarizes the leasing interests of the remaining 18 facilities.

	<u>Facilities</u>	<u>Units</u>
Interested in leasing at a unit cost around \$8 a day	5	70
Interested in leasing at unit costs ranging from \$10 to \$14 a day	a4	21
Interested in leasing at unit costs over \$14 a day	3	10
Interested in leasing but did not quote any costs	1	5
Not interested in leasing	b3	11
Could not be contacted	<u>2</u>	<u>53</u>
 Total	 <u>18</u>	 <u>170</u>

^aOne motel indicated that it would lease 2 units for \$10 a day and 10 or more units for \$8.

^bTwo motels had a change in ownership since the Lackland survey.

We also visited the Texas Hotel and Motel Association to obtain a general overview of facilities in the area. The president of the association told us that there are approximately 6,000 hotel and motel rooms in the San Antonio area and that these are about evenly divided between the downtown and suburban areas. Over 4,000 of these rooms are owned and operated by members of the association. Occupancy and rate data compiled by the association disclosed the following.

<u>1972</u>	<u>Downtown</u>	<u>Suburban</u>
Average number of rooms available	2,469	1,207
Percent of occupancy:		
Annual average	60	79
Range	45 to 71	69 to 92
Months of low and high occupancy	Dec. and Mar.	Jan. and Aug.
Range of average daily rates	\$14 to \$15	\$11 to \$12

We were informed that the low occupancy rates were primarily due to the community overbuilding for the 1968

Hemisfair. Approximately 825 rooms were added during 1967. About 330 rooms have since been added or are being constructed, and another 1,250 are being planned and/or proposed.

Lowry

In reviewing documents on the motel survey conducted by Lowry officials in September 1971, before the construction contract was awarded, we found that six motels had indicated they would have been interested in year-round leasing arrangements. The 6 motels had 233 units which could each accommodate 5 people and which had cooking facilities. The housing referral officer told us that these motels were not followed up to explore leasing possibilities.

Except for the September 1971 survey, all contacts between base officials and motel owners were mainly to inform the owners of the plans to build 40 units at Lowry and not to determine whether the motels could meet Lowry's needs. The September 1971 survey was made after headquarters had approved the project, but before the contract was awarded.

We surveyed 23 motels within 15 to 20 minutes' driving time from Lowry and found 310 units which could each accommodate 4 persons and 341 units which could each accommodate 5 persons. These consisted of 378 units with kitchenettes and 273 units without them.

We asked the owners or managers of these motels if they would consider leasing their facilities to the Air Force. The consensus was that they would prefer an annual leasing arrangement.

The owners or managers of 11 of the 23 motels were willing to lease 169 units with kitchenettes and 168 units without kitchenettes. The normal weekly rate for a family of four at seven of these motels was under \$90. We obtained the weekly rate because, in our opinion, it would most closely approximate the possible lease cost.

MacDill

Concerning efforts to determine whether the base's TLF requirements could be met by the community, an official of

the MacDill public information office told us that no information had been released to the local news media because the TLF program was to be handled in a "low key" manner.

In September 1971 base officials contacted 65 motels by telephone. Twenty-four of these motels indicated an interest in the program, but all were considered unsuitable for one or more of the following reasons: excessive rates, lack of kitchenettes, difficult transportation problems, or units not large enough to house an average-size family.

We interviewed the operators of 12 local motels to determine their reactions to the TLF project. The 12 motels had a total of 323 units, but only 13 percent of the units had kitchenettes. The reactions of the motel operators were mixed. Four of the operators were unaware of the project until our visit; they either had no objection or expressed indifference. Most of those who were aware of the project felt it constituted unfair competition and would adversely affect their businesses.

Regarding the possibility of obtaining units in the community, we found that on February 1, 1973, base officials entered into a contract with a local motel whereby the motel would hold 10 single and 15 double rooms until 6 p.m. each day for Tactical Air Command personnel on temporary duty (TDY). Under the contract the Air Force compensates the motel monthly for the rooms which are occupied, at the rates of \$9 for single and \$11 for double occupancy.

Four motels in the area submitted bids in response to the solicitation on this contract. We believe this indicates that an Air Force attempt to obtain a block of rooms for PCS personnel would also receive a favorable reception. The base comptroller acknowledged that, although the present contract covers only TDY personnel, a similar contractual arrangement for PCS personnel was feasible assuming that there were no adverse legal implications in such an arrangement.

Robins

The survey which base officials made of local motels was conducted, at least partially, by telephone and consisted of

inquiries concerning rates and available accommodations. Base officials also held a meeting on December 7, 1971, with representatives of the local American Hotel and Motel Association, the Warner-Robins Chamber of Commerce, and several area motels. We were told that the minutes of the meeting had not been retained; however, we interviewed one of the motel managers and a Chamber of Commerce official who had attended the meeting. Their recollection of what occurred follows.

--The motel manager thought the meeting was for information purposes only, since the TLF construction contract had been awarded the previous month. He stated that he had offered to lease townhouse apartments for \$8 a day but that the offer had been rejected on the basis that such an arrangement would not be feasible. He stated that he has 74 townhouse units and that each unit contains 1,028 square feet of living space and is in good condition.

We asked the manager whether he would still be willing to lease some of his units. He stated that, although he would be receptive to leasing arrangements, he does not object to the TLFs on base since his business has not been adversely affected and the majority of his business is still with military personnel.

--The Chamber of Commerce official believed that, even though the meeting better informed local representatives about the project, they could do nothing because construction of the project was inevitable.

The Chamber of Commerce official stated that, although some motel owners do not like the TLFs, they have learned to live with them. He felt the relationship between the motels and Robins would have suffered less if the motels had been asked to suggest alternatives to the TLF project regardless of the outcome. We found that most of the motel managers do not object to the TLF project because they understand it is being operated principally for PCS families.

CONSIDERATION OF EXISTING FACILITIES

Although three of the six bases had existing temporary facilities, they were not considered as available units to meet the gross need. Air Force headquarters officials told us that guesthouses were built for other purposes. They pointed out that according to Air Force Manual 30-7, dated July 1, 1968, which governs use of guesthouses, the priority of occupancy is as follows:

1. Friends and relatives of patients in Air Force hospitals.
2. Friends and relatives of assigned military personnel.
3. PCS military personnel and their families on a day-to-day, space-available basis.

Headquarters officials believed that, if TLFs were constructed, the guesthouse program would be directed primarily to accommodating persons in categories 1 and 2 above.

Base officials told us that in the past a high percentage of guesthouse occupants were PCS personnel. This could be interpreted to mean that the demand by persons in categories 1 and 2 was not high enough to keep the units fully occupied. We believe, therefore, that the Air Force should have made more meaningful studies of the occupancy requirements for guesthouses before totally excluding them in compiling the gross TLF needs.

