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[Constituents' Reactions to Report Entitled, "Proposed Relocation of Air Force Communications Service Headquarters from Missouri to Illinois"]. LCD-77-342; B-172707. April 22, 1977. 4 pp.

Report to Sen. Thomas F. Eagleton; by Elmer B. Staats, Comptroller General.

Issue Area: Facilities and Material Management (700).

Contact: Logistics and Communications Div.

Budget Function: National Defense: Defense-related Activities (054).

Organization Concerned: Department of the Air Force; Department of the Air Force: Richards-Gebaur AFB, MO; Department of the Air Force: Air Force Communications Service; Department of the Air Force: Scott AFB, IL.

Congressional Relevance: Sen. Thomas F. Eagleton.

A reply was made to the Office of the County Counselor of Jackson County concerning their analysis of a GAO report on relocation of the Richards-Gebaur Air Force Base. In the analysis, it was claimed that the report did not address itself to Air Force estimates contained in an environmental impact statement. Findings/Conclusions: Since this information was not available to GAO when the report was prepared, the review was limited to Air Force estimates contained in its draft statement of costs and savings for relocating the Air Force Communication Service Headquarters to Scott Air Force Base. Later estimates by the Air Force showed lower savings amounts and took into account factors brought to its attention in the GAO report. An analysis of these changes revealed that GAO had considered them in its review. Cost estimates included some elements which were not within the scope of the report, such as homeowners assistance, and some data not available at the time of the review. It was felt that certain costs could not be determined with accuracy until the realignment was completed. No basis was found for changing the report. (HTW)

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B-172707

APR 22 1977

The Honorable Thomas F. Eagleton
United States Senate

Dear Senator Eagleton:

In your letter of February 4, 1977, you sent us an analysis of our December 1976 report on Richards-Gebaur Air Force Base. This analysis had been prepared by the Office of the County Counselor of Jackson County. You asked us to review the analysis and make any appropriate changes to the report.

The Jackson County analysis takes issue with our report essentially because our report differs from or does not address estimates contained in the January 1977 Air Force environmental impact statement. Those estimates were based on a December 29, 1976, Air Force study. Our report, also issued on December 29, 1976, addressed the revised Air Force estimates made available during our fieldwork, which was completed on October 22, 1976. Simply put, we could not review or comment on that which was not available to us.

After evaluating the County Counselor's analysis, we find no reason to change our report. As directed by Senator Symington's and your offices, we limited our review to the Air Force costs and savings estimates for relocating the Air Force Communication Service Headquarters to Scott Air Force Base. Those estimates were identified under alternative 6 in the Air Force's June 1976 draft environmental impact statement. We were also requested to (1) brief the Senate Military Construction Subcommittee in early September, (2) issue our report in December, (3) not independently estimate homeowners assistance costs, and (4) not obtain Air Force comments on our report before issuing it to you and Senator Symington.

The speculative aspects of reviewing cost effectiveness based on preliminary estimates were discussed with your and Senator Symington's offices and recognized as an inherent problem of the review. The procedures of the Council on Environmental Quality permit draft environmental impact costs and savings estimates to be changed after public hearings. To update its estimates, the Air Force also made revisions during our fieldwork, which we considered in our review.

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We also considered other items of concern expressed by Jackson County representatives during an August 1976 meeting with Senator Symington's office.

The January 1977 revisions resulted in the Air Force's June 1976 annual recurring savings estimate being reduced from \$23.9 million to \$19.7 million. Upon analyzing the major changes to the Air Force's estimates of savings, we found that, for the most part, we had considered them in our report. The Air Force's January 1977 estimate of savings generally reflected matters that we had brought to its attention during our review. For example, the June 1976 Air Force draft impact statement did not include housing costs for personnel expected to transfer to Scott. We estimated that the Air Force would pay over \$1.4 million annually for quarters allowance while personnel were waiting for on-base housing. The Air Force agreed and included this cost in its revised impact statement, thereby reducing its estimated annual recurring savings.

