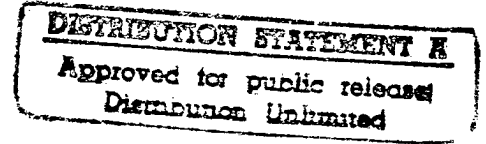


19970714035

National Security and
International Affairs Division

B-276992

July 11, 1997



The Honorable James M. Inhofe
Chairman, Subcommittee on Readiness
Committee on Armed Services
United States Senate

The Honorable C. W. (Bill) Young
Chairman, Subcommittee on National Security
Committee on Appropriations
House of Representatives

As requested, we evaluated the Army's progress in redistributing war reserve equipment that is no longer needed in central Europe. Specifically, this report addresses whether (1) the Army's plan for redistributing central European war reserve equipment provides for the specific and timely disposition of this equipment and (2) cost savings would be realized by aligning the storage and maintenance capacities in central Europe so that they accurately reflect the reduced mission there.

Background

After the end of the Cold War, the Army changed its focus from Europe to other parts of the world, specifically South Korea and the Persian Gulf region. Due to this change and lessons learned from the Persian Gulf War, the Army developed a strategy to store, or preposition, equipment in land-based storage facilities and on ships near these potential world trouble spots. Thus, the Army would be able to respond faster to threats, since equipment such as tanks, trucks, and consumable supplies would already be in place. The Army would then have to transport only the troops and a modest amount of accompanying materiel. The Army prepositions equipment in different kinds of packages. In central Europe, these packages include (1) items to support combat brigades of 3,000 to 5,000 soldiers, known as brigade sets, and (2) items to support specific missions, known as operational projects (e.g., equipment for setting up bridges or running fuel pipelines).

During the Cold War, the Army stored about nine brigade sets of equipment in central Europe. The Army now plans to keep two brigade sets of equipment and an undetermined amount of operational project equipment in central Europe. Infrastructure once associated with the Cold War program has already decreased markedly: the number of storage sites has been reduced from 17 to 6. Equipment no longer needed in central

Europe is being redistributed to other locations, including South Korea and the Persian Gulf, and prepositioned aboard ships. Once this redistribution occurs, the Army can further decrease the amount of infrastructure and the number of personnel in central Europe.

In 1995, the Army began redistributing the war reserve equipment not needed in central Europe to fill needs in other expanding war reserve programs throughout the world. Between 1995 and 1997, the Army redistributed some equipment to South Korea, Qatar, and the prepositioned ships. The rest of the equipment slated for redistribution is currently being stored in Belgium, Luxembourg, and the Netherlands at six sites that were built since 1979 with North Atlantic Treaty Organization funding. In March 1997, the Army updated its redistribution plan and identified items still in central Europe that would be available for redistribution to other Army war reserve programs worldwide. These items include many types of equipment, from heavy combat vehicles to smaller pieces of communications and electronics gear. The Army estimates that it will take through the end of 1999 to repair those items scheduled for redistribution.

Several Department of Defense (DOD) organizations are stakeholders in the Army's prepositioning program. Army headquarters developed the prepositioning strategy and spearheaded efforts to identify equipment for redistribution worldwide. The Army Materiel Command (AMC) has management responsibility for the worldwide prepositioning program, including storing and maintaining this equipment. AMC, which inherited this mission from the regional Army commanders, manages the program through its Army War Reserve Support Command. The U.S. European Command oversees European infrastructure decisions with input from mission managers, including AMC, and the State Department to gauge the operational and political implications of decisions.

The Government Performance and Results Act of 1993 (P.L. 103-62, Aug. 3, 1993) was designed to create a new results-oriented federal management and decision-making approach that requires agencies to clearly define their missions, set goals, and link activities and resources to those goals. The act requires federal agencies, including DOD, to develop strategic plans no later than September 30, 1997, for at least a 5-year period. It is important that, in implementing the act, an organization's activities and resources be aligned to support its mission and help achieve its goals.¹

¹Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Because the war reserve mission in central Europe has been greatly reduced, DOD should align its war reserve resources accordingly, in light of the act.