Andrews

The guesthouse at Bolling (one of the bases included in the Andrews TLF requirements) consists of 12 units reserved for officers and 3 units reserved for airmen. Each of the units can accommodate a family of five. Six of the 12 units reserved for officers are equipped with kitchenettes and rent at a maximum of \$13 a day. The remaining six units without kitchenettes rent at a maximum of \$11 a day. The three units reserved for airmen have kitchenettes and rent at a minimum of \$11 a day.

During 1972 the officer and airmen units averaged 73 and 84 percent occupancy, respectively, and approximately

75 percent of the occupants were on PCS moves. The majority of the remaining occupants were TDY personnel.

The guesthouse at Andrews consists of 22 units, 8 of which are 2-bedroom units with full kitchens and accommodations for 5 or more people. The eight units are reserved for officers and rent at a maximum daily rate of \$12. The remaining 14 units are not equipped with kitchens; 10 of them are reserved for enlisted personnel, and the other 4 are available for either officers or enlisted personnel. The units rent for \$5 to \$10 a night.

During calendar year 1972, the average occupancy of the officer units was 92 percent and of the airmen units was 94 percent. According to the billeting officer, between 85 and 90 percent of the occupants of both the officer and airmen units were PCS families.

In addition to operating the guesthouses at Bolling and Andrews, the Navy operates a lodge several minutes south of Bolling. This lodge has 49 completely furnished 1-, 2-, and 3-bedroom apartments, with kitchens, which rent for between \$6 and \$8 a night. Although Navy personnel have first priority, many of the occupants have been Air Force personnel. For example, in February 1973 about 40 percent of the occupants were Air Force personnel.

Scott

During 1972 many PCS personnel used the officers' guesthouse and the airmen guest quarters at this base.

The officers' guesthouse consists of 14 units with 32 rooms. Each unit is equipped with a refrigerator. A small community kitchen is located on the first floor of the building. Before January 1973, rates charged were \$3 for each adult (over 12 years of age) and \$1 for each child, to a maximum of \$10. The house is located within 600 feet of the officers' club where meals are served from 6:30 a.m. to 11:30 p.m. 7 days a week at moderate prices. In addition, a base exchange dining hall, located six blocks from this guesthouse, serves three meals a day, 7 days a week. The dining hall is available to all enlisted personnel and their families at a cost per person of about \$2 a day for three meals.

The airmen guest quarters consist of 12 3-bedroom mobile homes with kitchenettes. Cooking and eating utensils are provided. Rates charged airmen were \$1.50 for each adult and \$0.50 for each child to a maximum of \$5. In January 1973 the rates for airmen were increased to equal those charged officers.

Reports on the occupancy of the 26 units were not available. However, a review of the guest registration records for July and December 1972 showed a high percentage of PCS guests, as summarized below.

<u>Facility</u>	<u>Percent of unit-</u>		<u>Percent of</u>	
	<u>days occupancy</u>		<u>occupied</u>	
	<u>July</u>	<u>December</u>	<u>unit-days by</u>	<u>PCS personnel</u>
			<u>July</u>	<u>December</u>
Officer guest-house	97	98	71	54
Airmen guest quarters	87	69	88	86

Lackland

According to Air Force requirements data, the Lackland TLFs would be available to eligible personnel assigned to Kelly and Brooks Air Force Bases because of the closeness of the three bases--Kelly is adjacent to Lackland, and Brooks is about 12 miles away. Lackland has 140 guesthouse units, and Brooks has 8. Kelly has none, so since 1969 it has leased from the Department of Housing and Urban Development 16 2-bedroom apartments in the nearby community, specifically for use by PCS personnel.

The units at Kelly are an example of the feasibility of leasing to provide temporary lodgings for transient personnel, even though another Government agency is the "landlord." The cost to the base is \$98 a month for each unit. The base charges occupants between \$9.50 and \$13.50 a day, depending on the family's size. Daily maid service is included. The occupancy time limit is 7 days, but exceptions are made in individual cases. Occupancy for the last 6 months of calendar year 1972 averaged 69 percent and ranged from a low of 47 percent in October to a high of

87 percent in July. Thus, the operation more than pays for itself. The billeting officer told us that the number of units is sufficient to take care of the PCS needs except, perhaps, during some peak periods.

The 140 guesthouse units at Lackland are each able to accommodate 4 people. Occupants share baths and there are no kitchenettes. These units, as well as 135 visiting officers' quarters, were made available to families on PCS moves. About 70 families stayed in these quarters both in the high (July) and low (December) periods of use in 1972. Occupancy of the units by other categories of personnel, for whom they were primarily intended, was fairly high throughout the year.

Six of the eight guesthouse units at Brooks have three bedrooms, and the remaining two have two bedrooms. The billeting office manager told us that these units are operated under guesthouse guidelines which give PCS personnel and their families the lowest priority. However, he stated that, because Brooks is some distance from the closest Air Force hospital and because most permanent personnel live in northwest San Antonio (Brooks is southeast), relatives and friends of military personnel apparently find other facilities while PCS families use the guesthouses.

COMPUTATION OF GROSS REQUIREMENTS

Our computations of the gross requirements for the six bases were about 20 percent higher than those the Air Force computed. The official responsible for the Air Force figures said he was aware that the gross requirements were somewhat understated but that they were the best he could make using the data available. The following table shows the difference between the two sets of figures.

<u>Air base</u>	<u>Gross requirement computed</u>	
	<u>By Air Force</u>	<u>By GAO</u>
Andrews	107	127
Scott	36	45
Lowry	48	60
Lackland	117	155
MacDill	49	53
Robins	37	44

In our opinion, the figures should be reduced by the number of PCS personnel who (1) choose to live with friends or relatives until they find permanent quarters, (2) prefer to relocate without their families, and (3) prefer to live off base. We could not determine the number of such personnel, but conditions at Lowry showed that the preference to eschew TLFs is a factor which the Air Force should have considered.

We interviewed 27 personnel who had made PCS moves to Lowry since the TLFs opened and who had not stayed in them. Approximately 15 percent could not stay because there were no vacancies, and the remainder chose not to stay because they (1) stayed with friends or relatives, (2) had their housing ready for occupancy upon arrival, or (3) stayed in commercial motels. One individual said he had stayed in a motel because he was not allowed to keep pets at the TLF, and another said the TLF rooms were too small.

As stated in chapter 2, all married personnel, regardless of grade, accompanied by their families are considered eligible for TLFs, unlike the situation with permanent housing. Consequently, our higher figures of those eligible to occupy the TLFs include all married PCS personnel.