On the cost side, the Air Force's January 1977 estimate included some elements which, by direction of your and Senator Symington's offices, we did not analyze or for which data was not available at the time of our review. As noted earlier, we were directed not to estimate homeowners assistance costs. Such costs cannot be estimated with reasonable accuracy until the realignment action is completed. We agreed to recognize them by footnote and to discuss the factors affecting homeowners assistance. Our report showed that your constituents estimated that homeowners assistance would cost \$42.8 million, compared to the Air Force's estimate of \$19.5 million and the Corps of Engineers' estimate of \$5.4 million.

The Air Force also revised its estimate of one-time costs by adding Small Business Administration costs of \$330,000, Department of Housing and Urban Development costs of \$8.5 million, and Economic Development Administration costs of \$4.2 million. During our fieldwork we interviewed officials of the Small Business Administration, the Department of Housing and Urban Development, and the Economic Adjustment Committee. We discussed the basis and techniques by which they might estimate such costs. The Small Business Administration and the Economic Adjustment Committee said that estimated costs were not available and that they did not expect to provide any. Housing and Urban Development officials said they had not completed their study.

Regarding the estimates provided to the Air Force by the Small Business Administration and the Economic Development Administration after our review, we note that they are subject to the same criticism that Jackson County representatives leveled at the Corps of Engineers' \$5.4 million cost estimate for homeowners assistance. They are computed from national averages rather than from a cost study specifically applicable to the Richards-Gebaur area. The \$8.5 million cost estimate by the Department of Housing and Urban Development was its worst-case estimate. The support for the study shows a range of \$4.6 million to \$8.5 million. The range of the estimate supports our position that certain types of costs cannot be determined with reasonable accuracy until the realignment is complete.

Another large cost revision involved unemployment compensation, which was increased from \$1.7 million in the June 1976 Air Force estimate to \$5.8 million in the January 1977 estimate. About \$5 million of the revised estimate is attributed to the assumption that about 2,300 non-Federal employees will become unemployed and draw maximum unemployment insurance benefits because of the depressed economy caused by the Richards-Gebaur realignment.

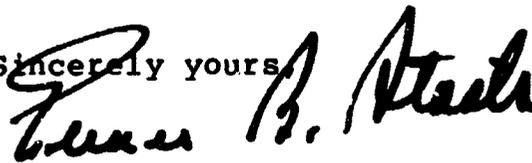
We asked Missouri State Employment Office officials whether the State would qualify for Federal assistance for non-Federal employee unemployment benefits and whether they had studied the effect of the Richards-Gebaur realignment on area unemployment. They said that the area did not qualify for federally funded assistance for non-Federal unemployed and that they had not studied the unemployment impact of the realignment. Hence, our evaluation of the unemployment insurance cost estimate was restricted to the validity of the estimated cost for Federal employees who would become unemployed. The January 1977 Air Force estimate of \$800,000 for unemployment was reduced from \$1.7 million in June 1976 because the Air Force increased its estimate of those that would relocate rather than be severed.

The Jackson County constituents also disputed our inclusion of a cost avoidance of \$5.8 million for cancellation of a medical facility construction project. As stated in our report, the facility was authorized and funded by the Congress. Although we did not formally present this matter to the Senate Military Construction Subcommittee, informal discussions indicated agreement that \$5.8 million

is a valid cost avoidance. We found no evidence that the facility would not have been constructed as planned had the Air Force not proposed the realignment and relocation of units from Richards-Gebaur.

I assure you that, when we review base closures and realignments for cost effectiveness, we do not sponsor any agency position or "negotiate" the report, as your constituent suggested. Our studies are made within the scope and time frames requested by Members of Congress. We attempt to audit and verify those estimates that we believe can or ought to be reasonably supported by data and analyses.

Sincerely yours

A handwritten signature in black ink, appearing to read "James B. Stacks". The signature is written in a cursive style with a large, prominent initial "J".

Comptroller General
of the United States