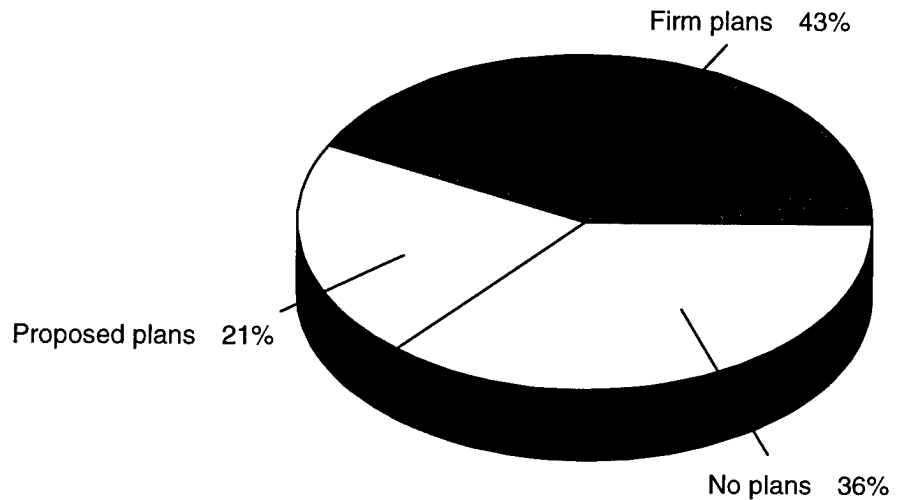
Results in Brief

DOD could save about \$54 million per year in personnel costs once the Army removes unneeded war reserve equipment from central Europe and aligns its resources with the reduced mission. In its plans, the Army has focused on redistributing major items, such as tanks, trucks, and radios, to other war reserve programs and has firm plans for a portion of those items. However, it does not have firm disposition plans for the remaining items. The Army's plans to redistribute these items are closely linked with DOD's plan to reduce the facilities now available. However, because personnel costs comprise about three-quarters of the central European war reserve budget, most of the Army's savings will likely come from aligning personnel with the shrinking workload. The projected reduction in maintenance workload is about 86 percent, which will require only a small fraction of the personnel currently available. Thus, the sooner the Army disposes of its unneeded items and aligns its resources with its reduced mission, the sooner dollar savings may be realized.

Redistribution Plan Does Not Adequately Consider Unneeded Equipment

Army officials told us that, in developing their redistribution plan, they focused on the major items necessary to fill high-priority needs in potential world trouble spots. Army data showed that 128,000 items in central Europe were identified as available for redistribution to war reserve programs outside of Europe. The Army has firm plans for about 54,000 items, or 43 percent (see fig. 1). These items will be used to support programs on ships, in South Korea, and in the Persian Gulf, and the Army expects to redistribute most of the equipment by the end of 1999.

**Figure 1: Status of Army
Redistribution Plan for War Reserve
Equipment in Central Europe** (as of
March 1997)



Source: Our analysis of Army data.

The Army has proposed plans for about 27,000, or 21 percent, of the items it identified for redistribution. These items are being held for a proposed new brigade set and an increase in support equipment recommended by the 1995 Mobility Requirements Study Bottom-Up Review Update. However, at the time of our review, DOD had not made final decisions about implementing and funding these programs. As a result, the Army's current redistribution plan lacks clear time frames for delivering those items, and the destinations may not be definite. The Joint Staff plans to study both programs and hopes to reach decisions by early 1998 on the fate and timing of both initiatives, according to a Joint Staff official. Army officials told us that they will likely hold these items in storage until the Joint Staff completes its studies and DOD makes final decisions about each program. Until such decisions are made, the Army will not redistribute or otherwise dispose of this equipment.

The Army has no plans for about 46,000, or 36 percent, of the items it identified for redistribution because it found no known requirement for them in the war reserve program. Instead, Army headquarters instructed AMC to redistribute or dispose of this equipment. AMC has not carried out either action. In September 1996, citing problems with inventory data, among other things, AMC placed a moratorium on efforts to move assets from the war reserve storage sites. Army officials acknowledged that this moratorium had the unintended consequence of freezing these items in the war reserve inventory. AMC lifted the moratorium in April 1997 but has still not developed a plan for the disposition of the items. Officials said that the items will likely remain in storage in central Europe until AMC finds a destination for or disposes of them.