DOD AND AIR FORCE OFFICIALS
APPRISED OF RESULTS OF GAO STUDY

Because award of the construction contracts for the proposed TLF projects at Andrews and Scott was imminent, we met with Air Force headquarters officials on February 28, 1973, to advise them of our concern and to suggest that they reconsider the need to build the projects. We also advised DOD officials who had approved the Air Force request for the projects in January. We said that more comprehensive

reviews of the availability of local commercial facilities were warranted before construction began. We also said that the requirements for the projects had not been reduced to allow for the number of existing onbase facilities which could be used.

Air Force officials agreed to further explore the availability of commercial facilities near Andrews. On March 29, 1973, the base commander of Andrews wrote to the president of the Maryland Hotel and Motor Inn Association and his counterpart in Virginia. He stated that the question of the ability of commercial facilities to meet Air Force requirements had still not been satisfactorily answered and that he was requesting their assistance in identifying motel owners who might be interested in negotiating with the Air Force.

Air Force officials believed that the survey of commercial motels near Scott had been adequate and that their knowledge of the area surrounding Scott supported the survey conclusions that no units met Air Force criteria. As to failing to consider onbase facilities, they said that Scott has a large hospital and that the guesthouse is intended for use principally by families visiting patients.

On April 18, 1973, a DOD official informally notified us that Andrews officials were negotiating guaranteed-rate agreements with two motels we had earlier identified as potential commercial sources. He added, however, that the 60-unit project at Andrews and the 36-unit project at Scott were still needed and that he had approved their construction. A contract was awarded on June 4, 1973.

CHAPTER 4

RELIANCE ON PRIVATE INDUSTRY

FOR MILITARY MOTEL NEEDS

The Subcommittee asked us also to examine whether DOD and the military departments had observed and abided by OMB Circular A-76. The circular states that, as a general policy, the Government will rely on private enterprise for goods and services except when it is not in the national interest. Several specific exceptions to the circular permit in-house provision of goods and services rather than reliance on the private sector.

Nonappropriated-fund activities, which include TLFs, are among the allowable exceptions, so the required goods and services to sustain them usually are not obtained from private industry.

However, DOD specifically considered the continued exemption of TLFs because the Subcommittee and motel owners and operators were increasingly concerned that the extensive TLF program constituted unfair competition with private enterprise. In December 1972, DOD issued a directive which required that, before requesting to build TLFs, the military departments survey commercial facilities. A statement of why available facilities (both on base and in the community) cannot meet TLF requirements is to accompany the request.

If properly implemented, this new policy should give private industry the opportunity to fulfill DOD's temporary lodging needs before the decision is made to build onbase facilities. However, the DOD directive seems to need clarification if this objective is to be achieved.

DOD POLICY CHANGE REGARDING CONSIDERATION OF COMMERCIAL SOURCES FOR TLFs

The events leading to DOD's change in policy are summarized below.

U.S. Chamber of Commerce concern over
the extensive TLF building program

A U.S. Chamber of Commerce official wrote to the Director of OMB in December 1971 about a magazine article on Air Force plans to build over 1,000 motels on air bases and to use Air Force welfare funds for financing the construction. The official said that Government ownership of motels seemed to be competition with private business and therefore was contrary to some OMB regulations, such as Circular A-76. He requested the Director's views on this issue.

OMB's letter to DOD regarding
applicability of Circular A-76

In February 1972 the Director of OMB transmitted the Chamber of Commerce letter to the Secretary of Defense. His transmittal letter said, in part:

"We are not aware of a Department of Defense position on the relationship of the construction in question to the policy set forth in OMB Circular No. A-76 that the Government should rely on the private enterprise system to supply the commercial and industrial projects and services it needs. Although Circular No. A-76 does not specifically address itself to activities derived from nonappropriated funds, we question whether the general statement of policy in that circular should not be applied to all Government sponsored activities even though they may be operated through nonappropriated fund instrumentalities."
(Underscoring supplied.)

The Director also called attention to a GAO report (B-169926, Apr. 9, 1971) on construction of TLFs with nonappropriated funds at the Newport Naval Base, Rhode Island. The report stated that, before the construction contract was awarded, local residents were led to believe that the Newport TLFs would be for PCS personnel only. Navy regulations showed, however, that the TLFs would be available to all military personnel and to certain civilians. GAO believed that availability to other than PCS personnel increased the likelihood of unfair competition with local commercial motels because it increased the possibility of occupancy by higher

grade military and civilian personnel on Government business and others on personal business.

DOD's reply to Director, OMB

In March 1972 the Deputy Assistant Secretary of Defense (Military Personnel Policy) replied to the Director's letter by stating that DOD policy exempted commissaries, post exchanges, and nonappropriated-fund activities from Circular A-76. The rationale was that goods and services provided by nonappropriated-fund activities were offered for sale to individual military members and their dependents for their private use. The funds involved in these transactions were those of the servicemen and their dependents rather than those of a Government agency.

The Deputy Assistant Secretary also said that the military departments had, for many years, maintained guesthouses at most of the major military installations in the United States and that their construction had been financed with appropriated funds. Many of the houses were established during World War II, and some were now beyond economical repair. The current construction program did not provide a new form of service to military personnel but was designed to update and supplement facilities now available and to orient their use toward military personnel most in need of them.

The Deputy Assistant Secretary further said that a DOD directive was being prepared which would set forth DOD policy on the various aspects of TLFs, including consideration of alternative methods of providing them. In some cases, leasing commercial facilities had been found to be feasible, and DOD anticipated that other alternatives to building on base could be used in the future.

OMB's letter to Subcommittee Chairman

In July 1972 the Director of OMB wrote to the Chairman of the Subcommittee about certain recommendations in the Subcommittee's report on the impact of Federal installations on small businesses. The Director referred to his letter to the Secretary of Defense in which he had questioned why the policy in Circular A-76 should not apply to the construction and operation of TLFs. He mentioned that DOD had replied

that it was preparing a directive which would require consideration of commercial sources.

Since the use of nonappropriated welfare funds for acquiring TLFs was confined to DOD, the Director believed that the objective of the Government-wide policy would be achieved without revising the circular.

Issuance of DOD Directive on TLFs

DOD's directive on TLFs was issued on December 1, 1972, as DOD Directive 4165.55.

The directive became effective upon issuance, and the military departments were required to issue implementing instructions within 90 days; they did as required.

Generally, the directive states that bases are required to establish effective community liaison wherever construction, conversion, or acquisition of additional TLFs in the United States is planned. Local governments, community organizations, and motel owners should be adequately notified of the intent, purpose, and scope of TLFs. Before TLFs are acquired, the possibility of using temporary housing in the civilian community should be examined.

