



United States
General Accounting Office

National Security and
International Affairs Division

B-246608

October 5, 1993

The Honorable Richard C. Shelby
Chairman, Subcommittee on Force
Requirements and Personnel
Committee on Armed Services
United States Senate

Dear Mr. Chairman:

In response to your request, we examined the bases for letters from the Air Force, the Army, and the Navy regarding the costs and operation of military service academy preparatory schools in comparison to private preparatory schools. Also, as requested, we are providing our views on the Assistant Secretary of Defense for Personnel and Readiness' (ASD(P&R)) test program to determine the effectiveness of using private preparatory schools as an alternative to the service-operated schools.

In brief, the letters reiterated positions already taken by the services--there was no new analysis or research done. In addition, although ASD(P&R) is preparing to initiate a test program, it should be based on a revised baseline that reflects several cost-saving initiatives that are underway by the services.

THE SERVICE LETTERS REITERATED
PREVIOUS POSITIONS

As you noted in your letter to us, the letters from the services contained a number of conclusions regarding the effectiveness and cost of the military academies' preparatory schools, and basically concluded that they are equal or superior to private preparatory schools. In preparing these letters, the services did not conduct any new research or analysis. Rather, the letters reiterated the services' already expressed "belief" that private military schools are not an acceptable alternative.

In discussions with us, service officials contended that private military schools cannot provide the academic

environment and service-unique indoctrination that the academy preparatory schools do. In addition, the services view their preparatory schools as vital in helping prepare women, enlisted personnel, and minority candidates (especially black males) for the service academies who otherwise would not have the opportunity. For instance, statistics provided by the Army show that nearly one-third of the black cadets at the military academy went through the Army's preparatory school. The other services cited similar statistics. The services are concerned that these rates could not be maintained if they had to rely on private schools.

ASD(P&R)'S ALTERNATIVES TEST
SHOULD EMPLOY REVISED BASELINE

The interest in having ASD(P&R) test private preparatory schools as an alternative stems from concern that the service-operated preparatory schools cost too much. We first reported on these costs in March 1992.¹ One of our recommendations was that the Secretary of Defense consider alternative methods of providing academy preparation, such as using existing educational institutions or the private sector. In June 1993, the Senate Committee on Armed Services directed ASD(P&R) (formerly the Assistant Secretary of Defense for Force Management and Personnel) to implement a "test program" to determine the cost effectiveness of private preparatory schools.²

Although ASD(P&R) is proceeding with plans to initiate a test program to determine whether private military schools are a viable alternative, any such analysis should be based on a revised baseline that reflects the cost-saving initiatives underway at the services' preparatory schools. ASD(P&R) estimates this could take about a year. A new baseline of costs would permit a more meaningful comparison to the private sector military schools.

Each of the services reports that it is taking steps to reduce costs based on our recommendations and a recently

¹DOD Service Academies: Academy Preparatory Schools Need a Clearer Mission and Better Oversight (GAO/NSIAD-92-57, Mar. 13, 1992).

²S.Rep. No. 103-112, p. 147 (1993).

completed study by the American Council on Education.³ Each service is reducing (1) its preparatory school's staff and faculty by relying more on the respective service's academy faculty, (2) outlays for computers and other teaching resources by making greater use of assets excess to the academies, and (3) the salaries paid to certain preparatory school students.⁴

Other changes have been approved but not implemented. For instance, the Army is planning to modify its admissions policy to reduce its preparatory school student body size from about 330 to about 220. In the past, the Army preparatory school has had attrition rates as high as 40 percent. In part, this was dictated by the military academy only accepting about 170 to 185 preparatory school graduates each year. In cooperation with the admissions office at the military academy, the preparatory school plans to reduce its class size with the intent of ensuring that its graduates will almost assuredly gain admission to the academy. This assumes an attrition rate of about 25 to 30 percent, which is more in line with the other service-operated schools.

The services are also considering other cost-saving initiatives. For example, the Navy is considering moving its preparatory school from Newport, Rhode Island, and collocating it with the Naval Academy in Annapolis, Maryland, thereby reducing duplication and making greater use of faculty and other educational resources and facilities at the academy. We noted in a recent report, however, that there is little opportunity to absorb additional education facilities at the naval academy because of physical, financial, and environmental

³Service Academy Preparatory Schools Project: Final Report, June 15, 1993, American Council on Education, Washington, D.C.

⁴This requires a legislative change which is pending before the Congress. The change would not affect enlisted members who attend the preparatory schools, but would limit the salaries of students without any prior service to that of academy cadets or midshipmen. (H.R. Rep. No. 103-200, p. 293 (1993).)

constraints.⁵ But, according to a cognizant official, the Navy is considering a site in Annapolis that it did not have access to when we conducted the prior review.

While we did not "audit" the service cost figures, each service estimates that its initiatives will reduce costs to about one-half of what we originally reported--or about \$15,000 to \$30,000 per student going on to the respective academy. However, cost comparisons at the academy preparatory schools have been a problem in the past. But, in response to our report, the Defense Comptroller is working with ASD(P&R) in preparing cost accounting guidance for the preparatory schools. Once this guidance is implemented, more uniform and reliable cost information about the services' preparatory schools should be available for comparison purposes. In conducting the test program, ASD(P&R) should ensure that all relevant cost categories are included and that any differences (both between the service-operated schools and among the private military schools) are justified and reconciled before valid comparisons can be made.

We intend to continue monitoring the ASD(P&R) test program and the services' progress in implementing their cost-saving initiatives as part of our normal follow-up on our open recommendations. We will report periodically to your staff on the status of these efforts.

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We are sending copies of this letter to the appropriate congressional committees; other members of your subcommittee; the Director, Office of Management and Budget; the Secretaries of Defense, the Air Force, the Army, and the Navy; and ASD(P&R). Copies will also be made available to others on request.

⁵Military Education: Information on Service Academies and Schools (GAO/NSIAD-93-264BR, Sept. 22, 1993).

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If we can be of any further assistance to you or your staff, please contact me on (202) 512-5140 or Albert H. Huntington, III, of my staff on (202) 512-4140.

Sincerely yours,



for Mark E. Gebicke, Director
Military Operations and Capability Issues

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