Although the Army focused appropriately on major items, such as tanks, trucks, and radios, when developing its redistribution plan, many equipment items were excluded from consideration. As of March 1997, data from AMC's European war reserve managers showed another 200,000 items that were not considered for redistribution. These items include such things as tools, construction materials, and uniforms. AMC does not intend to repair these items but is not disposing of them by offering them outside the war reserve system or to the other services or by selling or scrapping them. Further, this inventory is continuing to grow as more equipment is moved to the war reserve sites from elsewhere in Europe. According to Army officials, some of this equipment may ultimately be used for operational projects in central Europe, although the Army does not have any current authorizations for those projects. The equipment items will remain in storage in central Europe, along with the other items without firm disposition plans, until an effort is made to redistribute or dispose of them.

DOD Could Save Millions by Matching Resources With Requirements

DOD could save millions annually by aligning its facilities and personnel in central Europe with the reduced mission there. Storage and maintenance facility requirements for that mission are much less than the capacities currently available. More importantly, maintenance workload requirements, which drive personnel requirements, drop by 86 percent after 1999. Despite this dramatic workload reduction, Army planners have not yet determined how many personnel will ultimately be required to meet the new mission. In addition, DOD's programmed funding does not match this reduced mission. DOD has thus far focused on which of the six sites should be retained. However, the number and location of sites are less important in reducing costs than the number of personnel, since

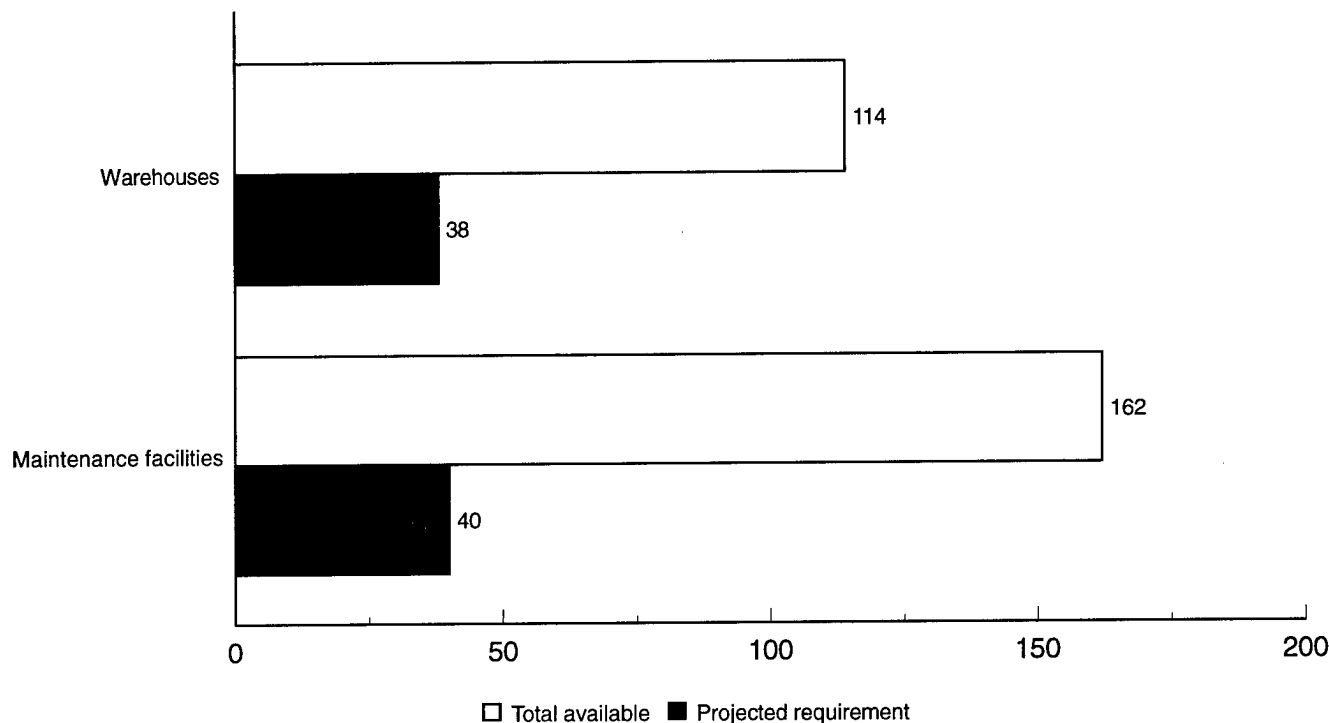
personnel costs comprise most of the budget for the central European war reserve mission. By aligning personnel to reflect the reduced maintenance workload, we estimate that DOD could save about \$54 million annually.