POTENTIAL PROBLEMS IN DOD WRITTEN INSTRUCTIONS

Sufficient time has not elapsed to permit a valid evaluation of the effectiveness of the DOD directive. However, if it is to accomplish the objective of giving private industry an opportunity to meet DOD's temporary lodging needs, some of its provisions must be clarified.

Consideration of available facilities

A request to build a TLF must be submitted to DOD for review and approval. Among other things, a request is to be accompanied by:

1. A survey of private accommodations, including hotel and motel facilities, prevailing year-round rates (low, peak, and average, as appropriate), and military discount rates which exist or could be obtained.

2. Information on the feasibility of leasing private facilities.
3. Data on the extent and type of onbase accommodations (including messing facilities).
4. Both current and long-range housing requirements data, including the number and categories of persons to be accommodated.
5. A statement on why available facilities cannot meet TLF requirements.

The directive does not specifically state that the services should rely primarily on commercial sources in meeting temporary lodging needs. To clarify this matter, we talked with the DOD official responsible for preparing the directive. He informed us that the directive's intent was to require reliance on commercial sources and that requests for building TLFs would be denied if suitable commercial facilities were available.

To avoid any misunderstanding, we believe the directive should more positively state the requirement to rely on commercial sources.

Factors of suitability

In determining the suitability of family housing in the community, DOD requires a base to consider three principal factors: the standards of adequacy, the reasonableness of the occupants' fees, and the proximity to the base.

Standards of adequacy

The TLF directive states that a TLF may be a motel or hotel furnished room with a bath or a furnished apartment, house, or other facility which is used to provide temporary housing for several categories of personnel. Such units may or may not include kitchenettes. The directive provides no other guidance on standards.

This definition is sufficiently broad to permit a base to consider a variety of commercial facilities. However, when a base also requires kitchenettes, the supply of suitable commercial motels is considerably reduced.

Requiring bases to consider a wider variety of commercial facilities could permit suitable alternatives to motels with kitchenettes. One alternative, mentioned in chapter 3, would be a motel's offer of special discounts on its restaurant prices. Another would be urging military members and their families to use onbase eating facilities when occupying commercial motels which do not have kitchenettes.

Reasonableness of occupants' fees

The DOD directive states that occupants of TLFs must pay service or rental fees and that occupancy does not preclude payment of BAQ to personnel otherwise qualified to receive it. The fees are not specified.

The directive refers to another directive which establishes the overall policy on the funding of morale, welfare, and recreation facilities. Except when required by statute to sell services or goods at cost, such welfare activities as TLFs generally are to be self-sustaining and are to charge minimum prices. The principal costs to be recovered through the rental rates include repayment of construction funds and interest charges, when applicable; salaries of operating personnel; and purchases of supplies. Utilities furnished to such activities as TLFs and the costs of maintaining them may be charged against appropriated funds.

Although the services finance construction of TLFs through their welfare funds, their reimbursement policies vary considerably. The Army requires full return of the principal plus a 3-percent interest charge; the Navy requires only the return of the principal; and the Air Force grants the funds.

These circumstances and DOD's silence on TLF rates permit the services to set rates considerably below those of commercial motels. In addition, they permit a variance in rates. For example, the Army and Navy planned to charge about \$8 a day for a family of five; the Air Force planned \$5 to \$8 a day.

Although the different rates reflect, in part, the different methods used in financing construction, they raise the question of the equity of an occupant's paying a certain

rate because of the branch of service he happens to be assigned to, instead of the services he receives.

Proximity to base

The DOD directive states that temporary family housing and related food facilities should be located within one-half hour's commuting distance of the installation--both on base and off base. As shown in chapter 3, use of this criterion alone would eliminate from consideration some commercial motels which might otherwise be suitable.

DOD prescribes a 1-hour commuting-time criterion in assessing the availability of suitable private family housing. This criterion is intended to increase the availability of suitable housing and is therefore consistent with DOD's stated policy of relying principally on the community to meet a base's long-term housing needs.

Temporary lodging without eating or cooking facilities and located an hour from a base seems impractical. On the other hand, motel units having kitchenettes or offering meals at reasonable prices should not be excluded from consideration merely because they are located more than a half hour from a base.

CHAPTER 5

BASIS OF ALLOCATING TLFs AND PRIORITY OF USE

We were also requested to review the basis on which the Army, Navy, and Air Force allocated TLFs to their installations and the priorities established for using them.

The written policies show that the military departments used various types of information for allocating units. Although each service gives PCS personnel top priority for using TLFs, detailed PCS information was not readily available on the Army and Navy but was available on the Air Force. It showed that the relationship between PCS moves and allocation of TLFs was very limited.

Occupancy statistics, as reported by the services, on TLF projects in operation show a relatively high percentage of use by non-PCS personnel.

BASIS OF ALLOCATION

Army

Army Regulation 210-2, dated September 9, 1969, established the basic policy for allocating planned TLFs. It required that major commands evaluate installation requirements for new TLFs and establish priorities for the proposed construction. Installations requesting TLFs were required to submit the following information to their major command.

1. An inventory of existing guesthouses, including their number, capacity, age, type of construction, and physical condition.
2. Statistics on prior occupancy of guesthouses and estimated occupancy in the future.
3. A justification for the TLFs, including any conditions considered unique to the installation and the surrounding area.

After reviewing this information, major commands forwarded their recommendations to Army headquarters for approval. In establishing final priorities for construction,

Army headquarters considered commanders' priorities, military populations, available commercial facilities, and current occupancy of available facilities. A list of the approved projects follows.

<u>Installation</u>	<u>State</u>	<u>Units authorized</u>
Fort Dix	N.J.	88
Fort Bragg	N.C.	88
Fort Gordon	Ga.	88
Redstone Arsenal	Ala.	27
Fort Campbell	Ky.	88
Fort Ritchie	Md.	27
Fort Knox	Ky.	88
Fort Hood	Tex.	88
Aberdeen Proving Ground	Md.	44
Fort Lewis	Wash.	88
Fort Huachuca	Ariz.	27
Fort Meade	Md.	<u>66</u>
		<u>807</u>

Navy

In November 1970 the Chief of Naval Personnel issued a notice to all Navy installations, requesting information that would assist in allocating TLFs planned under phase 1. The information was to include the number of officers and enlisted men on PCS moves from October 1969 through September 1970 and the time it took them after official arrival on base to find permanent housing. The responses also were to include information on Government land which might be suitable as TLF sites and existing buildings which possibly could be converted to TLFs. The notice did not mention any requirement for information about available community support.

After reviewing this information, the Office of the Chief of Naval Personnel allocated TLFs to those installations having the greatest needs. Under phase 1 fleet support areas were determined to have the greatest needs. A list of the authorized projects follows.

<u>Installation</u>	<u>State</u>	<u>Units authorized</u>
Naval Air Station, Alameda	Calif.	75
Naval Station, Charleston	S.C.	50
Naval Air Station, Lemoore	Calif.	50
Naval Amphibious Base, Little Creek	Va.	100
Naval Air Station, Memphis	Tenn.	25
Naval Air Station, Miramar	Calif.	100
Naval Submarine Base, New London	Conn.	75
Naval Station, Newport (note a)	R.I.	125
Naval Station, Norfolk	Va.	100
Naval Air Station, North Island	Calif.	100
Naval Air Station, Pensacola	Fla.	25
Naval Station, San Diego	Calif.	50
National Naval Medical Center, Bethesda	Md.	25

a
Included in the recent base closure announcement.

Air Force

The Air Force felt that centralized personnel data could supply the information necessary to initiate its TLF program. A special computer report established a matrix table for each of 92 major U.S. bases, giving the number of PCS moves, by size of family, to each base during each month of calendar year 1969. The data was to be used to establish the size and total number of units needed and was to reflect seasonal fluctuations necessary for determining overall base requirements. Air Force officials told us that information on available community support was not required for the initial selection made in December 1970.

A summary of data on PCS moves, gross housing deficits, and TLF project allocations, by installation, follows. This detail on PCS moves was not readily available for the other two services.

Installation	State	Actual 1969 PCS moves to installation				Yearly average per month	Number of units programed
		Single month		6-month average			
		High	Low	High	Low		
Andrews	Md.	150	52	115	60	86	60
Eglin	Fla.	114	39	92	60	76	40
George	Calif.	112	24	84	41	63	40
Grand Forks	N. Dak.	89	33	67	37	52	40
Griffiss	N.Y.	54	23	46	29	38	40
Homestead	Fla.	64	24	59	39	49	40
Keesler	Miss.	265	60	220	103	162	40
Lackland	Tex.	327	55	207	84	145	60
Langley	Va.	133	51	105	66	85	40
Lowry	Colo.	199	32	140	46	93	40
Luke	Ariz.	104	26	82	43	63	40
MacDill	Fla.	143	28	112	99	85	40
Malstrom	Mont.	78	32	62	40	51	40
Mather	Calif.	126	46	108	65	87	40
McGuire	N.J.	102	18	75	35	55	40
Minot	N. Dak.	98	26	77	33	55	40
Norton	Calif.	104	41	81	49	65	40
Offutt	Nebr.	213	65	160	86	123	60
Ent/Peterson Field	Colo.	123	33	79	37	58	40
Robins	Ga.	82	35	77	46	62	40
Scott	Ill.	148	36	102	48	75	40
Travis	Calif.	139	55	116	72	94	40
Williams	Ariz.	52	19	48	32	40	40
Wright-Patterson	Ohio	171	37	126	52	89	40

Although the units were requested principally for PCS personnel, the table shows that the relationship between PCS moves and the allocation of units was very limited. For example, Williams had a single-month high of 52 PCS moves and a monthly average of 40 and was allotted 40 units. Yet, Keesler, with a single-month high of 265 PCS moves and a monthly average of 162, was also allotted 40 units. More units for Keesler may be planned, but Williams appears to have a less critical need than Keesler does. Williams should have been allotted fewer units, or perhaps none at all, in view of the limited funds available.

PRIORITY OF USE

The three military departments' policies on the use of TLFs give top priority to active members and dependents on PCS moves. Thereafter, eligibility covers (1) military or civilian personnel who are on TDY and who are normally provided per diem to live on the local economy, (2) wives and dependents of prisoners of war and members missing in action, (3) personnel who are receiving out-patient care and who are required to stay overnight at or near an installation, (4) active and retired personnel in transit, and (5) guests visiting personnel stationed at the installation. However, the non-PCS categories qualify for occupancy only on a space-available basis.

ACTUAL OCCUPANCY

The military departments' occupancy records, which we did not audit, for 1 year show a high percentage of TLF use by non-PCS personnel.

Army

The objective of the Army's TLF program is to provide temporary housing for arriving and departing military families, visitors to patients in military hospitals, and guests of servicemen assigned to installations, to reduce the hardship and inconvenience which might occur if such facilities were not available.

The following table shows the occupancy from April 1972 through March 1973 at nine Army bases where TLFs were recently constructed. Calculations were made by averaging the figures provided by the Army.

<u>Installation</u>	Number of units available for occupancy (note a)	Category of occupant by percentage			
		<u>June, July August</u>		<u>Remaining 9 months</u>	
		<u>PCS and TDY</u>	<u>Other</u>	<u>PCS and TDY</u>	<u>Other</u>
Fort Bragg	75	74	26	76	24
Fort Campbell	75	100	-	95	5
Fort Dix	78	(b)	(b)	89	11
Fort Gordon	75	34	66	25	75
Fort Knox	75	37	63	38	62
Fort Lewis	76	36	64	45	55
Fort Huachuca	22	70	30	71	29
Redstone Arsenal	22	(b)	(b)	(b)	(b)
Fort Ritchie	21	(b)	(b)	(b)	(b)

^aSome of the units are service facilities, such as supply rooms, and are not available for occupancy.

^bInformation incomplete.

Occupancy statistics were based on bed-days and could not be broken down by available units occupied. They also did not distinguish between PCS and TDY personnel. A proposed regulation on future occupancy statistics provides for an occupancy rate based on available units occupied and for a distinction between PCS and TDY personnel.

The preceding table shows that a significant percentage of the occupants were in the "other" category. This category consists principally of visiting relatives and guests of patients in military hospitals, guests of military personnel, transient military personnel in leave status, and transient retired military personnel. Although these persons are authorized to use the TLFs, PCS personnel, with or without dependents, are supposed to receive first priority. Considering the high percentage of occupants in the "other" category, particularly at the three installations where 60 percent of the occupants in the summer months¹ were of this type, it seems that PCS families' need for these facilities was rather limited.

Navy

The purpose of the Navy's TLF program is to provide inexpensive temporary lodging for Navy personnel and their families while locating permanent civilian housing. TLFs are presently located at 43 Navy installations. The most recent additions to the program (phase 1) were begun and completed during calendar years 1971 and 1972. During phase 1, 900 units were constructed at 13 installations.

A summary of the occupancy at these 13 installations between October 1971 and September 1972 is presented below. We calculated the categories of occupants by averaging figures provided by the Navy.

¹June, July, and August are the peak period for PCS moves.