In crafting the Government Performance and Results Act, Congress recognized that agencies must consider the environment in which they operate and must identify in their strategic plans the external factors that could affect the agencies' ability to accomplish their mission. This recognition has particular relevance for the Army, which has not developed a strategic plan to align its budget to reflect the new, reduced mission in central Europe. AMC's Army War Reserve Support Command is beginning to develop a budget plan. According to the Commander, previous efforts to develop budget requirements have been inadequate, and the Command is seeking to develop more credible budget projections. Army officials pointed out that long-term planning has been complicated by the need to use war reserve equipment from central Europe to support recent operations, such as those in Bosnia.

Storage and Maintenance Capacities Far Exceed Requirements

The storage and maintenance capacities currently available at the six sites in central Europe far exceed the projected mission requirements. According to war reserve managers, storage warehouses and maintenance facilities are the key elements of their infrastructure. Each of the six sites in central Europe has both controlled-humidity warehouses for indoor storage and maintenance facilities for periodic maintenance of equipment. A standard warehouse contains roughly 40,000 square feet of storage; a standard maintenance facility measures about 650 square feet. The number of standard storage warehouses and maintenance facilities required to support the reduced mission in central Europe drops by 67 and 75 percent, respectively, from the number currently available (see fig. 2).

Figure 2: Total Number of Available Warehouses and Maintenance Facilities and Projected Requirements



Note: AMC's analysis of requirements for the reduced mission includes a cushion to allow for an undetermined amount of equipment for operational projects and a potential escalation of maintenance to support unanticipated operations.

Source: Our analysis of AMC data.

DOD recognizes that it can reduce its infrastructure in central Europe. The U.S. European Command, which has responsibility for base realignments in Europe, developed a proposed infrastructure reshaping plan in November 1995 that identifies the sites that should be retained. DOD approved the European Command's infrastructure plan in April 1996. The plan contained a provision, however, that the decisions be reviewed and updated in late 1997. According to a European Command official, the

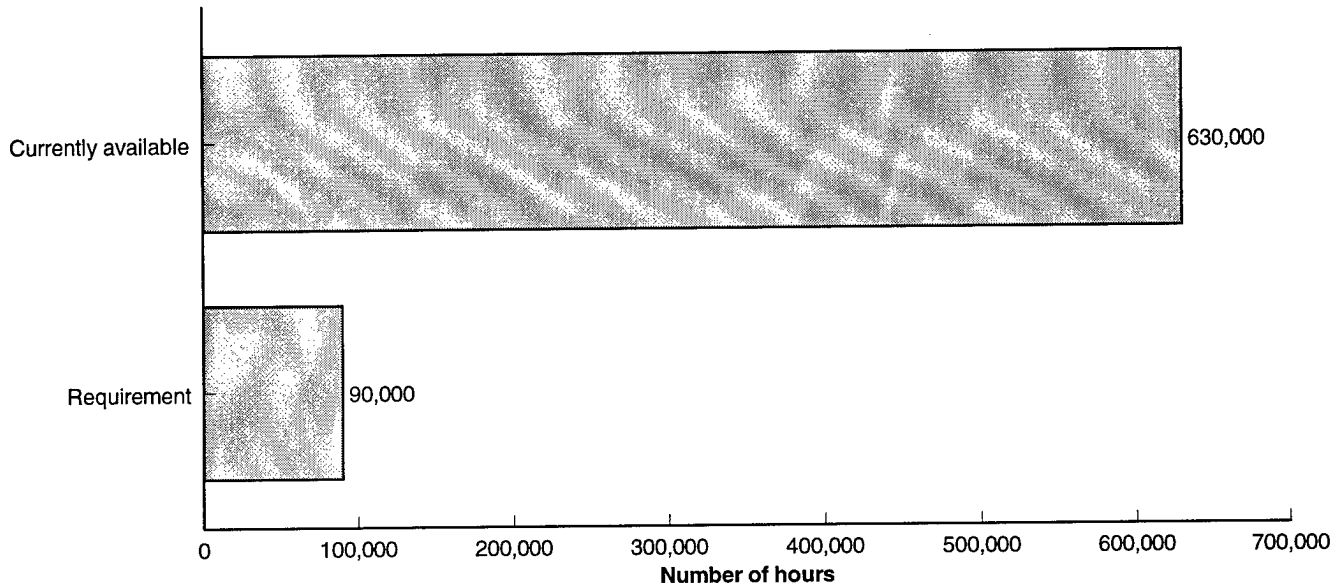
reexamination will consider changes in the operational, budgetary, or political situation, and the site retention recommendations from the 1995 plan are not binding in the reexamination.