<u>Location of installation</u>	Number of units available for occupancy (note a)	Percent of available units occupied	Category of occupant by percentage			
			June, July, August		Remaining 9 months	
			PCS	Non-PCS	PCS	Non-PCS
Alameda (note b)	77	98	58	42	49	51
Charleston (note b)	69	84	59	41	47	53
Lemoore	46	64	54	46	58	42
Little Creek	88	90	70	30	53	47
Memphis (note b)	37	93	79	21	83	17
Miramar	90	63	61	39	55	45
New London	57	76	49	51	54	46
Newport	110	81	84	16	37	63
Norfolk	90	100	81	19	49	51
North Island	88	84	64	36	51	49
Pensacola (note b)	24	97	73	27	80	20
San Diego	40	98	67	33	60	40
Bethesda (note c)	22	96				

^aSome of the units in each project are used as service facilities.

^bOccupancy statistics include some existing TLFs as well as those constructed under phase 1.

^cAt the Bethesda Naval Hospital the immediate families of seriously or critically ill patients are first-priority occupants, and they were the principal occupants.

Except at the Bethesda Naval Hospital, approximately 40 percent of the occupants during the year were non-PCS personnel. The non-PCS category mainly comprised military personnel on temporary additional duty, leave, and TDY status and their dependents as well as retired military personnel and their dependents. It also included widows and dependents of military personnel, DOD civilian employees assigned to

overseas areas, official guests and visitors of the command, and visiting relatives and guests of assigned military personnel in areas where civilian community accommodations are not available.

The table shows that, at 8 of the 12 installations, 30 to 51 percent of the occupants were non-PCS personnel during the summer months. This indicates that the Navy could have met its requirements by building fewer units.

Air Force

Comparable occupancy statistics for Air Force TLF projects were not readily available. However, we did develop occupancy statistics for Lowry and Robins. The principal purpose of the Air Force TLF program is to provide reasonably priced accommodations for PCS personnel and their families.

At Lowry we found that, during the first 4 months of operations, about 85 percent of the available units were occupied. However, approximately 35 percent of the occupants were other than PCS families. At Robins 83 percent were PCS occupants, but only 50 percent of the available units were occupied.

We cannot say with any certainty whether the occupancy at these bases is representative of the other 20 or so locations where TLFs have been authorized. However, there is a possibility that occupancy by non-PCS personnel could be relatively high, at least during the same time of the year.

CHAPTER 6

THE NEED FOR KITCHENETTES IN TLFs

The Subcommittee questioned the need for kitchenettes in TLFs. The Navy and the Air Force said kitchenettes were provided to help reduce military members' costs of relocating their families. DOD has not said whether kitchenettes are essential but leaves the choice to the military departments.

ESSENTIALITY DIFFICULT TO ESTABLISH

It is difficult to determine if TLF users consider kitchenettes to be essential, because the charges for kitchenettes are included in the TLF rates. Thus, we have no information on whether users would select TLFs without kitchenettes if they were available at lower costs. The Navy and the Air Force have included kitchenettes in all their 808 and 760 TLFs, respectively. The Army, on the other hand, has not generally provided kitchenettes; of about 600 TLFs built, only 13 have kitchenettes.

In a memorandum dated October 5, 1971, to the Secretary of the General Staff, the Acting Assistant Secretary of the Army (Installations and Logistics) stated, among other things, that the TLF program was a necessary addition to the family housing program and that it satisfied a critical need for families awaiting assignment to onpost quarters. As such, it helped to reduce the inconveniences and hardships connected with frequent PCS moves. He also said:

"One of the most costly items connected with a PCS move is that of feeding a family upon arrival at the new duty station, especially if meals are eaten at a restaurant. The TLQ's [temporary lodging quarters] the Army is building in most cases do not contain facilities for cooking. It was noted that the Navy Department and the Department of the Air Force are providing kitchen facilities in each of their TLQ units. This is thought to be a very important factor in justifying the TLQ's since few motels near military installations provide this feature. Your office is requested to

undertake a review of the remaining TLQ's planned but not under construction and where feasible provide the necessary kitchen facilities."

Responding on January 21, 1972, the Secretary of the General Staff stated:

"One of the standard guest house module designs includes kitchenettes. However, in order to construct the maximum number of rental units and reduce overall costs, kitchen facilities were included in only one of the ongoing construction projects. Those projects not yet under contract will be reviewed to determine whether the addition of kitchen facilities is feasible."

At the time of this response, the Army was planning to build four additional TLF projects, one of which was later canceled. Another is being constructed, and the contracts for the remaining two are about to be awarded. None of the four projects were to have kitchenettes.

Policy on use of onbase dining halls
by PCS personnel and their dependents

Installation commanders of the three services are authorized to permit dependents, relatives, and guests of military personnel to use onbase appropriated-fund dining halls. The rates to be charged, as shown below, are in the "Manual for the Department of Defense Food Service Program," revised January 1, 1973.

<u>Meals</u>	<u>Adults</u>	<u>Children under 12</u>
Breakfast	\$0.30	\$0.15
Dinner	.70	.35
Supper	.65	.35

These rates apply to enlisted personnel and their families. A surcharge of \$0.15 a meal for adults and \$0.10 for children under 12 is levied for officers and their dependents.

Army

The Army's current policy on meal rates for appropriated-fund dining halls is contained in Army Regulation 30-1. The regulation states, in part:

"To the maximum extent possible, installation commanders will authorize military personnel in a permanent change of station status, and their dependents, to purchase meals in designated troop dining facilities. Copies of PCS orders must be presented for identification. Reimbursement will be at rates shown in Chapter 6" [i.e., the rates shown above]. (Underscoring supplied.)

Navy

A few years ago the Navy opened its messes at San Diego, Newport, and Pensacola to PCS personnel until they found housing.

The general policy today is to permit dependents, relatives, and guests to use messes at all bases when, in the opinion of the commanding officers, such use is feasible, practicable, and desirable for morale purposes. The meals are to be sold at the above rates.

Air Force

Effective June 30, 1972, Air Force base commanders were permitted to authorize dependents of enlisted PCS personnel to use base dining halls to relieve undue financial hardship while finding housing. The meals are to be sold at the above rates.

REDUCED AVAILABILITY OF COMMERCIAL MOTELS BY REQUIRING KITCHENETTES

As shown below, a large percentage of motels surveyed by the Air Force and Navy did not have kitchenettes. The Army did not have similar information readily available because it only recently considered including kitchenettes in its TLFs.

Air Force Survey of Commercial Facilities

At Six Installations Reviewed by GAO

<u>Air Force base</u>	<u>Total units surveyed</u>	<u>Units surveyed with kitchenettes</u>	<u>Units surveyed without kitchenettes</u>	<u>Percent of units without kitchenettes</u>
Andrews	613	60	553	90
Scott	868	14	854	98
Lowry	7,472	1,206	6,266	84
MacDill	927	130	797	86
Robins	3,077	92	2,985	97
Lackland	<u>8,690</u>	<u>1,856</u>	<u>6,834</u>	79
Total	<u>21,647</u>	<u>3,358</u>	<u>18,289</u>	84

Navy Survey of Commercial Facilities Under Phase 2

<u>Navy base</u>	<u>Total units surveyed</u>	<u>Units surveyed with kitchenettes</u>	<u>Units surveyed without kitchenettes</u>	<u>Percent of units without kitchenettes</u>
Naval Training Center, Great Lakes, Ill.	699	70	629	90
Naval Station, Long Beach, Calif.	6,705	2,755	3,950	59
Naval Shipyard, Mare Island, Calif.	3,042	773	2,269	75
Naval Station, Mayport, Fla.	404	197	207	51
Naval Air Station, Moffett Field, Calif.	478	272	206	43
Battalion Construction Center, Port Hueneme, Calif.	<u>443</u>	<u>158</u>	<u>285</u>	64
Total	<u>11,771</u>	<u>4,225</u>	<u>7,546</u>	64

Navy and Air Force officials said that the lack of kitchenettes was not the sole reason for eliminating commercial motels from consideration. Price, commuting distance, and type of neighborhood were also considered. However, failure to meet any one of these criteria was sufficient cause to declare the motel unsuitable. Therefore, establishing that a motel lacked kitchenettes apparently was sufficient to rule it unacceptable. As shown in the tables, most of the motels surveyed did not have kitchenettes. The Navy and Air Force requirement for this feature therefore eliminated thousands of motel units from further consideration.

HOW THE TLF PROGRAMS EVOLVED AND CURRENT STATUS

PRIOR GUESTHOUSE PROGRAMS

Before the military services began the current TLF construction program, they used appropriated and nonappropriated funds to convert buildings to temporary quarters. The quarters, termed "guesthouses," were principally for visiting relatives and friends of military personnel. We understand that the rates were modest.

The guesthouse program apparently was initiated in the Army at the installation level during World War II. We understand that former barracks and other surplus structures were converted for use as guesthouses. Since then few, if any, guesthouses have been built with appropriated funds.

Army guesthouses

Before September 1967, 28 of the 54 guesthouses which were operated by the Army-Air Force Exchange Service were administered as nonappropriated-fund activities, i.e., revenues were used to pay operating costs. The remaining 26 guesthouses, with about 880 rooms, were operated by installation commanders as appropriated-fund activities, i.e., moneys to cover operating expenses had to be appropriated. Thereafter, the appropriate installation commanders operated and managed the 28 facilities (with about 1,635 rooms) under the general supervision of the Office of the Chief of Support Services. All 54 guesthouses are now operated as appropriated-fund activities.

Some installations have guesthouse-type facilities which were financed by local nonappropriated activities, such as noncommissioned officers' clubs and main officers' open mess managements. Current information on the number of such facilities is not readily available, but according to one Army official, 24 bases within the continental United States had such facilities in 1968. The base commanders control these facilities.

Navy guesthouses

The Navy had about 800 guesthouses which were principally operated with nonappropriated funds under the overall responsibility of the Navy Resale System Office. It also had some

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nonappropriated-fund hotel and motel units. Structures originally built for other purposes were converted, using nonappropriated funds, to guesthouses.

Air Force guesthouses

In September 1971 the Air Force reported that it operated about 1,200 guesthouses at about 65 installations. The base billeting officer at each installation operates and maintains the guesthouses, and the Air Force Directorate of Personnel Planning has overall responsibility for the program.

CURRENT TLF PROGRAMS

Lists of the services' TLF projects are in chapter 5.

DOD's stated policy on use of appropriated funds

"All construction costs for temporary lodging facilities are non-appropriated funded. Appropriated funds have indirectly supported the construction of temporary lodging facilities insofar as to programming, administration, and surveillance of the projects have generally been performed by appropriated fund employees. Service charges by occupants insure that the operation will be self-supporting in terms of; salaries for management, supervision, housekeeping, and grounds maintenance; daily operating expenses, such as laundry and cleaning; equipment replacement; and renovation. As with other morale, welfare, and recreation facilities, appropriated fund support is limited to providing utilities, preventive maintenance, and common services such as fire and security protection, trash removal, pest control, sewage disposal, snow removal, and medical inspection."

Army TLF program

In 1967 the Army decided to launch a construction program to replace guesthouses which were very substandard and of such poor construction that renovation was not feasible and/or not recommended.

In October 1967 the Army requested all major commands to survey guesthouses and to develop project priority lists of the installations needing to replace guesthouses or to build additional ones. About 2 months later, the commands were furnished forms for developing the lists.

Financing construction

In September 1967 the Acting Chief of Staff authorized a \$10 million nonappropriated revolving fund within the Army Central Welfare Fund (which is derived principally from earnings generated by post exchanges) to construct the TLFs. As the construction cost of each project is amortized, more TLFs will be constructed.

The installation commander borrows from the welfare fund the funds needed to build his TLF project. The loan bears 3-percent interest annually and is to be repaid, within 15 years, in fixed quarterly amounts which include principal and interest. No appropriated funds will be used for construction, but Government property which was purchased with such funds is being donated for space.

Operation

All employees involved in TLF operations will be civilians or off-duty military personnel who will be paid from TLF receipts. However, some managerial duties, such as accounting and administration, will be performed by military personnel and will not be charged to TLFs.

Daily rates for TLFs were established for each installation to repay the loan with interest and to pay such costs as maintenance. However, community services, such as fire protection and snow removal, were not considered in establishing such rates because they would be paid out of appropriated funds without charge to the welfare fund. The moneys expended from the appropriated funds do not appear as a line item in the Army's budget as submitted and approved by the appropriation committees of the Congress.

Depending on the locations of the TLFs and the particular installation, daily rates vary from \$6 to \$13. The Army feels that these rates are adequate.

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Number of projects and principal features

In September 1971 DOD reported to the Subcommittee that the Army had 582 units under construction or completed at 8 installations. Most projects had 88 units. Another 252 units (in varying project size) were to be built at 5 other locations; estimated costs total about \$9.3 million.

Each unit has approximately 340 square feet of living space, includes a full bath, and is designed to accommodate a family of five. Unlike the Navy and Air Force units, the Army units do not have kitchenettes. (See ch. 6.) The base commander, using nonappropriated funds, will procure the furnishings under a separate contract. (The Navy and the Air Force include furnishings as part of the construction contract.)