In developing the initial infrastructure plan, the key stakeholders—the European Command and AMC—reached different conclusions about which sites should be retained. According to a European Command official, the central European sites offer similar capabilities. Thus, in 1995 the European Command chose sites based heavily on its assessment of the potential political impact of closures on the host nations. DOD approved the European Command's proposal because the Command was attuned to the central European political situation, according to DOD officials. Specific information about DOD's plan will be kept classified until the U.S. government makes a decision about which sites will be retained and then formally notifies affected host nations of its intentions.

Available Maintenance Hours Greatly Exceed Projected Workload

Once the equipment not needed in central Europe is removed, the maintenance workload requirement will be based on performing periodic maintenance of the two remaining brigade sets and some operational projects. The Army estimates that it will take through the end of 1999 to repair those items scheduled for redistribution to other war reserve programs. The projected 90,000 hours required to maintain equipment remaining after 1999 is 86 percent less than the 630,000 hours currently available (see fig. 3).

Figure 3: Number of Maintenance Hours Currently Available and the Projected Maintenance Workload Requirement



Note: The estimate of projected workload does not include any maintenance associated with additional missions or other unforeseen activities.

Source: Our analysis of AMC data.

Despite this dramatic reduction in the projected maintenance workload requirement, neither the European Command nor AMC has determined the associated number of personnel that will be required to perform the new, reduced mission. The European Command did not determine this number in its 1995 infrastructure plan, and a Command official maintained that AMC is responsible for determining that number. However, AMC has delayed making this determination because, according to AMC officials, the sites to be retained will not be finalized until the European Command reexamines its infrastructure plan in late 1997.

The future workload depends more on the maintenance required for the remaining equipment than on the number of sites that are retained. In its 1995 infrastructure plan, the European Command noted that a fixed personnel strength would be required to perform this maintenance, regardless of the number of sites. As a result, AMC could determine its workload and personnel requirements without the final decision about which sites will be retained.

Cost Savings Are Possible by Reducing Facilities and Personnel

Army managers are aware that cost savings are possible after 1999, but they have not taken the necessary steps to align resources with the reduced mission in central Europe. DOD has a proposed plan for reducing facilities but no plan for reducing personnel to reflect the reduced maintenance workload. The core mission of the central European war reserve program—maintenance of the remaining equipment—will require only a small fraction of the facilities and personnel currently available. Facility costs are a relatively small portion of the central European war reserve budget; personnel costs comprise about three-quarters of the budget. Therefore, our savings estimate is based on reducing personnel to match the projected maintenance workload.

AMC's Army War Reserve Support Command is beginning to develop a budget plan. In March 1997, AMC estimated that it would incur \$43 million in facility and personnel costs associated with sites that will have no mission beginning in fiscal year 2000. However, the potential to reduce costs has not been reflected in the Army's funding program, which assumes a constant personnel level through 2003.

We believe, however, that the amount of savings could be greater than AMC's estimate if the Army were to focus on aligning personnel with the reduced mission. Thus far, the Army has not addressed the full impact of the projected changes in workload. Even though AMC knows approximately how many hours will be required to maintain the equipment necessary for the remaining mission in central Europe, it was unable to tell us how many personnel would be needed to perform the mission. Focusing on personnel costs is important because they are projected to be over \$62 million in fiscal year 2000, comprising about three-quarters of the projected central European budget requirement at that time.

By reducing personnel to reflect the 86-percent drop in projected workload, we estimate that DOD can save about \$54 million annually in

personnel costs in central Europe.² This estimate does not consider all overhead and facilities costs associated with the mission, nor does it consider any termination payments for separated personnel. Without more detailed information about how many personnel will be required to meet the mission, we could not make a more precise estimate.

As of October 1996, the Army war reserve program employed nearly 1,600 civilians in central Europe. Most of those employees are local nationals who work for or are under contract to the Army. The employees perform the bulk of the maintenance workload and other administrative functions. Separated personnel would be owed termination payments in accordance with agreements between the United States and the host nations. Such payments vary by country. Our savings estimate did not include these termination costs because they cannot be predicted without a specific personnel reduction plan.

Recommendations

Since DOD has closely linked its plan for reducing facilities with the Army's plan to redistribute equipment no longer needed in central Europe, the lack of specific and timely disposition actions for some equipment could jeopardize potential savings. Therefore, we recommend that the Secretary of Defense direct the Secretary of the Army and the Commander, Army Materiel Command to develop a specific and timely disposition plan for all equipment not needed in central Europe. Accordingly, we also recommend that the Secretary of Defense make timely decisions about the fate of the proposed programs slated to receive additional equipment—the proposed brigade set and the increase in support equipment recommended by the 1995 Mobility Requirements Study Bottom-Up Review Update. Finally, we recommend that the Secretary of Defense direct the Commander in Chief, U.S. European Command and the Commander, Army Materiel Command to reduce the costs of facilities and personnel to reflect the new, reduced mission in central Europe.

Agency Comments

In its comments on a draft of this report, DOD concurred with our recommendations. DOD agreed that the central European infrastructure should be streamlined and stated that the U.S. European Command is working closely with the Army War Reserve Support Command to formulate future repositioning requirements. DOD also stated that it is currently conducting a study, due out by the end of 1998, to validate the

²Our estimate of savings is based on projected reductions in maintenance workload in central Europe. We derived this \$54 million savings estimate by multiplying the projected fiscal year 2000 personnel costs of \$62.21 million by the 86-percent reduction in workload.

need for both a proposed prepositioned brigade set and increased afloat support equipment. DOD indicated that it would issue guidance for disposing of items not needed in central Europe once the study has been completed.

DOD's comments appear in appendix I. The Department of State also reviewed a draft of this report and advised us that it had no comments or suggested changes to the language of the report.

Scope and Methodology

To determine whether the Army has provided for the specific and timely disposition of equipment not needed in central Europe, we reviewed the Army's redistribution plans and guidance for 1995-97. We also developed a figure for the amount of equipment in central Europe identified for redistribution by analyzing data used by the Army in developing its plans. In our analyses, we excluded those items that would be retained in Europe and those that the Army considered obsolete or did not authorize any expenditure for repair. We then reviewed on-hand inventory information to identify whether any equipment not needed in central Europe was not considered available for redistribution. We did not validate computer-generated data; however, we discussed data quality and the process the Army used for obtaining and analyzing this data with responsible Army staff.

To assess savings that could be realized by aligning storage and maintenance capacities with the new, reduced central European mission, we compared the projected workload to the capacities currently available. We analyzed data on currently available and required storage and maintenance facilities, as well as personnel maintenance work hours. Also, we reviewed the U.S. European Command's 1995 Reshaping Implementation Plan to determine efforts made thus far to realign facilities. We determined the projected drop in workload based on the reduced mission and applied this reduction to the personnel budget in central Europe. Since the Army has already decided to establish programs in other parts of the world with the equipment redistributed from Europe, we considered the costs of maintaining that equipment in the new locations to be sunk costs. We discussed our analysis with Army officials.

To obtain background and program history information and projections for future program requirements, we obtained and reviewed information on the Army's prepositioning strategy and studies of prepositioning by us, the Congressional Budget Office, the Congressional Research Service, and

the RAND Corporation. We met with DOD officials at the Joint Staff, Washington, D.C., and the U.S. European Command, Stuttgart, Germany. We also interviewed officials and reviewed documents at the Army Deputy Chief of Staff for Logistics; AMC Headquarters, Alexandria, Virginia; AMC's Army War Reserve Support Command, Rock Island, Illinois; AMC's Combat Equipment Group—Europe, Kerkrade, the Netherlands; and the Army Logistics Integration Agency, Mechanicsburg, Pennsylvania. In addition, we interviewed officials and reviewed documents at the U.S. embassies in Brussels, Belgium; The Hague, the Netherlands; and Luxembourg City, Luxembourg. We also visited five of the six central European storage sites: Bettembourg, Luxembourg; Zutendaal, Belgium; and Coevorden, Vriezenveen, and Brunssum, the Netherlands.