Navy TLF program

In September 1969 the Bureau of Naval Personnel, Special Services, requested Navy district commandants to list the number of TLFs required in their jurisdictions. From these lists, the Bureau established priorities on the basis of installations having the greatest needs, which were determined to be in areas of fleet concentration. The Bureau usually reduced the number of units requested to permit a greater number of installations to participate.

Financing construction

In January 1970 the Secretary announced plans to build TLFs in areas of fleet concentration within the United States at a cost of about \$10 million. Like the Army, the Navy allocated nonappropriated funds to construct these projects. The funds are loaned to the Navy Resale System Office from the Navy recreation fund and are amortized at a rate of 7.4 percent annually, which will result in full repayment in less than 14 years. Interest apparently is not charged on the loans.

No appropriated funds will be used for construction, but Government property which was purchased with such funds is being donated for space for the TLFs.

Operation

The Navy indicated that personnel working with the TLFs would be civilians whose wages would be paid from the rent receipts.

Daily rates are \$8 a day, regardless of the number of persons using a unit. The Navy believes that this rate will meet construction, operating, and maintenance costs.

Number of projects and principal features

In September 1971 DOD reported to the Subcommittee that the Navy had begun to build or had completed building 900 units at 13 Navy bases at a cost of about \$10.3 million. The Navy was planning to build 300 more units, costing about \$3.6 million, at another 6 locations (one in Japan). The completed projects varied in size from 25 to 125 units.

The Navy TLF program uses the one-step "turnkey" concept, in which a contractor provides a completely usable facility similar to those being built as commercial motels. In fact, nationally known motel chains have built some of the Navy projects.

Each unit contains approximately 305 square feet of living space, enough to accommodate a family of 5, and includes a fully equipped bathroom; an efficiency-type kitchenette with a stove, a sink, and a refrigerator; two double beds and a pullout bed; a dresser; and a desk. The construction contract price covers a fully equipped unit. Telephones and television sets are also standard equipment.

Air Force TLF program

In January 1970 the Director of Civil Engineering requested the Air Force Central Welfare Fund Board to consider funding a TLF program. To support the request for funds, the Air Force made a study during May and June 1970, using the following criteria to determine which bases required TLFs.

1. PCS moves by base for calendar year 1969.
2. Information from each major command on available adequate transient facilities and/or quarters which could be converted for PCS use.

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3. Off-base motel and hotel costs and availability.
4. Available military, family housing and community support housing.
5. Forecasted base tenure, population, and end mission.

Financing construction

In October 1970 the Chief of Staff approved \$3.6 million from the Air Force Central Welfare Fund to construct TLFs. Soon afterwards, the Deputy Assistant Secretary of the Air Force (Installations) authorized construction to proceed.

As a result of revised financial projections, the Welfare Board determined in December 1970 that the program could be expanded to one costing approximately \$10.7 million. Unlike the Army and Navy funds, the funds would be granted as a special dividend from the Exchange Service.

Operation

Similar to the Army and Navy TLFs, the Air Force TLFs will employ civilians and perhaps off-duty military personnel who will be paid from operating revenues. However, some administrative work, such as programing and accounting, will be performed by base military and civilian personnel at no cost to the TLFs.

The Air Force estimated that the charges would be between \$5 and \$8 a night and would cover the costs of all salaries, equipment, and operating expenses. The Air Force stated "It is obvious that our service charge should be less than that charged by either the Army or Navy since we require no repayment to the welfare fund."

The property on which the TLFs will be located is owned by the Federal Government.

As for the Air Force's legal authority to expend welfare funds for TLFs, the Air Force stated:

"There are no statutory authorization or restrictions on the use of military welfare funds for the morale, comfort, and well-being of military

personnel and their families. These funds are administered under the authority of the Secretaries of the Military Departments, in whom the National Defense Act of 1947 reposes the authority to administer their departments, subject to delegation."

Welfare funds are administered under policies set by the Air Force Welfare Board in accordance with Executive Order 10013, dated October 27, 1948.

Number of projects
and principal features

On the basis of its study of TLF requirements, the Air Force tentatively selected 8 bases to receive 340 units costing about \$3.6 million. The number was later expanded to 1,020 units at 24 bases. Each installation for which TLFs were authorized was to have 40 units (in increments of 20 units) except for 3 bases which were to have 60 units.

At the time of the Subcommittee hearings in September 1971, the Air Force had advertised for construction bids but had not received or opened any. In November 1971 a contract was let to one bidder for projects at 18 bases. A contract for TLF projects at the remaining six bases was awarded on June 4, 1973.

The units for all 24 projects are factory built and can be relocated. The contracts provided for completed facilities to include all furnishings, equipment, and accessories. Each unit has approximately 340 square feet of living space. It includes a fully equipped kitchenette, a full bath with shower, and bedroom facilities to accommodate five people. Each unit will also have an 18-inch color television and a phone. Laundry rooms, which are free, and snack and soft-drink vending machines are also included.

DOD ASSUMES OVERALL RESPONSIBILITY
FOR TLF PROGRAMS

The current TLF construction programs were initially under the purview of each of the military departments. Since construction was being financed with nonappropriated funds, it was not subject to the congressional review normally

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required when appropriated funds are used. However, because of mounting congressional concern over the proliferation of this type of construction, DOD was required, as of July 1, 1970, to furnish the Congress a semiannual list of construction projects costing more than \$25,000 and financed by non-appropriated funds. Projects costing more than \$300,000 have to be reported before the contracts are awarded. Revisions for existing instructions were subsequently formalized into DOD Instruction 7700.18, dated March 9, 1972, which set forth the review and reporting procedures the military departments were to follow in nonappropriated fund construction programs.

During hearings held in August 1971, the Assistant Secretary of Defense (Installations and Logistics), at the Subcommittee's urging, assumed overall responsibility for reviewing and approving subsequent TLF projects. DOD Directive No. 4165.55, dated December 1, 1972, formally established the policies and procedures the military departments were to follow in acquiring, administering, and using TLFs. Among other things, the directive delineates DOD's responsibilities for TLF activities according to the responsibilities assigned to the following organizations in their charters.

1. The Assistant Secretary of Defense (Installations and Logistics), or his designee, will approve the construction, conversion, or lease of additional TLFs and will provide appropriate policy direction.
2. The Assistant Secretary of Defense (Manpower and Reserve Affairs) will monitor the morale and welfare aspects of the TLF program and advise the Assistant Secretary of Defense (Installations and Logistics) as appropriate.
3. The Assistant Secretary of Defense (Comptroller) will guide and instruct DOD components about accounting and budgeting funds for acquiring and operating TLFs in coordination with the Assistant Secretary of Defense (Installations and Logistics).