We conducted our review from August 1996 to May 1997 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Secretaries of Defense and the Army and other appropriate congressional committees. Copies will also be made available to others on request.

Please contact me at (202) 512-5140 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix II.



Mark E. Gebicke
Director, Military Operations
and Capabilities Issues

Contents

Letter	1
Appendix I Comments From the Department of Defense	16
Appendix II Major Contributors to This Report	21
Figures	
Figure 1: Status of Army Redistribution Plan for War Reserve Equipment in Central Europe	4
Figure 2: Total Number of Available Warehouses and Maintenance Facilities and Projected Requirements	7
Figure 3: Number of Maintenance Hours Currently Available and the Projected Maintenance Workload Requirement	9

Abbreviations

AMC	Army Materiel Command
DOD	Department of Defense

Comments From the Department of Defense



PROGRAM ANALYSIS
AND EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800



24 JUN 1997

Mr. Mark E. Gebicke
Director, Military Operations and Capabilities Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington D.C. 20548

Dear Mr. Gebicke:

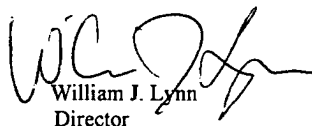
This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "ARMY WAR RESERVES: DoD Can Save Costs by Aligning Resources With the Reduced European Mission" dated May 19, 1997 (GAO code 703160), OSD Case 1359. The DoD concurs with the report.

The Department agrees that the central European infrastructure can be streamlined. To that end, U.S. European Command (USEUCOM) is working closely with Army War Reserve Support Command (AWRSPTCMD) in formulating its future repositioning requirements. This ongoing effort will consider modifications to the USEUCOM Reshaping Plan--expected at the end of this calendar year--and may be extended to include resolution of repositioning requirements elsewhere.

With regard to excess equipment, those items not already designated for programmed redistribution are being screened for disposition. The Joint Staff is currently conducting a study, due out by the end of 1998, to validate the need for both a proposed repositioned brigade set and increased afloat support equipment. Upon the study's completion, DoD will issue guidance for disposing of items not needed in central Europe.

Detailed DoD comments on the findings and recommendations of the GAO report are provided in the enclosure. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,


William J. Lynn
Director

Enclosure



GAO DRAFT REPORT, GAO/NSIAD-97-158
(GAO CODE 703160) OSD CASE 1359

" ARMY WAR RESERVES: DOD CAN SAVE COSTS BY ALIGNING RESOURCES
WITH THE REDUCED EUROPEAN MISSION"

DEPARTMENT OF DEFENSE COMMENTS

FINDINGS

FINDING A: Redistribution plan does not adequately consider unneeded equipment. The GAO stated that the Army focused on major end items when developing their redistribution plan, many other items of equipment were excluded from consideration. These items include such things as tools, construction materials and uniforms. The Army does not intend to repair these items but it also is not disposing of them. (p. 5/GAO Draft Report).

DoD RESPONSE: Concur. The Army published its Pre-Positioned Material Configured to Unit Sets (POMCUS) redistribution plan in September 1995 and March 1997 which focused its efforts on screening high dollar value major end items in excess to documented pre-positioned sets. Any items excess to Army Prepositioned stocks, and not needed for operational projects or sustainment stocks will be reported to the appropriate inventory material manager for disposition instruction. Other classes of supplies will be processed as time and resources are available.

FINDING B: Storage and maintenance capacities far exceed requirements. The GAO reported that the storage and maintenance capacities currently available at the six sites in central Europe far exceed the projected mission requirements. (p.7/GAO Draft Report)

DoD RESPONSE: Concur. The Department agrees that the infrastructure in central Europe can be reduced based on the projected mission requirements. Detailed mission requirement analysis is still ongoing for equipment needed in central Europe. Additionally there are several changes to an existing operational project for medical material under review which may increase the known storage and maintenance requirement.

FINDING C: Available maintenance hours greatly exceed projected workload. The GAO reported that once equipment not needed in central Europe is removed, the mission there will become periodic maintenance of the two remaining brigade sets and some operational projects. The projected number of hours for this maintenance workload is 86 percent less than the number of hours currently available. (p. 9/GAO Draft Report)

Enclosure

Now on pp. 3-5.

Now on pp. 6-8.

Now on pp. 8-10.

Appendix I
Comments From the Department of Defense

DoD RESPONSE: Concur. In order to reach this steady state, the current equipment sets require extensive maintenance effort. Priority of maintenance effort in central Europe has been directed to support equipment sourced to meet the Army's global requirements.

FINDING D: Cost savings are possible by reducing facilities and personnel. GAO states the Army Material Command (AMC) estimates that \$43 million in personnel and facility costs can be saved from sites that have no mission after FY 2000. The Army's funding program does not reflect these projected personnel reductions. (p. 11/GAO Draft Report)

DoD RESPONSE: Concur. Costs savings will be achieved once the sites destined for closure have been identified and announced and associated termination costs paid. However, AMC and US EUCOM only have a rough order of magnitude as to these costs. Consequently, the Army budget submit includes the necessary resources to pay these termination costs.

Now on pp. 10-11.

Enclosure

GAO DRAFT REPORT, GAO/NSIAD-97-158
(GAO CODE 703160) OSD CASE 1359

" ARMY WAR RESERVES: DOD CAN SAVE COSTS BY ALIGNING RESOURCES
WITH THE REDUCED EUROPEAN MISSION"

DEPARTMENT OF DEFENSE COMMENTS
THE GAO RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Secretary of the Army and the Commander, Army Material Command, to develop a specific and timely disposition plan for all equipment not needed in central Europe. (p. 12/GAO Draft Report)

DoD RESPONSE: Concur. The Army is currently screening assets for use in other Army Pre-positioned Stock (APS), current and proposed operational projects, sustainment stocks and other Army requirements. Priority of effort is to prepare equipment with firm redistribution plans such as requirements for Southwest Asia for redistribution. The Army is sensitive to timely disposition of excess equipment and is balancing quick disposition instructions with ensuring all the needs of the Army are met. However, the Army requires the results of the study discussed in the DoD response to Recommendation 2 to complete its disposition plans.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense make timely decisions about the fate of the proposed programs slated to receive additional equipment-- the proposed brigade set and the increase in support equipment recommended by the 1995 Mobility Requirements Study Bottom-Up Review Update (MRS BURU). (p. 12/GAO Draft Report)

DoD RESPONSE: Concur. The decisions on prepositioning are currently being studied by the Joint Staff in their Joint Warfighting Capability Analysis (JWCA) process. The eight brigade issue has been thoroughly explored, with the cost of both ashore and afloat options carefully examined. Indeed the issue was close to consensus in 1996, before the tragic Khobar Towers incident mandated a reexamination in light of the changing threat posture. The Chairman's Program Review (CPR), due out in February 1998, is expected to contain a recommendation on the brigade set. The issue of combat support and combat service support shortfall specified in the MRS BURU is also programmed to part of the planned update to MRS BURU (MRS-05). Upon completion of the planned update to the MRS BURU, due out by December 1998, the Secretary of Defense will provide guidance for the disposition of those items of equipment designated for proposed redistribution.

Enclosure

Now on p. 11.

Now on p. 11.

Appendix I
Comments From the Department of Defense

Now on p. 11.

RECOMMENDATION 3: The GAO recommended that the Secretary of Defense direct the Commander-in-chief, U.S. European Command, and the Commander Army Material command, to ensure that the costs of facilities and personnel are reduced commensurate with the new, reduced mission in central Europe. (p. 12/GAO Draft Report)

DoD RESPONSE: Concur. The USEUCOM and the Army War Reserve Support Command (AWRSPTCMD) are working closely together in analyzing the mission requirements for AWRSPCTMD out to the year 2000. This effort will ensure that the review of the USEUCOM Reshaping Plan reflects the best position for the U.S., both functionally and politically. Target date for completion of the USEUCOM review of the Reshaping Plan is October 31, 1997. The USEUCOM and Army Material Command are working to ensure future costs for facilities and personnel reflect the new reduced mission. However, completion of the detailed requirement analysis is dependent upon the results of the study discussed in the DoD response to Recommendation 2.

Enclosure

Major Contributors to This Report

**National Security and
International Affairs
Division, Washington,
D.C.**

Sharon A. Cekala
Elliott C. Smith
Penny A. Berrier
Karen S. Blum
Charles W. Perdue

Atlanta Field Office

Stacey E. Keisling
John H. Pendleton
Maria Storts